# Annual Information Form

March 24, 2023



# TABLE OF CONTENTS

1.	PRELIMINARY NOTES	4
	Reference Notes	4
	Forward Looking Statements	4
2.	CORPORATE STRUCTURE OF THE COMPANY	7
	Name, Address and Incorporation	7
	Intercorporate Relationships	7
3.	DEVELOPMENT AND DESCRIPTION OF THE BUSINESS	8
	Three Year History	8
	Employees	11
	Emerging Market Disclosure	11
	Risk Factors	13
4.	MINERAL PROPERTIES	19
	Property Description and Ownership	20
	History	23
	Geology, Mineralization and Deposit Types	24
	Exploration Status	25
	Drilling, Sample Preparation, Analyses, QA/QC, Security and Specific Gravity	31
	Mineral Processing and Metallurgical Testing	32
	Mineral Resources Estimate	35
	Conclusions and Recommendations	41
5.	DIVIDENDS	42
6.	DESCRIPTION OF CAPITAL STRUCTURE	42
7.	MARKET FOR SECURITIES	42
	Trading Price and Volume	42
	Prior Sales	43
8.	DIRECTORS AND OFFICERS	43
	Name, Occupation and Security Holdings	43
	Corporate Cease Trade Orders or Bankruptcies	45
	Individual Bankruptcies	46
	Conflicts of Interest	46
9.	LEGAL PROCEEDINGS AND REGULATORY ACTIONS	46
	Legal Proceedings	46
	Regulatory Actions	46
10.	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	46



11.	TRANSFER AGENTS AND REGISTRARS	47
12.	MATERIAL CONTRACTS	47
13.	INTERESTS OF EXPERTS	47
	Names and Interests of Experts	47
14.	INFORMATION ON AUDIT COMMITTEE	47
	Audit Committee Charter	47
	Composition of the Audit Committee and Independence	48
	Relevant Education and Experience	48
	Pre-Approval Policies and Procedures	49
	Audit Fees	49
15.	ADDITIONAL INFORMATION	49



# **TECHNICAL GLOSSARY**

The terms and abbreviations set forth below have the following meanings in this AIF, or in documents incorporated by reference in this AIF.

"cm" means one centimetre;

"Cu" means copper;

"CuCN" means copper(I) cyanide;

"CuS" means acid solubasle copper;

"CuT" means total copper content;

"**deposit**" means a mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing mineral reserves, until final legal, technical and economic factors have been resolved;

"DIA" means Declaración de Impacto Ambiental or "Environmental Impact Statement";

"feasibility study" means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable modifying factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable);

"ha" means a hectare (an area contained by a square of 100 metres);

"indicated mineral resource" means that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with a level of confidence sufficient to allow the appropriate application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. The geological evidence is based on adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation;

"**inferred mineral resource**" means that part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. The geological evidence is evidence is sufficient to imply but not verify geological and grade or quality continuity;

"kg/t" means grams per tonne;

"km" means one kilometre;

"Ib" means one pound;

"LOM" means life of mine;



"measured mineral resource" means that part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics are estimated with sufficient confidence to allow the appropriate application of modifying factors, to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation;

"m" means one metre;

"mm" means one millimetre;

"**mineral deposit**" means an identified in-situ mineral occurrence from which valuable or useful minerals may be recovered;

"**mineralization**" means the concentration of metals and their chemical compounds within a body of rock;

"Mineral Reserve" or "mineral reserve" means the economically mineable part of a measured and/or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economics and other relevant factors that demonstrate that, at the time of reporting, extraction can reasonably be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined or extracted.

"**Mineral Resource**" or "**mineral resource**" means a concentration or occurrence of solid material of economic interest in or on the earth's crust in such form and quantity and of such grade or quality that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling;

"**modifying factors**" are considerations used to convert mineral resources to mineral reserves, including but not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors;

"Mt" means millions of tonnes;

"Mt/y" means million of tonnes per year;

"**MW**" means one megawatt;

"**National Instrument 43-101**" or "**NI 43-101**" means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*;

"**ore**" means a metal or mineral or a combination of these of sufficient value as to quality and quantity to enable it to be mined at a profit;

"ounces" or "oz" means one troy ounce;

"QA/QC" means quality assurance and quality control;

"Qualified Person" means a "qualified person" within the meaning of National Instrument 43-101;



"**RC**" means reverse circulation percussion drilling in which the drill hole is advanced by the hammer action of the drill bit and where the circulation of compressed air used to bring the samples to the surface is reversed to the normal to reduce sample contamination;

"**RCA**" means Resolución de Calificación Ambiental, or "**Environmental Qualification Resolutions**", a Chilean environmental permit;

"strike" means the direction or trend of a geologic structure;

"tonne" or "t" means 1,000 kilograms.



# 1. PRELIMINARY NOTES

#### **Reference Notes**

Unless otherwise states or unless the context otherwise requires, all information in this annual information form (this **"AIF**") is as of December 31, 2022.

All sums of money which are referred to in this AIF are expressed in lawful money of the United States of America, unless otherwise specified. References to Canadian dollars are referred to as "C\$".

## Forward Looking Statements

Certain information provided in this AIF may constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information in this AIF includes but is not limited to information with respect to:

- the Company's expected production from, and the further potential of, the Company's properties;
- the future price of minerals, particularly gold and copper;
- estimations of mineral reserves and mineral resources;
- conclusions of economic evaluation;
- the realization of mineral reserve estimates;
- the Company's ability to move the Marimaca Project (as defined below) towards production and the timing and amount of estimated future production;
- costs of production;
- capital expenditures;
- success of exploration activities;
- mining or processing issues;
- currency exchange rates;
- government regulation of mining operations;
- the Company's ability to attract and retain experienced workforce;
- environmental risks; and
- expectations regarding carbon emissions.

Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information is based on management's expectations and reasonable assumptions at the time such statements are made. Estimates regarding the anticipated timing, amount and cost of exploration and development activities are based on assumptions underlying mineral reserve and mineral resource estimates and the realization of such estimates are set out herein. Capital and operating cost estimates are based on extensive research of the Company, purchase orders placed by the Company to date, recent estimates of construction and mining costs and other factors that are set out herein. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future



results, performance or achievements expressed or implied by the forward-looking statements. Such factors include:

- uncertainties of mineral resource estimates;
- risks and uncertainties inherent in and relating to estimates of future production and operations, cash and all-in sustaining costs;
- the nature of mineral exploration and mining;
- variations in ore grade and recovery rates;
- cost of operations;
- fluctuations in the sale prices of products;
- foreign currency fluctuations;
- volatility of mineral prices (including copper prices);
- exploration and development risks;
- liquidity concerns and future financings;
- risks associated with operations in foreign jurisdictions;
- potential revocation or change in permit requirements and project approvals;
- mining operations including but not limited to environmental hazards, industrial accidents, ground control problems and flooding;
- geology including, but not limited to, unusual or unexpected geological formations and events (including but not limited to rock slides and falls of ground), estimation and modelling of grade, tonnes, metallurgy continuity of mineral deposits, dilution, and mineral resources and mineral reserves, and actual ore mined or metal recoveries varying from such estimates;
- mine life and life-of-mine plans and estimates;
- the possibility that future exploration, development or mining results will not be consistent with expectations;
- the potential for and effects of labour actions, disputes or shortages, community or other civil protests or demonstrations or other unanticipated difficulties with or interruptions to operations;
- potential for unexpected costs and expenses including, without limitation, for mine closure and reclamation at current and historical operations;
- uncertain political and economic environments;
- changes in laws or policies, foreign taxation, delays or the inability to obtain and maintain necessary governmental approvals and permits;
- regulatory investigations, enforcement, sanctions or related or other litigation;
- competition;
- no guarantee of titles to explore and operate;
- environmental liabilities and regulatory requirements;
- dependence on key individuals;
- conflicts of interests;
- the Company's ability to obtain appropriate insurance on reasonable terms or at all;
- fluctuations in the market value of the Company's shares;
- rising production costs;
- availability of equipment material and skilled technical workers;
- volatile current global financial conditions;
- the potential impact of the COVID-19 pandemic ("COVID-19") on the Company and/or its operations, and the mining industry and currency fluctuations; and
- other risks pertaining to the mining industry, as well as those factors discussed in the section entitled "Risk Factors" in this AIF.



Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information in this AIF is made as of the date of this AIF and the Company does not undertake to update any such forward-looking information, except in accordance with applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers are cautioned not to place undue reliance on forward-looking information.

The forward-looking information contained in this AIF is presented for the purpose of assisting persons in understanding the financial position, strategic priorities and objectives of the Company for the periods referenced and such information may not be appropriate for other purposes.



# 2. CORPORATE STRUCTURE OF THE COMPANY

#### Name, Address and Incorporation

The Company was incorporated under the *Business Corporations Act* (British Columbia) on September 22, 2004 under the name Coro Mining Corp. On May 26, 2020, the Company changed its name to Marimaca Copper Corp. to align with its flagship development project in Chile and undertook a 25:1 share consolidation as part of a capital reorganization. The Company's registered and records office is located at 2400 – 745 Thurlow Street, Vancouver, British Columbia, and its head office is located at 66 Wellington Street West, Suite 5300, Toronto, Ontario, M5K 1E6.

The Company's share capital consists of an unlimited number of common shares without par value. The Company's common shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "MARI". Effective as of December 22, 2022, the Company's common shares began trading on the OTCQX<sup>®</sup> Best Market in the United States under the symbol "MARIF", upgrading from the Pink<sup>®</sup> market.

#### Intercorporate Relationships

References in this AIF to the business of the Company include the business conducted by its wholly-owned subsidiaries.

As of the date of this AIF, the Company has a direct or indirect interest in the following entities. All of the entities below are 100% beneficially owned by the Company, with the exception of Rising Star Copper Ltd. ("**RSC**") and its subsidiaries. RSC and its subsidiaries are 75% owned by Greenstone Resources II, L.P. (together with Greenstone Resources L.P. and Greenstone Co-Investment No. 1 (Coro) L.P, "**Greenstone**" or the "**Greenstone Entities**") and 25% owned by the Company. See "*Development of the Business – Three Year History – 2020*".





# 3. DEVELOPMENT AND DESCRIPTION OF THE BUSINESS

The Company is principally a Canadian based copper company. Through its subsidiaries, the Company is involved in the exploration and development of new sources of copper situated in Chile. The Company is currently developing the Marimaca Copper Project (the "**Marimaca**") in the Antofagasta region of Chile, for which the Company published the Technical Report (as defined under the heading "Mineral Properties") on November 28, 2022. The Technical Report contains an updated mineral resource estimate for the Marimaca Project (the "**2022 MRE**").

