

# ESG Report

Based on submission dated 1<sup>st</sup> December 2022

## Marimaca Copper Corp

and associated mining project(s)

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### Disclosures in this submission

Type	Name	ESG framework type
Corporate	Marimaca Copper Corp	Exploration stage corporate framework
Project	Marimaca	Exploration stage project framework



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## Table of contents

Table of contents .....	2
Introduction.....	3
Executive summary .....	4
Overall score for this submission .....	5
The score breakdown.....	5
Score breakdown (Exploration/pre-PFS stage) - Marimaca.....	6
Overarching positives and negatives .....	7
Corporate positives and negatives .....	7
Project positives and negatives .....	10
Corporate score distributions.....	14
Projects score distributions .....	16

## Introduction

Digbee ESG is the industry standard ESG disclosure framework for the mining sector. It provides mining companies with a right-sized, futurelooking set of frameworks against which they can credibly disclose, track, compare and improve their ESG performance.

Digbee ESG has been developed in consultation with mining companies, ESG specialists and capital providers and is endorsed by leading financial institutions, producing mining companies and other industry stakeholders.

This Digbee ESG Report is the resulting output from your recent ESG submission and comprises an executive summary, your score, score breakdown, positives and negatives as well as a summary of your ESG submission responses.

## How are scores calculated?

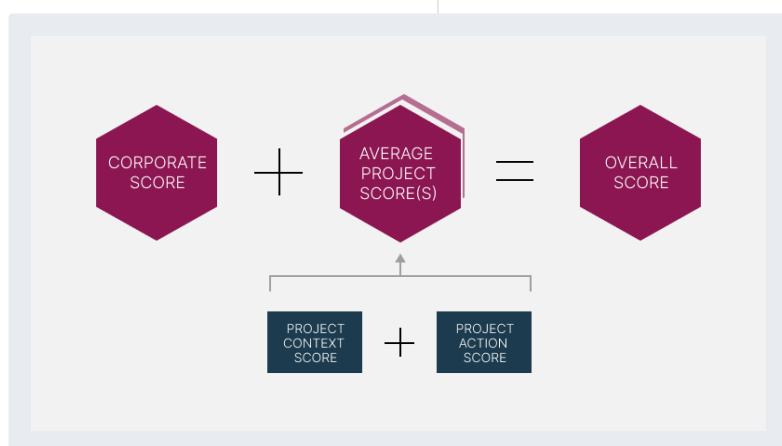
All ESG submissions are manually reviewed and scored against a set of rigorous and standardised scoring criteria.

An ESG submission comprises two types of questionnaire:

1. A single corporate-level questionnaire
2. One or more project-level questionnaires (one for each disclosable project you own).

The questionnaires are tailored to the stage of the mining company and its projects (i.e., exploration, development and/or producing).

The project questionnaires comprise a number of 'Context' questions (relating to the situation of the project) and 'Action' questions (what is being done by the management both in the boardroom and on the ground to mitigate ESG risks).



▲ Visualisation of how Digbee ESG scores are calculated

There is little one can do to influence context scores, however action scores can vary depending on the action being taken by management. Each question is scored in accordance with our scoring criteria and averaged to provide an overall output score along with a confidence banding. A confidence banding illustrates the potential range with which the awarded score can move should any of the risks be realised or mitigated.

## Who scores the submission?

Scoring is undertaken by a team of accredited ESG experts who have deep experience in mining projects similar to those being scored. Each scoring team consists of two scorers and a team lead. This team of three ensures consistent scoring through robust peer review and quality control.

