ARBITRATION UNDER THE RULES OF THE INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES

ICSID CASE NO. ARB/20/46

LUPAKA GOLD CORP.

Claimant

VS.

REPUBLIC OF PERU

Respondent

WITNESS STATEMENT OF ERIC HARRISON EDWARDS

1 October 2021

TABLE OF CONTENTS

1 INTRODUCTION

1 I, Eric Harrison Edwards, provide this statement for the purpose of the arbitration proceedings between Lupaka Gold Corp. ("**Lupaka**") and the Republic of Peru ("**Peru**"). I was born in Glendale, AZ, USA in 1955 and I am a dual USA and Canadian citizen. My address is 6390 West Sumac Avenue, Denver, Colorado, USA.

2 I acted as Chief Executive Officer ("**CEO**") and President of Lupaka from 1 January 2011 to 14 October 2015. In this role, I had ultimate responsibility for managing Lupaka's Invicta gold mine project located in the Huaura Province of Peru (the "**Project**"), and for Lupaka's subsidiaries, Lupaka Gold Peru ("**LGP**"), Andean American Gold Corporation ("**AAG**") and Invicta Mining Corporation ("**IMC**").

3 Lupaka's counsel has asked that I describe my involvement with the Project. In this statement, I thus describe:

i) My professional background (**Section 2**);

ii) My role at Lupaka (**Section 3**);

iii) The Project at the time of Lupaka's acquisition (**Section 4**); and

iv) Lupaka's post-acquisition development of the Project (**Section 5**).

2 PROFESSIONAL BACKGROUND

4 I graduated with honours from Utah State University in 1979 with a Bachelor of Science degree in geology. In 1982, I obtained a master's degree in business administration from the University of Utah Graduate School of Business.

5 I started my career as an exploration project geologist for L.A. Hansen Associates in Salt Lake City, USA, where I worked from 1979 to 1983. Between 1983 and 1988, I worked for NERCO Minerals in Fairbanks, Alaska as a mine analyst.

6 In 1988, I became an operations controller working for NERCO Con Mine in Canada where I worked until 1993. In 1993, I briefly worked for Independence Mining Company at the Jerritt Canyon mine in Nevada as an operations controller and corporate controller.

7 Subsequently, from 1993 to 1994, I was hired as general manager for TVX Mineral Hill Mine in Montana. In 1994, I moved to another part of the business and worked as the Business Development Manager for TVX Gold Inc. in Toronto, Canada. I held this role until 1995.

8 From 1995 to 2011, I held executive positions in numerous mining companies, including Ivanhoe Mines Ltd. (1995-1998), Viceroy Resource Corporation (1998-2001), Forbes & Manhattan (2001-2002), Kinross Gold Corporation (2002-2005), Queenstake Resources Ltd. (2005-2007), Ventura Gold Corp. (2007-2010), International Minerals Corporation (2007-2010) and Andean Resource Corporation (2010 until I joined Lupaka). During this time, I managed mining projects in Australia, Argentina, Canada, Greece, Myanmar, Peru, and the United States. I have over 40 years' experience in the gold mining sector.

9 I joined Lupaka on 1 January 2011 as President and CEO and held this role until 14 October 2015. After I finished working at Lupaka, I held a director role at one other company until my retirement in June 2021.

3 MY ROLE AT LUPAKA

10 In late 2010, Mr Gordon Ellis, co-founder and Chairman of Lupaka, invited me to discuss taking on the position of President and CEO of Lupaka, which at that time was held by Mr Ellis.

11 Mr Ellis told me that I had been recommended to him by professional contacts we had in common. The position was interesting to me because it offered the chance to build up a company, complete an initial public offering and work in the prospective gold camps of Peru; all with a highly professional and experienced team who were recommended by my professional contacts.

12 As president and CEO of Lupaka, I was based in Vancouver, Canada. In Vancouver, we had a small team of experienced people managing Lupaka's operations. This included Mr Darryl Jones as Chief Financial Officer, Mr Scott Warren as Manager of Investor Relations, Ms Kathy Scales as Corporate Secretary, Mr Brian King as Controller and Mr Geoff Courtnall who handled institutional investor relations. We also had contractors who

assisted Mr Courtnall with investor relations, and we contracted out Lupaka's legal, sales, tax and auditing requirements.

13 In addition to our Vancouver team, we also had a team at IMC working on the ground in Peru, led by our Country Manager. Initially, until January 2013, IMC's Country Manager was Mr Carlos Velásquez. He was replaced by Mr Julio Félix Castañeda Mondragón on 1 February 2013.

14 I was in daily contact with our Peru team, by email and/or telephone, and also travelled every six to eight weeks to Peru to meet with the team in person. During these trips, I also met with the Peruvian ministerial authorities, as I explain in more detail below at Section 5.5.