The Technical Report and the 2022 MRE supersede the previously completed preliminary economic assessment and resource estimate of the Marimaca Project. The Marimaca Project continues to have the potential to be a low capital cost, high margin copper development in a tierone mining jurisdiction. The Company is focusing on continuing to move the Marimaca Project towards production while assessing the exploration potential near Marimaca and beyond, including continued review of sulphide potential adjacent to the Marimaca Oxide Deposit (the "**MOD**").

## Three Year History

# 2020

On May 27, 2020, the Company announced it had changed its name to "Marimaca Copper Corp." and had undertaken a 25:1 share consolidation.

On July 2, 2020, the Company announced that Greenstone had exercised its option under a US\$12.0 million convertible loan facility associated with RSC and its subsidiary Sociedad Contractual Minera Berta (**\*SCM Berta**"), resulting in Greenstone holding a 75% equity stake in RSC and the Company continuing to hold the remaining 25% interest. The Company deconsolidated RSC and SCM Berta from its financial position and operating results as of June 30, 2020.

On July 14, 2020, the Company announced the results of a high resolution, drone mounted, magnetic survey at the Marimaca Project. This work followed the geological interpretation reported on June 8, 2020, which indicated strong potential for sulphide mineralization beneath the MOD. A large magnetic anomaly of approximately 175 million m<sup>3</sup> was discovered adjacent to the deposit.

On August 4, 2020, the Company announced the results of a preliminary economic assessment for the Marimaca Project ("**2020 PEA**"). The 2020 PEA demonstrated that the Marimaca Project has the potential to be a low capital and operating cost copper producer. The 2020 PEA also confirmed a capital intensity of \$7,125/tonne of copper production capacity and a profitability index (net present value/capital cost) for the Marimaca Project of 1.8x at a copper price of \$3.30/lb.

On September 8, 2020, the Company announced the results of its phase 4 metallurgical testing program for the Marimaca Project. The results confirmed the recovery assumptions made in the 2020 PEA.

On September 23, 2020, the Company announced the results of a high resolution, drone mounted, magnetic survey in the district surrounding the Marimaca Project. The survey identified four large-scale magnetic anomalies, with the potential to create a new unexplored/underexplored



copper district. In connection with this announcement, the Company also announced that it had materially expanded its land position, staking new claims and executing several additional option agreements over ground along strike to the north and south of the MOD, increasing its land interests in the region.

On December 3, 2020, the Company closed an overnight marketed prospectus offering, pursuant to which it issued an aggregate of 9,200,000 units at a price of C\$3.15 per unit for aggregate gross proceeds of C\$28,980,000. Each unit comprised one common share and one-half of one common share purchase warrant. Each warrant entitled the holder to purchase one additional common share at an exercise price of C\$4.10 at any time up to and including December 3, 2022.

## 2021

On February 2, 2021, the Company announced the results of an induced polarization study at the MOD. The study identified a large chargeability anomaly below the MOD which was designated as a key target for follow up drilling targeting deeper sulphide mineralization below the MOD. In addition, the survey results provided additional information regarding structural controls of mineralization and continued to add to the geological understanding of the MOD.

On March 1, 2021, the Company completed a non-brokered private placement pursuant to which it issued 9,377,273 units at a price of \$3.30 per unit for aggregate gross proceeds of \$30,945,000. Each unit comprised one common share of the Company and one-half of one common share purchase warrant of the Company. Each warrant entitled the holder to purchase one additional Common Share at an exercise price of \$4.10 at any time up to and including December 3, 2022. The Company also announced that Greenstone elected to acquire 4,205,333 units pursuant to the exercise of pre-emptive rights, resulting in additional gross proceeds to the Company of approximately \$13.9 million.

On May 5, 2021, the Company announced the results from drill holes completed to test the extensions of mineralization below the MOD. These initial drill holes were aimed to test the extensions of mineralization below the MOD and intersected down dip and along strike extensions to mixed oxide-secondary sulphide mineralization immediately below the limits of the PEA defined open pit.

On July 14, 2021, the Company announced complete drill results for the maiden scout drilling campaign at the Cindy satellite target, located approximately 5 km north of the MOD. Mineralized structures were identified over an 800 x 300 m area at Cindy. The target offers potential to add to the Company's leachable resource base and extend the MOD's LOM or increase the scale of future operations.

On September 15, 2021, the Company announced a new shallow copper oxide discovery at the Mercedes Target, with complete drill results from the maiden scout drilling campaign for the target. Drilling intersected significant oxide copper mineralization from surface, with an initial area of interest measuring 400 m along strike and 300 m width. A total of 17 holes were completed of which 12 intersected mineralization. Mercedes Is located less than 1 km to the north of the northern edge of the MOD and offers potential to add to the Company's leachable resource base.

On October 14, 2021, he Company announced the discovery of the "MAMIX" zone, located immediately beneath the MOD. The RC drilling campaign below the MOD open pit limits intersected significant zones of mixed, enriched and some primary sulphide mineralization, indicating the potential for the expansion of the MOD's future leachable mineral resource estimate



and complementing the previous drilling which also encountered significant extensions of mineralization. Preliminary results suggested the potential to add high-grade resources to the mineral resource estimate for the MOD.

On November 4, 2021, the Company announced results from a study completed by Wood Mackenzie ("**Wood Mac**"), a leading research and consultancy firm, examining Marimaca's expected carbon emissions targets during the development and operation of the MOD. The study confirmed the validity of the Company's target to deliver a world-class 'green copper' project with industry-leading carbon emissions. The Marimaca Project benchmarks in the first quartile of global copper mine site emissions intensity assuming the Project's power is from renewable energy sources. When "Scope 3" emissions outside the control of the Company are included (transportation and smelting), management expects the MOD's carbon intensity per tonne of refined copper to be in the lowest 10% of all copper projects globally.