## Executive summary

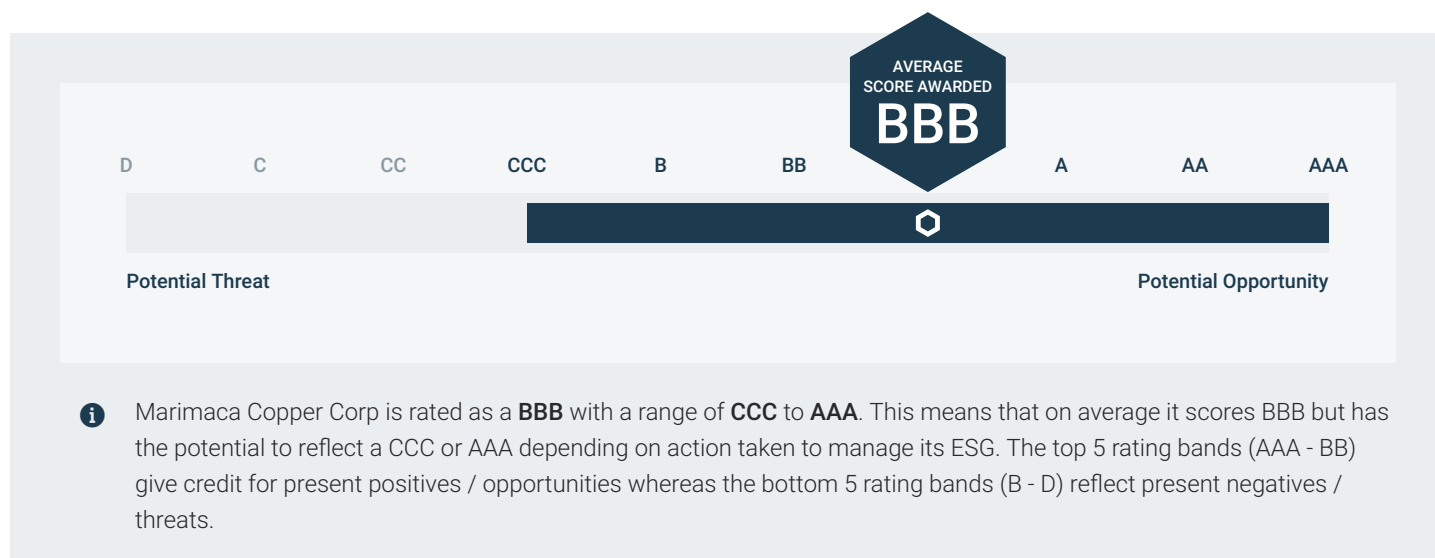
**M**ARIMACA COPPER CORP is a TSX listed exploration company with an exciting copper asset located in the Antofagasta region of Chile. This is the second year that the company and its asset have undergone Digbee ESG assessment. Clear improvements are evident, especially regarding the governance of the organisation.

The Marimaca Copper Project is located in an area where significant mining activity is already in place in the region, resulting in much of the required infrastructure, skills and local awareness of what mining entails already being in place.

Progress has been made since last year in a number of areas including the organisation's approach to permit verification, management of water, and stakeholder engagement. A Sustainability Commitment has been drafted and published, making it clear that ESG truly is at the heart of Marimaca Copper.

**Based on the information provided, MARIMACA Copper has achieved an overarching score of BBB with a range of CCC to AAA. This is a good improvement since 2021 when an overarching score of BB was gained. Further embedding of governance now in place should lead to an improved score in the future. The corporate achieved a score of BBB with a range of BB to AA. With regards to the Marimaca Copper Project, the overarching score of BBB with a range of CCC to AAA was obtained as supported by a Context score of A with a range of CCC to AAA and Action score of BBB with a range of B to AAA.**

