



Hemlo Mining Corp.

Notice to U.S. Shareholders Regarding Passive Foreign Investment Company (“PFIC”) Classification for tax year ended December 31, 2025

April 9, 2026

Hemlo Mining Corp. (the “**Company**”) is providing this notice to its shareholders who are U.S. persons (as defined for U.S. federal income tax purposes) regarding the Company’s expected classification as a Passive Foreign Investment Company (“**PFIC**”) for the Company’s taxation year ended December 31, 2025.

For the reasons noted below, given the anticipated timing for the availability of the Company’s “PFIC Annual Information Statement”, shareholders who are U.S. persons may wish to consult their own tax advisors regarding the advisability of obtaining an extension of time to file their 2025 U.S. federal income tax returns.

PFIC Status for FY 2025

Based on currently available information, the Company expects that it will be classified as a PFIC under the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended (the “**US Tax Code**”), for its tax year ended December 31, 2025. The Company’s PFIC status for any taxation year is a factual determination that depends on, among other things, the composition of its income and assets and the value of its assets from time to time, and cannot be determined until the close of such year. In 2025, the Company’s revenues were derived primarily from passive income on its cash investments, and accordingly the Company expects to be classified as a PFIC for such year. In 2026 and future years, the Company expects to earn revenues primarily from its ownership and operation of the Hemlo Mine, and accordingly (while there can be no assurance in this regard) the Company would not expect to be classified as a PFIC for 2026 and future tax years.

U.S. Tax Filing Considerations

If the Company is or was a PFIC for any taxation year during which a United States person (as defined in the US Tax Code) owns common shares (e.g., for U.S. investors who acquired shares in 2025), then such U.S. holder may be subject to materially adverse U.S. federal income tax consequences, including, among other things, (i) the treatment of any gain realized on a disposition of common shares and certain excess distributions as ordinary income (rather than capital gain with respect to the disposition of common shares), and (ii) the imposition of an interest charge on certain deferred tax amounts. In addition, under applicable U.S. federal income tax rules, if the Company was a PFIC for any taxation year during which a U.S. holder owns common shares, then such shares will generally continue to be treated as shares of a PFIC with respect to such holder for all subsequent years (even if the Company ceases to be a PFIC), unless certain elections are made by such holder.

A U.S. taxpayer may, in certain circumstances, be able to mitigate or eliminate the adverse U.S. federal income tax consequences of the PFIC rules by making a “qualified electing fund”



(“QEF”) election, a mark-to-market election, or a deemed disposition election, each of which may result in the recognition of income or gain and may require the provision of certain information by the Company.

A U.S. taxpayer that makes a QEF election generally will be subject to current U.S. federal income tax on such U.S. taxpayer’s *pro rata* share of the Company’s “net capital gain” and “ordinary earnings” during the tax year (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Company. The Company expects to post a PFIC Annual Information Statement on its website, to assist U.S. shareholders in making and maintaining a QEF election and satisfying record keeping requirements under the QEF rules, if the Company is a PFIC.

Alternatively, a U.S. taxpayer may make a “mark-to-market election” (a “**Mark-to-Market Election**”) if the Company is a PFIC and the Company’s common shares are “marketable stock” (as specifically defined under the U.S. federal income tax rules). A U.S. taxpayer that makes a Mark-to-Market Election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares as of the close of such taxable year over (b) such U.S. taxpayer’s adjusted tax basis in the common shares.

PFIC Annual Information Statement – Expected to be Posted after April 15th

The Company expects that the PFIC Annual Information Statement will be available as soon as possible after April 15th and will be posted promptly to the Company’s website. U.S. shareholders who intend to make a timely QEF election with respect to their holdings of the Company’s common shares will require the Company’s PFIC Annual Information Statement in order to support their QEF election and complete their U.S. federal income tax returns.

Given the anticipated timing for the availability of the PFIC Annual Information Statement, U.S. shareholders may wish to consult their own tax advisors regarding the advisability of obtaining an extension of time to file their 2025 U.S. federal income tax returns.

Consult Your Tax Advisor

This notice is provided for general informational purposes only and does not constitute tax advice.

The PFIC rules are complex, and U.S. holders are urged to consult their own tax advisors regarding:

- the application of the PFIC rules to their investment in the Company’s common shares;
- the availability and consequences of making a QEF election or other elections to mitigate the adverse tax consequences of PFIC status;



- the advisability of obtaining an extension of time to file their 2025 U.S. federal income tax returns; and
- the appropriate U.S. federal, state and local tax reporting requirements.