On November 30, 2021, Marimaca announced results of the variability test work metallurgical program which was completed as a component of the Company's Phase 5 Metallurgical program and additional associated studies. The program was designed to investigate the variability of the Marimaca ore body by assessing copper recovery, acid consumption and impurity dissolution characteristics within each mineralogical domain (ore type). The program was an important derisking milestone for the Marimaca Project, as it increased certainty and predictability of the metallurgical response for each ore type and spatially across the MOD, and would be used to help develop the process design criteria for the MOD's future feasibility study.

## 2022

On February 9, 2022, the Company announced that the 2022 infill drilling campaign at the MOD had commenced and announced that plans for the MAMIX drilling program had been expanded to be completed in parallel with the MOD infill drilling. The Company announced that findings of these campaigns would be used to update the resource estimates previously contained in the mineral resource estimate produced by the Company in late 2019 (the "**2019 MRE**").

On March 4, 2022, the Company announced that it had entered into a binding agreement to sell certain non-core Rayrock assets, including the Ivan SX-EW Processing Plants and associated mining claims, to 5Q SpA, a privately held specialist mineral processing company based in Santiago, Chile, for total consideration of up to US\$17.0 million. In addition, the Company received a 1.5% net smelter royalty on copper production from the Ivan underground body.

On April 21, 2022, the Company provided an update on its district exploration program following a review of the 2021 campaign. The 2021 campaign defined three core satellite targets within 5 km of the MOD. A review of the campaign results and the high resolution MagDrone survey also identified several new prospective targets, being Mercedes East (~1 km northeast of the MOD), Mititus (~6 km north of the MOD) and Santos (~6 km southwest of the MOD).

On May 31, 2022, the Company announced that it had undergone an independent ESG performance assessment via the Digbee ESG reporting and assessment framework. The assessment provided an overall score of BB for the Company and the Marimaca Project, and highlighted particular significant ESG credentials of the project.

On June 15, 2022, the Company announced the results of its phase 5 metallurgical testing program for the Marimaca Project. Phase 5 confirmed the results from the first four phases of metallurgical testing, which indicated good leach kinetics and moderate acid consumption.



Results from the five phases and the 2021 Variability Program will form the basis for the updated process design criteria and metallurgical assumptions for a definitive feasibility study.

On August 22, 2022, the Company announced the appointment of Mr. Leonardo Hermosilla as Vice President, Projects.

On September 8, 2022, the Company announced a US\$15.5 million investment from Osisko Gold Royalties for a 1.0% Net Smelter Return royalty (the "**Osisko NSR**") on certain claims covering the Marimaca Project and some claims immediately adjacent to it. The Osisko NSR effectively replaces certain existing royalties on Marimaca.

On October 13, 2022, the Company announced an updated mineral resource estimate (the "**2022 MRE**") for the Marimaca Project. The 2022 MRE demonstrates significant resource growth over the 2019 MRE. The 2022 MRE incorporates 19,580 m of ~41,500 m of drilling (RC and diamond) completed in 2022 for a total of over 110,000 m of drilling completed since 2016.

On November 7, 2022, the Company entered into a water option agreement to secure the future water supply required for Marimaca Project. Under the agreement, seawater would be supplied following its use in cooling systems at an electricity plant in Mejillones, located 25 km from the project and operated by one of Chile's largest energy suppliers. The option has a term of 5 years, with the ability to extend for 2 years.

On November 28, 2022, the Company filed the Technical Report in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") respectively). As a result of the completion of the Technical Report, the 2020 PEA no longer reflects the current economic potential of the Marimaca Project, should be seen as historical in nature and should not be relied upon. Material extracts from the Technical Report are included under the heading "Mineral Properties" of this AIF.

On December 15, 2022, the Company announced results from diamond drill hole MAD-22, which intersected high grade primary sulphide mineralization down-dip of oxide mineralization at the MOD, the findings of which will be used to determine 2023 sulphide drilling campaigns.

#### **Employees**

As of the date of this AIF, the Company has a total of 23 full and part-time employees or consultants and also utilizes the services of several professionals on a part-time contract or consulting basis.

#### **Emerging Market Disclosure**

#### **Ownership of Property Interests and Assets**

With respect to the Company's exploration activities, mining concessions and exploration permits, as well as other customary and routine permits obtained from time to time in the ordinary course, are required for the Company to be able to carry on business in Chile.

In order to satisfy itself of its ownership of its property interests in Chile, the Company has, among other things: (i) obtained and reviewed title opinions from certain local law firms in Chile; (ii) conducted searches in Chile as they relate to its property interests; (iii) applied for and obtained the granting of mining concessions according to the procedure established by the Chilean Mining



Code; and (iv) reviewed, negotiated and executed various agreements with third parties relating to the acquisition and/or transfer of certain mining titles and concessions.

The Company regularly takes legal advice from counsel with extensive experience working with mining properties in Chile and who are abreast of all current Chilean legal requirements, and specifically as they apply to the Company's activities. The Company also relies on the oversight by Qualified Persons who have conducted a review of its Chilean activities and external consultants who are engaged by the Company in connection with the Company's permitting, licensing and regulatory approval application process, to confirm it has all material permits, licenses and other regulatory approvals needed to carry on its activities.