15 I reported directly to the Board of Directors and was myself a member of the Board.

4 THE PROJECT AT THE TIME OF LUPAKA'S ACQUISITION

16 I identified the Project as a potential acquisition target in early 2012. At the time, it was owned by IMC, which was a wholly-owned subsidiary of AAG. I approached AAG about acquiring AAG, IMC and the Project.

17 From a technical standpoint, the Project had a reasonably low-risk profile. IMC and other previous owners of the Project had commissioned several technical and economic reports which confirmed the extent of the mineralisation at the Project (**Section 4.1**); had obtained various regulatory approvals (**Section 4.2**); had concluded agreements with the rural communities (**Section 4.3**); and had some infrastructure in place (**Section 4.4**). Based on these factors, we concluded that we should proceed with the acquisition.

4.1 Significant mineralisation was confirmed at the Project

4.1.1 The 2010 Optimised Feasibility Study

18 IMC had commissioned an initial feasibility study of the Project by the Lokhorst Group which was issued in June 2009 and filed with the

Canadian securities authorities later that year.[1] In July 2010, IMC commissioned another, more in-depth study from the Lokhorst Group ("**2010 Optimised Feasibility Study**").[2]

19 The Lokhorst Group worked with a number of other expert consultancy firms to obtain and analyse the data required to produce the 2010 Optimised Feasibility Study, including data obtained through geological surveys, metallurgical testing, and mineral resource modelling.[3] The 2010 Optimised Feasibility Study concluded that mine production could start at 3,000 tonnes per day ("**t/d**"), gradually increasing to 5,100 t/d by the third year of operations, and that this production rate could be maintained throughout the five-year estimated life of mine.[4]

20 The 2010 Optimised Feasibility Study noted that diamond drill core and mine samples taken from the Project demonstrated measured and indicated mineral resources of 10.735 million tonnes, which would amenable to a five-year programme to produce 7.8 million tonnes of economically mineable ore.[5] The 2010 Optimised Feasibility Study further explained that once processed, IMC could expect to recover 489,600 ounces of gold, 3,861,800 ounces of silver, 66,862,000 pounds of copper, 52,627,000 pounds of lead, and 41,205,700 pounds of zinc from the Project.[6] The study also noted that "the recoveries of gold and silver from the copper concentrates are very high, with gold reaching 96.95% and silver 89.96%"[7] and that even conservative metal recoveries could be estimated to be "gold, 91%; silver, 82%; copper, 75%; lead, 80%; and zinc, 80%".[8]

21 It was clear from the 2010 Optimised Feasibility Study that the Project had a significant deposit. Moreover, the 2010 Optimised Feasibility Study noted that there were several other mineralised structures in the operational

[1] Lokhorst Group, Invicta Mine Feasibility Study for AAG, June 2009, at **Exhibit C-57**.

[2] 2010 Optimised Feasibility Study, at **Exhibit C-35**.

[3] 2010 Optimised Feasibility Study, at **Exhibit C-35**, p. 7 *et seq.*

[4] 2010 Optimised Feasibility Study, at **Exhibit C-35**, p. 10.

[5] 2010 Optimised Feasibility Study, at **Exhibit C-35**, p. 8.

[6] 2010 Optimised Feasibility Study, at **Exhibit C-35**, p. 8.

[7] 2010 Optimised Feasibility Study, at **Exhibit C-35**, p. 15.

[8] 2010 Optimised Feasibility Study, at **Exhibit C-35**, p. 16.

area of the Project's mine that had not yet been tested by drilling, and so it was probable that the life of mine and its profitability would increase. [9]

22 The 2010 Optimised Feasibility Study also anticipated relatively high capital expenditure requirements (USD 65.3 million), which I understand made the Project difficult for IMC's previous owners to pursue. [10] However, we were confident that with a new strategy and mine plan, we could make the Project very profitable.

4.1.2 The 2012 Technical Report on Resources

23 On 6 April 2012, Lupaka obtained a Technical Report on Resources from SRK Consulting (Canada) Inc. ("**SRK**"), one of the industry's leading independent international mining consultancy firms ("**2012 SRK Report**").[11] The 2012 SRK Report provided mineral resource estimates and historical mineral reserve estimates, as well as a classification of resources in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum Standards on Mineral Resources and Reserves.