## Overall score for this submission



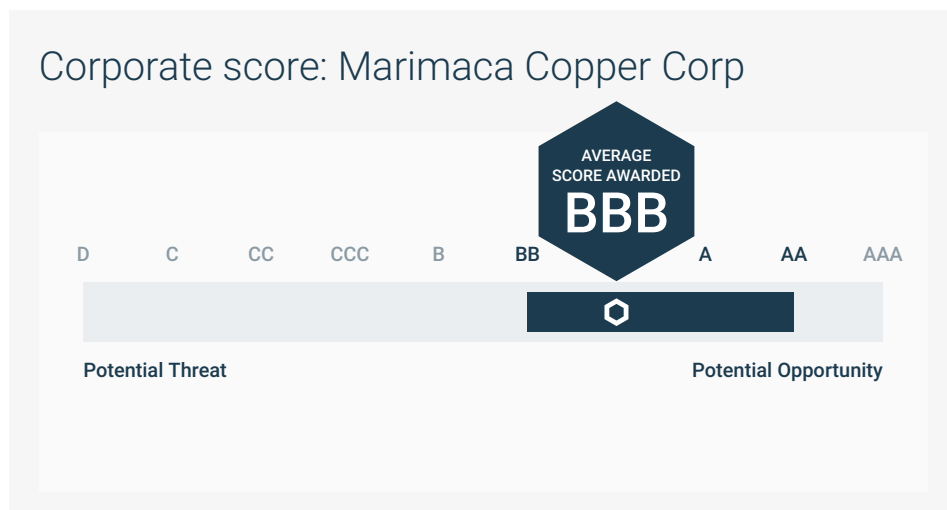
## The score breakdown



### Corporate Score:

This is the score awarded for the responses to the 'Corporate-level' questionnaire.

## Corporate score: Marimaca Copper Corp



## The score breakdown continued...



### Project Score:

These are the scores awarded to any 'Project-level' questionnaires that have been submitted.

### Action:

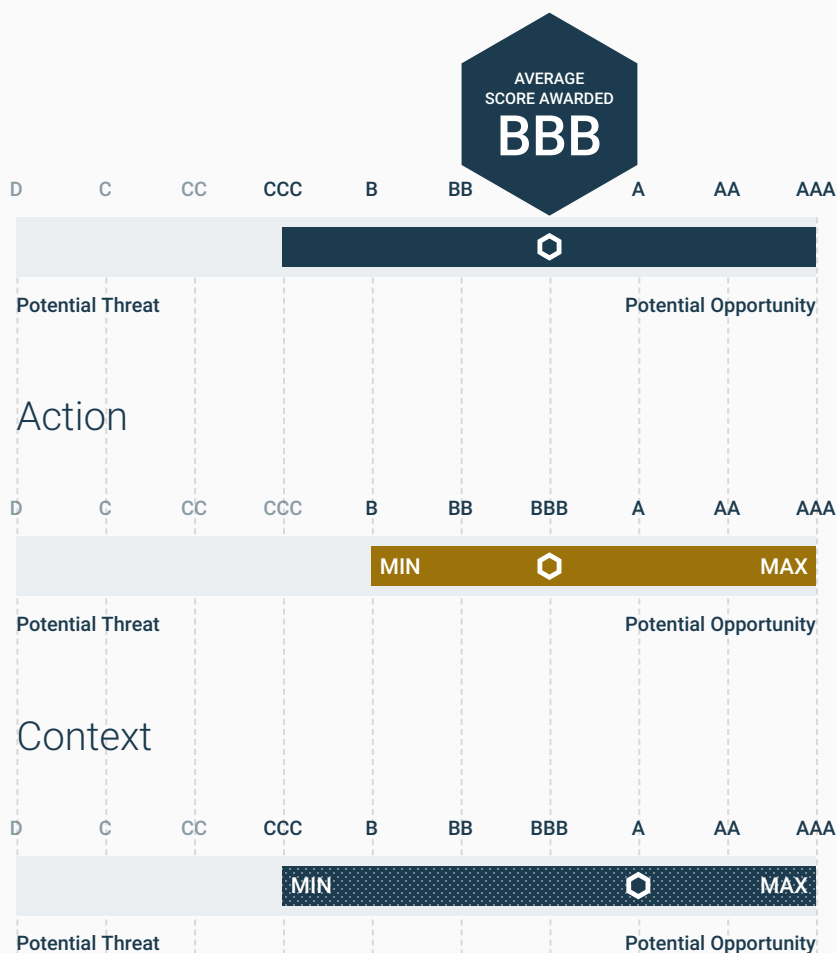
Within each project, action questions try to understand what action is being taken by the mining companies to mitigate ESG risks.