The Company is not aware of any material restrictions against foreign investment in Chilean mining companies, nor any material legal requirements imposed on foreign ownership of Chilean mining companies.

#### Control by Company over Subsidiaries

As noted from the corporate structure chart above under the heading "Corporate Structure of the Company", the Company has subsidiaries in Chile. Chilean law requires foreign companies operating in Chile to have local operating subsidiaries.

With the exception of RSC and its subsidiaries, including SCM Berta, all of the Chilean subsidiaries of the Company are wholly-owned subsidiaries over which the Company has complete control. The directors, officers or nominated attorneys, as applicable, of its wholly-owned Chilean subsidiaries are all members of, or report directly to, the Company's senior management team, which ensures that the Company has appropriate control and direction over such Chilean subsidiaries. RSC is 75% owned by Greenstone and was deconsolidated from the Company's financial statements and operating results effective as of June 30, 2020.

The Company also maintains and uses internal controls to ensure that a process and mechanism of approvals is maintained and followed for the disbursement of corporate funds and operating capital and to ensure that investment decisions are reviewed and approved by the Board.

The Company is of the view that there are no material risks associated with its corporate structure and that any risks are effectively managed based on the controls described above.

#### Banking Matters in Chile

The Company conducts its banking in Chile through banks of international repute, which are subject to international standards. All material disbursements of corporate funds and operating capital to the Chilean subsidiaries are reviewed and approved by the Board or its designees and are based upon pre-approved budget expenditures.

The Company adheres to Canadian and Chilean laws. The Company has a Business Code of Conduct that specifically addresses the *Corruption of Foreign Public Officials Act* (Canada) that is required to be followed by all directors, officers and employees.

#### Board and Management Experience in Chile and Board and Management Visits to Chile

A number of members of the Board and management have experience doing business and operating in Chile. All directors of the Company have visited, or in the case of one director, have



scheduled a visit to, the Company's operations in Chile. The directors have met with the senior management team in Chile on numerous occasions and there is continuous engagement between the Board and the management team. Furthermore, the directors are made aware of the local business practices in Chile as part of periodic business updates and risk reviews. The Company's directors and executive officers are also advised by experienced legal advisers in Chile and are made aware of new developments in the legal regime and new requirements that come into force from time to time. Any material developments are then discussed by the Company's senior management and at the board level.

## Language Consideration

Certain of the Company's directors and executive officers are either fluent or conversant in Spanish. Local business in Chile is conducted largely in Spanish and the members of the Company's management team located in Chile who deal directly with employees in Chile and external consultants are all native or fluent Spanish speakers. In addition, the senior management team and the Company's advisors in Chile are fluent in English. Therefore, there is no material language barrier.

#### The Company's Communication Strategy in Chile

The Company's communication strategy in Chile includes having representatives of the Company formally meet with stakeholders as required in the context of the status of the Company's activities. Stakeholder engagement activities are undertaken as the Company progresses its milestone activities. The Company values transparent corporate governance and strives to ensure appropriate checks and balances are carried out to safeguard ownership at all levels of the business and provide accountability to stakeholders.

#### Access to Books and Records

The Company's corporate records are maintained at its registered and records office at 2400 – 745 Thurlow Street, Vancouver, British Columbia. The Company's operational agreements and documents are maintained at Suite 1504, Cerro el Plomo 5420, Las Condes, Santiago, 7560742, Chile. There are no restrictions on the Board's ability to access books and records. In addition to hard copy form, books and records are available electronically.

#### **Risk Factors**

The Company faces a number of challenges in the development of its properties. The following is a description of the principal risk factors affecting the Company:

#### **Operational Risks**

The Company's operations are subject to all of the risks normally incident to the exploration, development and, if any of the Company's properties are placed into commercial production, operation of mineral properties. The Company has implemented comprehensive safety and environmental measures designed to comply with or exceed government regulations and ensure safe, reliable and efficient operations in all phases of its operations. Mineral exploration and exploitation involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment



failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities.

Such risks could result in damage to, or destruction of, mineral properties or processing facilities, personal injury or death, loss of key employees, environmental damage, delays in mining, monetary losses and possible legal liability. Satisfying such liabilities may be very costly and could have a material adverse effect on the Company's future cash flow, results of operations and financial condition.

#### Exploration Risk

The long-term operation of the Company's business and its profitability is dependent, in part, on the cost and success of its exploration and development programs. Mineral exploration and development involve a high degree of risk and few properties that are explored are ultimately developed into producing mines. There can be no assurance that commercial quantities of ore will be discovered. There is also no assurance that even if commercial quantities of ore are discovered, that the properties will be brought into commercial production or that the funds required to exploit mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. Discovery of mineral deposits is dependent upon a number of factors, including the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company. There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business.

Other than in 2010, in which the Company realized mark to market gains for trading securities held, the Company has no history of operating earnings. None of the Company's properties are currently in production, and there is no certainty that the Company will succeed in placing any of its properties into production in the near future, if at all, and it could be years, if ever, before the Company receives any revenues from any production of metals.

#### Estimates of Mineral Resources

The mineral resource estimates contained in this AIF are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally or commercially exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. The estimates of mineral resources described in this AIF should not be interpreted as assurances of mine life or of the profitability of future operations.

#### Foreign Political Risk

The Company's material property is located in Chile and, as such, a substantial portion of the Company's business is exposed to various degrees of political and economic risk and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including developments in the context of ongoing Constitutional reform in Chile, expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of



earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by-laws and policies of Canada affecting foreign trade, investment and taxation.