24 The 2012 SRK Report noted that the overall gold and silver recoveries were 84.8% and 79.8%, respectively.[12] These very high recovery rates also showed that the Invicta ore could be processed by using well-established flotation techniques.[13] This was just 6.2% and 2.2% lower, respectively, than the overall gold and silver recoveries arrived at by The Lokhorst Group in the 2010 Optimised Feasibility Study. These recovery rates were based on a conventional processing method (*i.e.*, grinding the mineralised material followed by bulk rougher and cleaner flotation). [14] The data demonstrated that we were likely to get a good return on the ore even without any special processing, but there was the possibility of increasing

[9] 2010 Optimised Feasibility Study, at **Exhibit C-35**, p. 8 *et seq*.

[10] 2010 Optimised Feasibility Study, at **Exhibit C-35**, p. 20.

[11] 2012 SRK Report, at **Exhibit C-58**.

[12] 2012 SRK Report, at **Exhibit C-58**, p. v.

[13] 2012 SRK Report, at **Exhibit C-58**, p. 141.

[14] 2012 SRK Report, at **Exhibit C-58**, p. iv.

Lupaka's return if we could identify a processing plant with a more specialised processing method.

25 We found it very encouraging that both studies independently arrived at very similar recovery rates. This bolstered our confidence in the likelihood of a significant return from the Project.

26 As the 2012 SRK Report also noted, the Ministry of Energy and Mines ("**MEM**") had already approved IMC's Environmental Impact Assessment ("**2009 EIA**"), which was a major regulatory milestone.[15] IMC's 2009 EIA included a planned production rate of 5,100 t/d.

4.1.3 My visit to the Project during due diligence

27 Around July 2012, during Lupaka's due diligence of the Project, I visited the Mine and saw the extent of the mineral deposits for myself. You could just go underground at the Project and put your hands on the sizeable outcrops of ore, which is unusual in junior exploration.

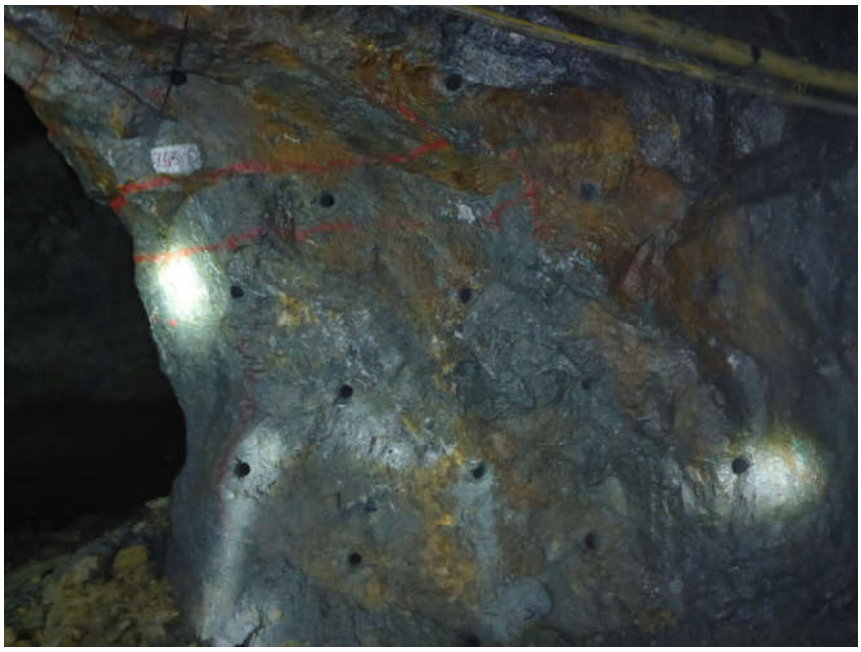

Figure 1: Visible gold in the Atenea vein being prepared for blasting with bore holes.

[15] 2012 SRK Report, at **Exhibit C-58**, p. ii.