### Risk Context:

Within each project, context questions try to understand the inherent risks of where the mining companies are operating.

## Project score: Marimaca

### Overview



## Overarching positives and negatives

Positives	Negatives
<ul style="list-style-type: none"> <li>• Good progress has been made in the past 12 months regarding ESG governance with the appointment of a Chief Sustainability Officer and appropriate Committees of the Board.</li> <li>• Good verification is in place for the permitting process used for the project.</li> <li>• The geological characteristics of the Marimaca orebody will allow for it to be extracted and processed using simple, low cost and low ESG impact methodologies.</li> <li>• The location of the project means that existing infrastructure inclusive of transportation, seawater, and power can be easily accessed. This is complimented by the presence and availability of relevant mining industry skills and robust Chilean mining industry governance.</li> <li>• The Company is proactively resolving the water scarcity issue for future mining by designing a metallurgical process that uses seawater recycled from the local Mejillones power station. Recent additional work has reduced the preliminary estimations, ensuring a cost-efficient solution in a very arid region.</li> </ul>	<ul style="list-style-type: none"> <li>• There is some anti-mining sentiment in the region. It should be noted that this is not connected to the project, however it may indirectly impact it.</li> <li>• While health and safety has improved, further training and the creation of a more in-depth safety culture could be considered.</li> </ul>

### Corporate positives and negatives

## Corporate positives

1. Robust updates have been made to the governance of the organisation since last year's submission including a revision of the Board Committees and drafting of a number of clear and concise documents detailing how different aspects of Governance are undertaken across the organisation.
2. A clear set of Sustainability Commitments were published in May 2022 detailing Marimaca's ethos and vision regarding sustainability. These include not only an update regarding the status of sustainability within the organisation but also some targets regarding certain aspects being actively improved.
3. Budgets pertaining to permitting etc. are in place. While no explicit sustainability budget is in place, it appears to be integrated into the normal running of the business which may be considered to be a stronger approach than ring-fencing budgets.
4. The Board Committees have been restructured to provide for a stand-alone ESG committee, thereby ensuring it is given the focus required at the early stage of a

project.

5. The skills and capabilities of the Board to manage current and future risks for the organisation has been reviewed, resulting in the establishment of 4 independent Board committees responsible for oversight of Audit, Compensation, ESG, Nominations & Corporate Governance. Additionally, the Board undertook its first performance review, identified future competencies and needs, and will build this into succession planning.
6. The company has appointed a Chief Sustainability Officer to oversee ESG priorities and objectives.
7. Succession planning is formally reviewed by the Nominations and Corporate Governance Committee.
8. Beneficial ownership is clear and transparent.
9. The Company Code of Conduct states that: "The Marimaca Group is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind." Senior leadership is fully supportive of this and makes themselves available for any concerns or questions.
10. The Company Disclosure Policy outlines how shareholders may take action if they deem Board / Management remuneration is not in line with company interests.
11. The Mandate of the Board of Directors outlines how feedback from shareholders is provided formally to the Board on a quarterly basis.
12. Internal verification of the status of project level compliance is carried out in line with the Company Code of Conduct. A review regarding the status of permits has been undertaken in the past year, thereby providing confidence regarding the assurance of these systems.
13. Permitting is managed by the tenement manager and a VP projects, which is overseen by the CSO, who in turn reports directly to the CEO. This restructuring allows for optimal cross-departmental function between sustainability and development, and ensures site-based risk and compliance oversight. An external specialist provides assistance regarding the status of permits on an annual basis, providing specific expertise as and when required.
14. Online and social media presence has improved since last year.
15. All tax payments are up to date according to data submitted.
16. The potential for bribery and corruption is managed in line with the Code of Business Conduct and Ethics and includes conflicts of interest, gifts and entertainment, and dealings with government. The guidelines for interactions with Government officials have also been updated.
17. The risk management approach has been improved since last year with risk-based



conversations being actively included in regular meetings. Specific risk briefings related to company strategy are also being instigated, together with Board-level oversight of risk status. This indicates a relatively mature approach to integrated risk management is in the process of being embedded in the organisation.