## Permits

The Company requires licenses and permits from various governmental authorities to carry out exploration and development at its projects. Obtaining permits can be a complex, and timeconsuming process. There can be no assurance that the Company will be able to obtain the necessary licenses and permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with its current activities or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or cessation of Company activities or material fines, penalties or other liabilities. In addition, the requirements applicable to sustain existing permits and licenses may change or become more stringent over time and there is no assurance that the Company will have the resources or expertise to meet its obligations under such licenses and permits.

#### Government Regulation

The Company's activities are subject to various laws governing exploration, prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment, historical and archaeological sites and endangered and protected species of plants and animals. Although the Company's activities are generally carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail The Company's present and future activities, including exploration, development and production. Amendments to current laws and regulations governing the Company's activities or more stringent implementation thereof could have a substantial adverse impact on the Company.

#### Title to Properties

Acquisition of rights to mineral properties in Chile is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give an assurance that title to such properties will not be challenged or impugned. The Company can never be completely certain that it or its option partners will have valid title to its mineral properties. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under foreign law are often complex. The Company does not carry title insurance on its properties and such insurance is not generally available. A successful claim that the Company or its option partner does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property.



## Environmental Risks

The Company's activities are subject to extensive laws and regulations governing environmental protection and employee health and safety. These laws and regulations address many aspects of the exploration and development of mineral properties, including air and water quality, management of waste, the protection of different species of plant and animal life, the preservation of antiquities and lands and reclamation of lands disturbed by mining operations. Additionally, operators of mineral exploration and development projects may be required to carry out consultations or other similar processes with indigenous communities. These laws and regulations require the Company to acquire and maintain permits and other authorizations for certain activities. There can be no assurance that the Company will be able to acquire such necessary permits or authorizations on a timely basis, if at all.

There are also laws and regulations prescribing reclamation activities on some mining properties. Environmental legislation in many countries, including Chile, is evolving and the trend has been toward stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. There can be no assurance that the Company has been or will be at all times in complete compliance with current and future environmental, and health and safety laws, and the status of permits will not materially adversely affect the Company's business, results of future operations or financial condition. It is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of the Company's business, causing the Company to re-evaluate those activities at that time. The Company's compliance with environmental laws and regulations also entails uncertain costs, material fluctuations of which could adversely affect the Company's financial condition.

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated, and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. The Company may be liable for environmental contamination and natural resource damages relating to the properties that it currently owns or operates or at which environmental contamination occurred while or before it owned or operated the properties.

## Management

The success of the Company will be largely dependent upon the performance of its officers, consultants and employees. Locating and successfully developing mineral deposits depends on a number of factors, including the technical skill of the exploration personnel involved. The success of the Company is largely dependent on the performance of its key individuals. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

## **Conflicts of Interest**

Certain directors and officers of the Company are or may become associated with other natural resource companies which may give rise to conflicts of interest. In accordance with the *Business Corporations Act* (British Columbia), directors who have a material interest in any person who is



a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. Certain of the directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and, accordingly, the Company will not be the only business enterprise of these directors and officers.

#### Infrastructure

Development and exploration activities depend on adequate infrastructure, including reliable roads and water and power sources. In particular, the Company's activities in Atacama and Antofagasta Regions of Chile will depend on adequate water supply. The Company's inability to secure adequate water and power resources, as well as other events outside of its control, such as unusual weather, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect the Company's development, future operations and financial condition.

#### Insurance

The Company's activities are subject to the risks normally inherent in the mining industry, including, but not limited, to environmental hazards, flooding, fire, periodic or seasonal hazardous climate and weather conditions, unexpected rock formations, industrial accidents and metallurgical and other processing problems. These risks could result in damage to, or destruction of, mineral properties; personal injury; environmental damage; delays in development and production; increased costs; monetary losses; and possible legal liability. The Company may become subject to liability which it cannot insure or may elect not to insure due to high premium costs or other reasons. Where considered practical to do so, the Company maintains insurance against risks in the operation of its business in amounts which the Company believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. The Company cannot provide any assurance that such insurance will continue to be available, be available at economically acceptable premiums or be adequate to cover any resulting liability. In some cases, coverage is not available or considered too expensive relative to the perceived risk.

#### Competition

The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it competes with other mining companies, many of whom may have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Competition for exploration resources at all levels has, in the past, been very intense, particularly affecting the availability of a skilled workforce, drill rigs and helicopters. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

## Foreign Operations

The Company's properties are currently located in Chile and, as such, a substantial portion of the Company's business is exposed to various degrees of political, economic and other risks and



uncertainties. The Company's operations and investments may be affected by regional political and economic developments, including developments in the context of ongoing Constitutional reform in Chile, expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non- governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

## Additional Funding and Dilution

The Company has limited financial resources. If the Company's exploration programs are successful, then additional funds will be required to complete the development of its properties and place them into commercial production. As the Company does not currently generate income from operations, the only sources of future funds presently available to the Company are the sale of assets, additional equity capital or the entering into joint venture arrangements or other strategic alliances, such as earn-in arrangements or the grant of royalties in respect of specific properties. In addition, the status of Chile, where the Company operates, may make it more difficult for the Company to obtain financing for its projects. There can be no assurance the Company will be able to conclude any financings, on favourable terms or at all. The failure to obtain financing could have a material adverse effect on the Company's existing activities, future operations and financial condition.