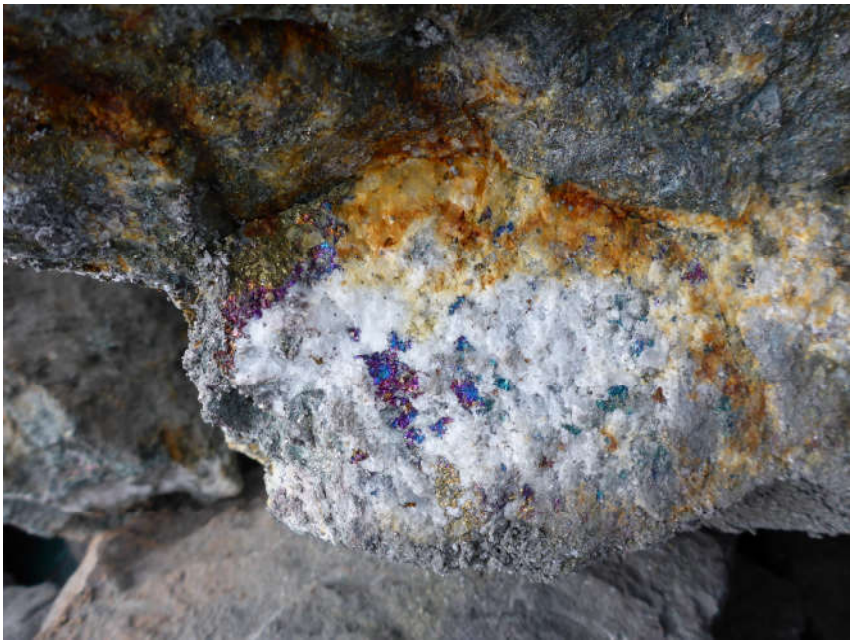

Figure 2: Mineralisation in the Atenea vein, including bornite (copper sulfide) on quartz.

28 It is unusual to see visible gold in ore because it is generally too small and too sparse to be seen with the naked eye. However, as Figure 2 above shows, significant deposits of gold were visible to the naked eye.

4.2 IMC had already obtained important regulatory approvals

29 Before a company can proceed with a mining project, it must obtain a number of regulatory approvals. Generally speaking, one of the major regulatory milestones is the approval of an environmental impact assessment ("**EIA**"). An EIA includes a detailed presentation of the mining plan and the environmental mitigation measures a company plans to undertake. As noted above, Peru's MEM had already approved IMC's EIA on 28 December 2009.[16]

30 IMC had consulted with the Rural Community of Santo Domingo de Apache ("**Santo Domingo Community**"), the Rural Community of Lacsanga ("**Lacsanga Community**") and the Rural Community of Parán ("**Parán Community**") (together, the "**Rural Communities**") during the

[16] MEM Resolution approving the EIA (SPA), 28/12/2009, at **Exhibit C-7 (corrected translation)**. See above para. 26.

2009 EIA approval process and IMC and the MEM had considered the Rural Communities' observations.[17]

31 IMC's 2009 EIA set out a plan to develop a project that was much larger than the one we envisaged when we took over. Indeed, it foresaw the processing of up to 5,100 t/d at a toll processing plant to be constructed on-site, up the hill from the entrance to the Mine's adits (the "**Site**").

32 However, for various reasons which I discuss below at paragraph 53, this plan was unrealistic. We decided to go for a mining plan with a much more conservative production rate of around 400 t/d, with a view to increasing the production rate up to around 1,000 t/d once an appropriate processing plant could be identified.

33 IMC had also obtained a Certificate of Non-Existence of Archaeological Remains within the Project's mining area ("*Certificado de Inexistencia de Restos Arqueológicos*") from the Ministry of Culture.[18] Obtaining such a certificate is a Peruvian prerequisite before mining activities can commence.

4.3 IMC had concluded agreements with the Rural Communities

34 IMC also had already in place several agreements with the Rural Communities. IMC first completed two agreements with the Parán Community relating to:

i) the use of a communal road, prevention of pollution, employment opportunities for its community members and the opening of a well;[19] and

ii) authorising the opening and construction of a driveable trail through the Rural Communities' territory up to the Site.[20]

[17] MEM Resolution approving the EIA (SPA), 28/12/2009, at **Exhibit C-7 (corrected translation)**, p. 4 *et seq*.

[18] Ministry of Culture, Certificates of Non-Existence of Archaeological Remains for IMC, 2009-2010 (SPA), at **Exhibit C-59**.

[19] Agreement between the Parán Community and IMC (SPA), 29/04/2008, at **Exhibit C-60**.

[20] Agreement between the Parán Community and IMC (SPA), 07/05/2008, at **Exhibit C-61**.

Both agreements were signed in 2008 and amended in December 2011.[21]

35 IMC's previous owners had planned to locate a portion of the Site on the land of the Santo Domingo Community (although this portion was principally on the land of the Lacsanga Community, as we later understood). Therefore, IMC had concluded a surface agreement with the Santo Domingo Community on 22 October 2010 which allowed IMC to pursue mining activities.[22]

4.4 IMC already had some infrastructure in place at the Project

36 Helpfully, IMC had already completed the construction of some infrastructure at the Project. This included a 1.2-kilometre exploration tunnel in the Mine and an access and exit road from the Site. There was also a camp with capacity for approximately 100 people with water, electricity and an internet connection. The existence of infrastructure was highly attractive to Lupaka.

5 LUPAKA'S POST-ACQUISITION DEVELOPMENT OF THE PROJECT

37 After negotiations, AAG's shareholders agreed to sell AAG to Lupaka by way of a share exchange transaction. Lupaka acquired AAG on 1 October 2012[23] for CAD 26.7 million. The principal assets of AAG were the Project and cash of approximately USD 13.5 million.