## Corporate negatives

1. Many improvements to the governance of the organisation have been made in the past year. These need to be fully embedded and reviewed for any further improvements that may need to be made with time and use.
2. While a clear set of Sustainability Commitments have been made, the clear integration of these into the company strategy was not fully explored in this submission. Evidence is provided through, for instance, the manner in which budgets are formulated, however this could be expanded on.
3. The Company has actively decided not to make any formal commitments to national or international goals regarding ESG. This is by no means a problem, however some investors and stakeholders may expect some formal linking to international guidelines (other than Digbee ESG) in the future.
4. While senior leadership is 33% female, the Board, while all experience and skills are excellent, currently consists solely of men so there is the potential to therefore improve by increasing diversity and inclusion in a variety of manners. It is acknowledged that a quota system may not be appropriate, instead filling all positions with the best possible candidate, irrespective of their diversity.
5. While some targets are set within the Sustainability Commitments, this is not as yet tied to remuneration.
6. While Health and Safety is taken seriously by the Company, based on the Project submission, further training and the creation of a safety culture could be explored.
7. Other than Health and Safety emergency response testing, no resilience testing has been undertaken. Please note that company resilience includes threats that may not physically harm the project such as cyber attacks.
8. While good progress has been made on the assurance of permitting activities and OHS in particular, the verification of the status of controls and activities has yet to be expanded to all areas of the organisation and project. The company currently runs on a fit-for-purpose risk basis deemed appropriate for the company's stage of development, and risk management is being continually improved.

## Project positives and negatives

### Project positives - Marimaca

1. This is the second year that The Marimaca Copper Project has been assessed using the Digbee framework.
2. The Marimaca Copper Project is a Chilean based copper oxide exploration project situated in close proximity to the city of Antofagasta and the port of Mejillones.
3. Chile continues to be recognised as a relatively stable regulatory environment for mining projects.
4. Copper is considered essential for modern living and the energy transition. While no byproducts were considered in this submission, with the processing methodology outlined being for copper only, copper is considered to be positive. [Please note that Copper as a commodity has been down-rated relatively compared to other commodities listed as being critical by regions such as the USA, Europe and the UK. This is not to say that it is not needed, it is purely as a result of a relative re-rating of commodities].
5. Infrastructure and services required for future development and operations including water (sea water), energy, transportation, communication, waste (including hazardous waste) and qualified personnel are easily accessible, with provisional agreements already in place with some providers.
6. A water option agreement has recently been executed, securing future water supply for the project. Under this agreement, water will be provided following its use in cooling systems in Mejillones, and the plant processes have been designed to tolerate high salinity water. This use of recycled water from other forms of industry should be applauded.
7. Additional drilling activities have been undertaken since the previous submission. In line with last year, all drilling activities undertaken to date have been completed according to the required Environmental Impact Statement (DIA) and the Mining Safety Regulations and Environmental Qualification Resolution (RCA).
8. The PEA (completed in 2020) indicates that the majority of the future workforce (162 staff) are anticipated to be drawn from the local population.
9. While not fully mapped out for the future, the diversity of the workforce is being considered.
10. Stakeholder engagement has been made more robust compared to last year by the drafting of a Stakeholder Concerns Protocol.
11. A number of archaeological and cultural surveys have also been completed. While no sites have been identified, monitoring and reporting continues.
12. 100% of goods are purchased locally, thereby supporting the regional community and economy.