If the Company raises additional capital through equity financings, it could result in substantial dilution to existing shareholders. In addition, certain shareholders of the Company have preemptive rights to participate in future equity financings of the Company. Pursuant to a subscription agreement dated August 3, 2018 between the Company and Tembo Capital, Tembo Capital has a pre-emptive right to participate in future equity financings of the Company on a pro rata basis. As of the date of this AIF, Tembo Capital has the right to participate in future equity financings on an 11.59% basis. Pursuant to an Investor Rights Agreement dated December 19, 2019 between the Company and Greenstone, Greenstone has a pre-emptive right to participate in future equity financings of the Company. As of the date of this AIF, the Greenstone Entities own 28.92% of the Company's issued and outstanding common shares in the aggregate. Taking into account common shares owned by the Greenstone Entities and common shares owned directly by the limited partners of Greenstone Resources L.P., the Greenstone Entities have the right to participate in future equity financings on a 52.59% basis.

If and to the extent that any common shares are issued to Tembo Capital or the Greenstone Entities pursuant to the exercise of pre-emptive rights, investors will suffer dilution to their voting power and the market price of the Company's common shares may be adversely affected. Because the pre-emptive rights of the Greenstone Entities are calculated with reference to common shares owned by the limited partners of Greenstone Resources L.P. (as well as common shares owned by the Greenstone Entities), the aggregate ownership interest of the Greenstone Entities in the Company may increase if they exercise their pre-emptive rights in full.

# **Commodity Prices**

The viability and profitability of the Company's business will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors



beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, forward sales by producers, production, industrial demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production from the Company's properties to be impracticable. The effects of these factors on the price of base and precious metals, and therefore the viability of the Company's exploration projects, cannot be accurately predicted and thus the price of base and precious metals may have a significant influence on the market price of the Company's shares and the value of its projects. If the Company advances any of its projects to commercial production, the Company's future revenues and earnings, if any, could be affected by fluctuations in prices of mineral commodities and, to a lesser extent, other commodities such as fuel and other consumable items.

# No History of Dividends

The Company has never paid a dividend on its common shares and does not expect to do so in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Company's board of directors and will depend upon the capital requirements of the Company, results of future operations and such other factors as the Company's board of directors considers relevant. Accordingly, it is likely that investors will not receive any return on their investment in the common shares other than possible capital gains.

# Foreign Currency Risk

A substantial portion of the Company's expenses are now and are expected to continue to be incurred in foreign currencies. The Company's business will be subject to risks typical of an international business including, but not limited to, differing tax structures, regulations and restrictions and general foreign exchange rate volatility. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material effect on the Company's business, financial condition and results of operations and could result in downward price pressure for our products in or losses from currency exchange rate fluctuations. The Company does not actively hedge against foreign currency fluctuations.

# 4. MINERAL PROPERTIES

Information in this section is derived substantially from the technical report titled "Updated Mineral Resource Estimation for the Marimaca Copper Project, Antofagasta Region, Chile" dated effective October 13, 2022 (the "**Technical Report**"), prepared by Luis Oviedo (P.Geo.) of NCL Ingenieria y Construcción SpA ("**NCL**"), a qualified person ("**Qualified Person**") within the meaning of NI 43-101. The below summary is subject to all the assumptions, qualifications and procedures set out in the Technical Report. To obtain further information readers should consult the Technical Report which is available for review electronically on SEDAR at www.sedar.com under the Corporation's profile. For greater certainty, the Technical Report is not incorporated by reference in this AIF.



#### **Property Description and Ownership**

The Marimaca Project is located in Chile's Antofagasta Province, Region II, approximately 25 km west from the port of Mejillones, approximately 45 km north of the city of Antofagasta and 1,250 km north of Santiago, Chile. The project area is located at approximately 374,820 E and 7,435,132 S in WGS84 UTM coordinates.

Antofagasta and Mejillones are modern cities with all regular services, serving a combined population of approximately 570,000. Numerous mining-related businesses are located in the cities. Power lines and water supply intakes are located near the property. Both Antofagasta and Mejillones are relevant shipping ports, especially Mejillones, which is a mega-port for larger cargo. In addition, there are five thermoelectric plants in Mejillones and the port represents the most important sulfuric acid terminal in the north of the country. The installed capacity of electric production currently available at Mejillones is close to 900 MW, while the sulphuric acid storage facilities import more than 6 million tonnes per year.

While Mejillones is an industrial port and most of the labor force is specialized in this type of job, Antofagasta has the largest labor force dedicated to mining in northern Chile. The level of specialized mining knowledge is high and they participate both in the work of large and medium scale mining. The city of Antofagasta is a "mining cluster", where research, education, technical training centers and the largest suppliers of equipment and services for mining in the country operate.

The Project is connected to the well-maintained Chilean public road system and is easily accessed from Mejillones and Antofagasta through paved highway Route 1. The Antofagasta Airport is located 40 km south of the Project. The Project can be accessed following the paved roads derived from Route 1. A network of unpaved roads connect the project area to Mantos Blancos and to the National Highway 5.

Figure 1-1 shows the project location, highlighting the proximity to first class utilities and infrastructure. Figure 1-1 also summarizes the Corporation's mining property position in the region.





Figure 1-1: Marimaca Project location map, Marimaca Copper Corp., 2022

The Marimaca Project is comprised of 20 mining/exploitation concessions covering approximately 961 hectares. These concessions are listed in the national mining claims register, and are in Sierra Naguayán, Commune of Mejillones, Province and Region of Antofagasta. As shown in Figure 1-1, tenements protecting the project area are part of the much larger land position that the Corporation owns in the region.