38 When we took over the ownership and management of the Project, we commissioned several independent technical studies to assist us in developing our mining plan (**Section 5.1**), and thereafter obtained approval from the MEM for IMC's revised mining plan (**Section 5.2**). Once we had the MEM's approval, we began identifying a third-party processing plant

[21] Agreement between the Parán Community and IMC (SPA), 29/04/2008, at **Exhibit C-60**; Addendum to Agreement between the Parán Community and IMC signed on 29 April 2008 (SPA), 13/12/2011, at **Exhibit C-62**.

[22] Public Deed for the 2010 SD Land Use Agreement (SPA), 22/10/2010, at **Exhibit C-63**; Framework Agreement (SPA), 22/10/2010, at **Exhibit C-64**; Contract for the Constitution of Mining Easement between IMC and the Santo Domingo Community (SPA), 22/10/2010, at **Exhibit C-65**.

[23] Lupaka, Share certificate for AAG, 01/10/2012, at **Exhibit C-36**.

(**Section 5.3**). We also prioritised re-engaging with the Rural Communities (**Section 5.4**) and developing a strong working relationship with the MEM (**Section 5.5**). As we neared the end of the exploration and development phase, we carried out several logistical updates to the Project (**Section 5.6**).

5.1 IMC carried out further geological, metallurgical, and engineering studies for the Project

39 On 17 October 2012, shortly after acquiring the Project, IMC submitted a request to the MEM to extend the window to initiate development activities under the 2009 EIA by two years. The MEM granted IMC's request on 14 November 2012, extending the development window to 29 December 2014.[24] This gave us sufficient time to carry out our own assessment of the mineralisation and decide on an adequate mining plan to extract the ore, without having to restart the entire permitting process.

40 Exploration is an iterative process aimed at gaining an understanding of the deposit and the mineralogy. We therefore went over existing work and also explored new areas of the deposit. These exploration efforts were important to gain a better understanding of the extent and content of the mineralisation in the property and develop IMC's strategy and mine plan.

41 Therefore, we commenced a fieldwork programme around May 2013 which focused on areas outside of the immediate resource area. This was a continuation of the limited geological evaluation we completed through the winter months of 2012. The aim was to identify priority targets and included a stream sediments sampling programme. IMC's field team identified several intriguing early-stage targets within the Project boundaries in this way.[25]

42 We also looked at the regional fault structures. The gold and copper deposits of the type found at the Project are typically controlled by faults or crack systems in the rock that provide channels for mineralising solutions to intrude. Over time, these mineral-bearing fluids bring up

[24] MEM Report and Resolution approving an extension to initiate development activities (SPA), 14/11/2012, at **Exhibit C-8 (corrected translation)**.

[25] Lupaka News Release, "Lupaka Gold Initiates 2013 Field Work Program at Crucero and Invicta", 02/05/2013, at **Exhibit C-66**.

dissolved gold and copper from depth, and as the solution cools, pressure is reduced; or as the solution becomes less acidic, gold and copper minerals are emplaced and concentrated in specific rock horizons, creating ore reserves. When doing regional geological investigation, geologists search for and focus on fault systems and regional mineralogy to assess the ultimate mineral potential of the property.

43 Our geological assessment of the Project showed that there was potential for designing a broader mine area including several mineralised zones. The next step was therefore to commission several engineering studies to assess the economic and technical viability of extracting these targets.

44 At the end of 2013, we engaged SRK to provide a high-level assessment of various production options based on our enhanced knowledge of the Project's geology. More specifically, SRK examined two production scenarios: the first one contemplated the extraction of several mineralised zones at a production rate of 1,000 t/d, while the second focused on extracting ore from the highest-grade gold and copper mineralisation within the so-called Atenea Vein at 300 t/d. SRK prepared two conceptual studies which outlined its assessment of these two production scenarios and presented us with its findings at the end of January and early February 2014.[26]

45 We decided to go with this second production scenario as it required much less up-front capital and relied on existing underground infrastructure built by previous owners, and we announced it on our website on 17 March 2014.[27] As explained further below, SRK's preliminary study for the 300 t/d provided the basis for preparing a revised mining plan which was submitted for approval to the MEM in December 2014.[28]

[26] SRK, Conceptual Study Invicta Project: Preliminary Results (1,000 tpd), 22/01/2014, at **Exhibit C-67**; SRK, Conceptual Study Invicta Project: 300 tpd Option, 03/02/2014, at **Exhibit C-37**.

[27] Lupaka News Release, "Lupaka Gold to Begin Permitting and Commence Small-Scale Production at the Invicta Gold Project by Q1-2015", 17/03/2014, at **Exhibit C-68**; Lupaka Presentation, Invicta Gold Project, Small-Scale Production Strategy dated March 2014, at **Exhibit C-69**.