13. No armed security is present on or around the periphery of the site, eliminating risk associated with this form of security.
14. Marimaca is the first organisation to formally seek exploration / development rights in this project area.
15. The land on which the Marimaca project is based is owned by the Chilean state, therefore the ownership structure is clear and transparent. The current and future land use in the project and surrounding area is therefore considered to be stable and low risk.
16. The project is owned fully by the Marimaca Company.
17. The Antofagasta region is world renowned for its copper mining and supporting industries. Therefore, the local population is well informed as to what to expect from a project such as Marimaca, and therefore assumed to be supportive. It should also be noted that small-scale artisanal mining activities are evident in the general Marimaca project area.
18. No resettlement is required should the project progress.
19. The submission provided information regarding the location of the project including its positioning in a topographic high, inferring no risk from upstream projects. The arid nature of the region also significantly lowers any risk of the project impacting on downstream projects.
20. Due to the climate, the Company assumes that no discharge will be required from the process, thereby minimising the potential for environmental threat posed by contaminated water.
21. No Tailings Storage Facility will be required according to current mine and processing design.
22. The permitting environment is well defined in Chile and the Company has already prepared a DIA and received approval for previous exploration and drilling activities. A new DIA is being undertaken to cover the development of the site, and is expected to be submitted in 2023.
23. Previous mining activities in the broader region have not necessarily been closed or remediated in line with current expectations, providing the opportunity for the Marimaca Project to collaborate with other parties such as the government to undertake initiatives in the region such as projects to improve the soil.
24. While not specifically acknowledged by the submission, this project aligns with the Antofagasta Regional Development Plan (8 x year plan issued in 2019).
25. Baseline studies were completed for the Marimaca DIA, encompassing a surface area of 147Ha. This included studies for the physical environment (including: climate, meteorology, air quality, noise, natural hazards, soils, hydrology, hydrogeological); biotic environment (including fauna and flora); human environment (including general setting,

cultural heritage, archaeology and visual landscape). It is assumed that these baselines will be continued for future stages of development.

26. While diesel generators are currently used for drilling activities, future plans include the use of renewable power, as provided by the Chilean grid.
27. The prospecting DIA includes the plan for a closure phase on completion of drilling activity.
28. The remote location of the site minimises the potential impact of noise, dust and vibration on any local community. No information was provided as to how workers are being protected from these potential hazards now or in the future.
29. While no emission control measures are as yet needed, some initial air quality monitoring has been undertaken.

## Project negatives - Marimaca

1. The project is located in an area of extreme water scarcity, which is offset by its close proximity to the sea and potential to utilise the local power station's used cooling water supply, thereby ensuring that any requirement for water will not impact on ground water availability and/or other users in the region. Despite this, management of any flow of water such as that used for drilling or future heap leach activities will need to be carefully managed.
2. Natural hazards include earthquakes, drought and very rare torrential rainfall which can lead to flooding. These natural hazards are well understood and can be alleviated by adhering to the correct design and construction of the mining infrastructure.
3. The port of Mejillones is approximately 25km from the Marimaca project site and a vital component of infrastructure for mining in the region. NGOs and environmental foundations have been targeting the port for reduction of capacity or closure, which may pose a threat which cannot be directly controlled by the project in the future. Please note that Marimaca would be a relatively small user of the port compared to other mining companies in the region.
4. Some negative sentiment towards mining has been noted in the region.
5. While no fatalities have taken place in the past 6 x years, two medical incidents have taken place in the past 24 months. While health and safety is considered in high level statements, focus appears to be on provision of Health and Safety manuals and guidance to employees and contractors, together with reporting rather than true behaviour and process safety resulting in a safety culture.
6. The social media presence includes a number of different platforms, however it is unclear what the level of engagement received over these platforms.
7. While the submission indicated that the project was still too early to influence future mine plans, the Company has been proactive in aspects such as the identification of

sea water as the source of water for the future operation as well as the use of heap leaching is an indication that this influence is already in place. Similar considerations would typically be developed as early as possible.

8. The company has a high level protocol for stakeholder engagement and is developing a more detailed policy which will be informed by ongoing studies. The VP Projects and site managers are the point of contact and are based in Antofagasta and Santiago.



# Corporate Score Distributions: Marimaca Copper Corp

Exploration Framework: Scores valid for 12 months as of 1<sup>st</sup> Dec 2022

The following visual is an overview of the corporate-level questionnaire scores.