[28] See Section 5.2 below.

46 In parallel, we also commissioned a detailed sampling and mapping programme from Aminpro Mineral Ltd. ("**Aminpro**") focusing on the mineralisation within the Atenea Vein accessible through the existing drift at the 3;400-metre level. This work programme produced good assay values which confirmed the good prospects of economic extraction for the two main mineralised veins within the Atenea Vein.[29] Aminpro also carried out further metallurgical tests to assess the global recoveries which we could expect to achieve in concentrates. We obtained a comprehensive report from Aminpro on 23 October 2014 which indicated global recovery of gold at 94.6% and total recovery of copper at 97.8%. This was excellent news, which we announced via a news release on the Lupaka website.[30]

47 In 2015, we were then able to build on these promising metallurgical studies and complete large-scale bulk testing of the ore contained in the Atenea vein. It was production-type testing: we processed up to 342 tonnes of Invicta ore in the first run-of-mine bulk test.[31] This means that we were not only relying on stockpiles at the surface for testing but also going underground with our own equipment to obtain samples directly from the Atenea Vein. Bulk testing of this kind is relatively uncommon in the early stages of project development.

5.2 IMC revised the 2009 Mining Plan

48 Towards the end of 2014, we also retained the services of Asesores y Consultores Minerso S.A. ("**ACOMISA**"). ACOMISA's mandate was to consider the previous studies that we had obtained and prepare an updated mining plan for IMC's application to amend the 2009 Mining Plan.

[29] Lupaka News Release, "Invicta Gold Project Mineralization Sample Results Include 6.38 Grams per Tonne Gold and 1.68% Copper at 6.4 Meters Width and over 105 Meters Length Exposed in Drift", 10/07/2014, at **Exhibit C-70**.

[30] Lupaka News Release, "Global Recoveries of 94.6% Gold and 97.8% Copper Realized in Updated Metallurgical Testing for the Invicta Gold Project", 28/10/2014, at **Exhibit C-71**.

[31] Lupaka News Release, "Lupaka Gold Completes First Run-of-Mine Bulk Processing Test", 27/10/2015, at **Exhibit C-72**.

49 This work would be based on the more recent mine engineering and mine design developed by SRK, as discussed above.[32] Therefore, we decided to instruct ACOMISA to prepare a new mining plan as follows:[33]

i) significantly reduce the planned daily production rate from 5,100 t/d to 400 t/d;

ii) target some of the highest-grade gold and copper mineralisation within the so-called Atenea Vein using the existing 1.2-kilometre tunnel network developed by previous owners;

iii) outsource the processing of minerals to a third-party plant; and

iv) subcontract the mining work.

50 The Atenea tunnels contained the majority of the gold resource which we had identified thus far. A high grade, low volume operation could be highly profitable over an extended period. With this approach we always had the option of increasing production when the gold price increased and when we had a suitable processing plant. Proceeding in this manner would require very little water and we could easily satisfy the Project's requirements with a long hosepipe from a nearby location or by trucking it up.

51 ACOMISA provided an updated mining plan on 15 September 2014 ("**2014 Mining Plan**").[34] We submitted the 2014 Mining Plan to the MEM together with IMC's request to begin the initiation of development, preparation and exploitation of the Project. We received the MEM's approval for both on 11 December 2014.[35] The MEM also approved IMC's updated EIA on 9 April 2015.[36]

[32] See Section 5.1 above.

[33] Lupaka Presentation, Invicta Gold Project, Small-Scale Production Strategy dated March 2014, at **Exhibit C-69**.

[34] Asesores y Consultores Mineros S.A., Project Mining Plan for IMC, 2014 (SPA), at **Exhibit C-41**.

[35] The Mining Plan is outlined in the MEM Report and Resolution approving the Mining Plan (SPA), 11/12/2014, at **Exhibit C-9 (corrected translation)**.

[36] MEM Report and Resolution approving ITS No. 1 (SPA), 09/04/2015, at **Exhibit C-40**.

52 The MEM's approval of IMC's 2014 Mining Plan authorised IMC to operate the Mine at up to 400 t/d. We anticipated a future expansion of up to 1,000 t/d,[37] which we planned to achieve by spending more on infrastructure upgrades once we could demonstrate to investors that the Project was a proven, producing mine. If we had been successful in increasing IMC's production to 1,000 t/d, an additional authorisation would not have been difficult or costly to obtain.

5.3 IMC identified an appropriate third-party processing plant

53 IMC's previous management had planned to build a processing facility at the top of a hill on the Site and process up to 5,100 t/d. However, it was clear to us that placing a large processing plant on the Site would require an amount of capital that was economically and environmentally problematic.

54 Ore processing can be done either on-site or off-site. However, the economic attractiveness of each option will depend on various factors, including the size of the planned processing plant. If off-site, there are additional factors which have to be taken into account, including the distance of the processing plant from the mine and the resultant cost of transporting the ore to the processing plant, the effectiveness of the processing plant's extraction method, the plant's capacity and availability, and the plant's chemical capacity and licences.

55 My team investigated the purchase of several potential third-party processing plants to identify the optimal solution.[38] There were many options, and all had their distinct advantages and disadvantages which we had to weigh carefully.

56 Ultimately, we identified that the Mallay Processing Plant ("**Mallay**"), located approximately 100 kilometres from the Project and owned by Compañía de Minas Buenaventura S.A.A. ("**Buenaventura**") as a promising option. Mallay's crushing and grinding circuits showed to be a

[37] Lupaka Presentation, Invicta Gold Project, Small-Scale Production Strategy dated March 2014, at **Exhibit C-69**, p. 3.

[38] Witness Statement of Julio F. Castañeda, 01/10/2021, p. 26 *et seq.* (Section 6.1).

good match for the Project's ore.[39] We therefore commenced due diligence on Mallay.

57 On 25 November 2014 we obtained a report from Aminpro as part of our due diligence exercise on Mallay ("**2014 Mallay Due Diligence Report**").[40] The 2014 Mallay Due Diligence Report stated that Mallay was "a state of the art operation" and had "good key performance indicators",[41] and that its processing facilities were in good working order.[42] It further concluded that the operating costs for Mallay were reasonable, with current running costs being lower than budgeted.[43] Lupaka therefore would not have had to invest significant capital expenditure to adapt Mallay to process the Project's ore.

58 The 2014 Mallay Due Diligence Report also referred to a mine that was located close to the Mallay processing facility, and that was part of Buenaventura's operation ("**Mallay Mine**"). It noted that the Mallay Mine was expected to run to the end of its life in the next 10-20 months. Aminpro suggested that as the Mallay Mine output decreased and Mallay's processing capacity increased, we could use the increasing capacity to process the ore from Invicta. Aminpro considered that a typical scenario would encompass processing 400 t/d of ore from Invicta, but that Mallay could provide processing at a rate of 600 t/d.[44]

59 The 2014 Mallay Due Diligence Report estimated the value of Mallay at USD 35.6 million with a 30% margin of error by including "earth moving, buildings, equipment taken off from the equipment lists" but not its "substation nor camp facilities".[45]

[39] Aminpro, Lupaka Gold: Invicta Project, Test on Polymetalic (Pb/Zn/Cu) Sulphide Ore Phase II, 23/10/2014, at **Exhibit C-73**, p. 6.

[40] Aminpro, Due Diligence Report for Lupaka, Project, 25/11/2014, at **Exhibit C-38**.

[41] Aminpro, Due Diligence Report for Lupaka, Project, 25/11/2014, at **Exhibit C-38**, p. 2.

[42] Aminpro, Due Diligence Report for Lupaka, Project, 25/11/2014, at **Exhibit C-38**, p. 6.

[43] Aminpro, Due Diligence Report for Lupaka, Project, 25/11/2014, at **Exhibit C-38**, p. 21.

[44] Aminpro, Mallay Plant Visit Report (SPA), 23/11/2014, at **Exhibit C-74**, p. 2 (para. 2.2).

[45] Aminpro, Due Diligence Report for Lupaka, Project, 25/11/2014, at **Exhibit C-38**, p. 18.

60 Aminpro's conclusions in the 2014 Mallay Due Diligence Report confirmed our view that Mallay was a very good prospect, if we could acquire it for a fair price.

61 I presented the case for purchasing the Mallay processing facility to the Board in November 2014.[46] The Board agreed that this was the best option for securing a near-term, cost effective processing plant for the Invicta Mine. We therefore continued with our due diligence exercise on Mallay and began negotiations with Mallay's owner, Buenaventura.

5.4 IMC re-engaged with the Rural Communities

62 When Lupaka acquired the Project, the relationship between IMC and the Rural Communities was strained. However, we were confident that we could regain the Rural Communities' trust and cooperation by actively and transparently engaging with them. We therefore focussed on community engagement when we took over from IMC's previous owners.

63 We set up a community relations team ("**CR Team**") and hired Mr Elías Núñez Vila to manage the team. Mr Núñez Vila had several decades of experience in managing community relations. He was on the ground at the Project and in the Rural Communities. Mr Núñez Vila also hired some full-time junior members of the CR Team to assist him. The whole CR Team was well qualified for the task at hand.