Question IDs & theme	Potential Threat					Potential Opportunity				
	D	C	CC	CCC	B	BB	BBB	A	AA	AAA
C-01.01 ESG Risk Strategy								A		
C-01.02 Organisational Commitment						BB				
C-01.03 ESG Budgetary Provision								A		
C-01.04 Updated ESG KPIs							BBB			
C-01.05 Presence of Significant Partners							BBB			
C-01.06 Degree of Partner Influence					NOT APPLICABLE					
C-01.07 Management of Operating Partner					NOT APPLICABLE					
C-02.01 Board and Leadership Structure							BBB			AAA
C-02.02 Board Capability									AA	
C-02.03 Board Diversity					B					
C-02.04 Succession Planning									AA	
C-02.05 Labour Management								A		
C-02.06 Executive Pay						BB				
C-03.01 Government Engagement Appointee								A		
C-03.02 Government Engagement Monitoring						BB				

C-03.03	Shareholder Oversight	BB	
C-03.04	Management of Shareholders		A
C-03.05	Participation in Industry Bodies	BB	
C-04.01	Verification of Site-Level Compliance	BB	
C-04.02	Permitting Compliance Monitoring		AAA
C-05.01	Feedback Management		A
C-05.02	Tax Transparency	BB	
C-05.03	Corruption		A
C-06.01	Promotion of Risk Management		A
C-06.02	Emergency Preparedness	B	
C-06.03	Prioritisation of ESG	BB	



# Project Score Distributions: Marimaca

Exploration Framework: Scores valid for 12 months as of 1<sup>st</sup> Dec 2022

- i** This is an overview of the project-level questionnaire scores. In some instances a question may elicit multiple responses (e.g., context and action). In these cases, we provide multiple scores for that question ID. The individual scores noted on each bar are the scores that have been awarded for that question. If an individual bar comprises 2 scores, it's because the scores covered a range across multiple bandings and are represented as a range.

Question IDs & theme		Potential Threat					Potential Opportunity				
		D	C	CC	CCC	B	BB	BBB	A	AA	AAA
Action Question	Context Question										
P-01.01	Project Location									AA	
P-01.02	Natural Hazard Risk			CC							
P-01.03	Impact of Upstream Activities								A		
P-01.04	Impact on Downstream Activities								A		
P-01.05	Instability							BBB			
P-02.01	Exploration Activities		C								
P-02.02	Commodities being explored						BB				
P-03.01	Project Team Size							BBB			
P-03.01	Project Team Size						BB				
P-03.02	Local Representation in Team								A		
P-03.02	Local Representation in Team									AA	
P-03.03	Health and Safety Record				CCC						
P-03.04	Security and Firearms										AAA





P-06.02	Regional Mining Activities								A
P-06.03	Project Attention						BB		
P-07.01	Government Approval Requirements							BBB	
P-07.02	Regional Governmental Bodies								AA
P-07.03	State Development Plan								AA
P-08.01	Commencement of Baseline Monitoring							BBB	
P-08.02	Project-Specific Commitments							BBB	
P-09.01	EIA/SEIA Activities							BBB	
P-09.02	Rehabilitation Planning								A
P-09.03	Future Mine Planning					NOT APPLICABLE			
P-10.01	Team Health and Safety						BB		
P-10.02	Team and Equipment Security						BB		
P-10.03	Biodiversity Management						BB		
P-10.04	Water Impact Minimisation								AA
P-10.05	Current Remediation Activity				B	BB			
P-10.06	Noise Reduction						BB		
P-10.07	Emission Reduction						BB		
P-10.08	Vibration Reduction				B				
P-10.09	Stakeholder Engagement Appointee							BBB	
P-10.10	Local Language Engagement								A

P-10.11	Cultural Preservation	BB
P-10.12	Stakeholder Inclusion in Decision Making	BB
P-10.13	Local Procurement	AAA
P-10.14	Social Opportunity	B