64 The CR Team engaged with the Rural Communities to discuss not only how we planned to develop the Project, but also to listen to the Rural Communities' concerns and find ways that IMC could contribute to the communities. The CR Team used several strategies to engage with the communities, as follows:

a) First, we opened up a local office close to the communities. It allowed Rural Communities' members who had an interest in the Project to stop by, ask questions and share any concerns. This was manned full-time by the CR Team;

[46] Lupaka, Board Update Presentation, November 2014, at **Exhibit C-75**, p. 20 *et seq*.

b) Second, the CR Team frequently organised meetings (which were advertised in advance) between IMC and the Rural Communities to discuss the Project;

c) Third, the CR Team engaged in frequent informal one-to-one interaction with individual members of the Rural Communities; and

d) Finally, we also ensured that any agreements made with the Rural Communities included long-term commitments to contribute to social and environmental development. For example, in 2013 we started supporting the following initiatives:[47]

i) Pine Tree Nursery (in Santo Domingo): 50,000 pine tree seedlings were planted over 40 hectares to create a sustainable commercial wood source which would eventually lead to the production of 100,000 trees per year across 300 hectares of communal land;

ii) Churca to Corona, San Miguel De Lucmacoto (in Santo Domingo) and El Ahorcado (in the Sayan community) Irrigation Channels: the construction and improvement of 24 kilometres of irrigation channels and training on the implementation of new irrigation technologies; and

iii) Picunche to Miraflores Road Upgrade (in Lacsanga): construction of and improvements to a 17.9-kilometre stretch of road and related works, as well as maintenance training.

65 My Peru team reported to me that the MEM normally had representatives attending IMC's meetings with the Rural Communities, came prepared, were actively engaged, and would often take notes. Although I did not attend these meetings, my team reported that the relationship between the Rural Communities and the MEM seemed very good, as did the relationship between the MEM and IMC.

[47] Lupaka News Release, "Lupaka Gold Completes Community Agreement and Provides Update on Community Relations and Government Developments", 23/07/2013, at **Exhibit C-76**.

66 The CR Team also reported to us the Rural Communities' expectations and any developing political or social issues that could impact the Project. For example, through the CR Team, we learned that the Rural Communities had concerns relating to water supply and pollution, road traffic, dust, and employment. We addressed these concerns and made sure that our CR Team told the Rural Communities that we had done so.

67 At this stage of the Project, and throughout my tenure as CEO and President of Lupaka, it did not seem as if there were any serious difficulties with the Rural Communities that we could not overcome. I was aware of some disagreement between the Parán Community and the Santo Domingo Community, primarily because both were competing for employment at the Project, but this is fairly common amongst communities near a project of this type.

5.5 We developed Lupaka's and IMC's relationship with the MEM

68 In Peru, face-to-face personal relationships are key to building trust and cooperation, so it is important to meet people regularly to maintain relationships. Therefore, every year, I would have had six to nine meetings with senior representatives of the MEM, including the Minister himself whom I met with once or twice. Indeed, every time I was in Lima, I made it a point to meet MEM officials.

69 Sometimes these were informal meetings over a coffee. Other times they were more formal meetings in which we (usually Mr Castañeda and I) provided the MEM with a technical update on the Project. Regardless of the formality of the meeting, we were eager to keep up communication with the MEM to help ensure the Project's success. During my tenure, Lupaka's relationship with the MEM was always very positive.

5.6 IMC obtained further permits and carried out infrastructure upgrades

70 Throughout 2015, we selected contractors, trained staff, improved the camp and upgraded the water system. We also upgraded the road from the

Project to the Picunche-Miraflores road from a basic single lane access road to a road that could accommodate 10-15 tonne trucks.[48]

71 We made progress in developing the Project's infrastructure. In March 2015, we received *Resolución de Gerencia No. 621-2015-SUCAMEC-GEPP*[49] which was a global permit authorising the purchase, use and storage of explosives at the Project.

72 We also engaged with banks and financial institutions, who were showing interest in supporting Lupaka and the Project.

73 On 14 October 2015, I left Lupaka to pursue other opportunities. I left behind an excellent team who were more than capable of bringing the Project forward to exploration.

[48] Lupaka News Release, "Lupaka Gold begins underground mining at Invicta for initial toll mill test campaign", 19/05/2015, at **Exhibit C-77**.

[49] Global Authorisation issued to IMC for Acquisition and Use of Explosives and Related Materials (SPA), 16/03/2015, at **Exhibit C-39**.

* * *

This witness statement has been drafted by me and by LALIVE, counsel for Lupaka, on the basis of discussions and exchanges of correspondence. I have carefully reviewed the statement and confirm that it correctly reflects my recollection of the facts described and my opinions. I am prepared to appear before the Arbitral Tribunal to confirm the content of this statement.

Eric Harrison Edwards

Signed on 1 October 2021 in