Certain of the Corporation's interests in the mining/exploitation concessions were originally held via option agreements entered by Compañía Minera Cielo Azul ("**MCAL**"), a Chilean subsidiary of the Corporation. Most of the options held under these agreements have now been exercised.

MCAL currently has a provisional easement in respect of the surface rights over the concessions that provide for the Marimaca Project and elements of the wider Marimaca District. This provisional easement is registered in the name of MCAL, before the corresponding Real Estate Registrar. A definitive easement for the final development area of the Marimaca Project will be registered in due course.

The Corporation does not hold any water rights or maritime concessions. However, MCAL has entered into a water option agreement in October 2022 to secure the future water supply required



for the Marimaca Project. Under the agreement, one of Chile's largest energy suppliers will supply seawater following its use in cooling systems at an electricity plant in Mejillones.

MCAL first obtained an Environmental Qualification Resolution (RCA) in July 2018 to be able to produce 10,000 tonnes of cathodes annually from the Marimaca 1-23 claims. Whilst this RCA still exists, it does not provide for the Marimaca Project as envisaged in the 2020 PEA.

A further RCA was obtained in November 2020 to provide for exploration and prospecting campaigns across the Marimaca Project and parts of the wider Marimaca District.

Currently, the Corporation is in the process of conducting environmental baseline studies to assess possible impacts that the Marimaca Project may have when it enters the Environmental Assessment System for purposes of obtaining an RCA for development. These studies do not currently identify any major environmental risks. In addition, there are no known material environmental liabilities in relation to the Marimaca Project.

Certain net smelter return ("**NSR**") royalty interests have been created over the concessions that make up the Marimaca Project. These include the Osisko NSR described above under the heading "Development of the Business – Three Year History – 2022".

The following information sets out all of the additional NSR interests over the Marimaca Project properties. Table 28-1 of Annex 1 of the Technical Report also provides further information on NSR interests that apply to individual concessions.

#### Marimaca 1-23 Claims

The Corporation acquired 100% of the Marimaca 1-23 claims for US\$12.2 million. A 1.5% NSR is payable on these claims, with the Corporation/MCAL retaining an option to purchase 1% of this interest within 24 months from commencement of commercial production from the claims.

The Osisko NSR terms require these buyback rights to be exercised prior to the commencement of commercial production.

#### La Atómica

The Corporation acquired 100% of the La Atomica property for US\$6.0 million, which was paid from 2017 to 2021. A 1.5% NSR is payable on this, with the Corporation/MCAL retaining an option to purchase 0.5% of the 1.5% NSR for US\$2.0 million at any time.

The Osisko NSR terms require these buyback rights to be exercised prior to the commencement of commercial production.

#### Atahualpa

Under the terms of a January 2018 LOI, the Corporation acquired 100% of the Atahualpa, Tarso, Sierra and Sorpresa properties for US\$6.0 million. A 2% NSR was payable under the original option agreement. The Corporation acquired this interest for US\$2.2 million.



## Olimpo y Cedro (formerly called Naguayán)

The Corporation acquired 100% of the Olimpo y Cedro properties for US\$6.5 million, which was paid from 2018 to 2022. A 1.5% NSR is payable on the properties, with the Corporation/MCAL retaining an option to purchase 0.5% of the 1.5% NSR for US\$2 million within the first 12 months of commencement of commercial production from the properties.

#### Llanos/Mercedes

Under the terms of a May 2019 option agreement, the Corporation/MCAL may acquire the Llanos/Mercedes properties for a total consideration of US\$2.0 million payable as follows: US\$0.05 million upon signing (paid); US\$0.05 million on the 16-month anniversary (paid); US\$0.1 million on the 24-month anniversary (paid); US\$0.125 million on the 28-month anniversary (paid); US\$0.125 million on the 36-month anniversary (paid); US\$0.15 million on the 40-month anniversary (paid); and US\$1.4 million on the 48-month anniversary. In addition, the Llanos and Mercedes properties are subject to a 1% NSR. The Corporation/MCAL has an option to purchase this for US\$0.5 million within 24 months from commencement of commercial production from the properties.

## History

Small-scale artisanal mining activities were undertaken in the general Marimaca Project area from the 1990s to mid-2000s. Underground workings associated with small-scale mining reach a maximum of approximately 100 m depth.

No modern exploration was undertaken until Coro Mining Corp ("**Coro**"), a predecessor company to the Corporation, began to assemble the Project ground holdings. The Marimaca deposit was identified in 2016, following a reverse circulation (RC) drill program. Coro subsequently detailed geological surface mapping and rock chip sampling, additional RC drilling, core drilling to support geotechnical and geometallurgical studies, metallurgical test-work, and mining studies. An initial resource estimate was completed in January 2017, and Mineral Reserves were first estimated in 2018.

Coro completed a feasibility study in June 2018 (the "**2018 Feasibility Study**"). This study considered an open pit mining using conventional equipment to feed a refurbished process plant, referred to as the Ivan plant, that would have the capability of producing 10,000t of cathode copper per year.

The 2018 Feasibility Study is not currently considered to be the preferred Marimaca Project development option. The Corporation is not treating the study as current, and the Mineral Reserve estimates are also not considered to be current. However, some of the baseline information generated in support of the 2018 Feasibility Study was used in the 2020 PEA. An Environmental Impact Statement (Declaración de Impacto Ambiental, "**DIA**" in the Spanish acronym) and the Mining Safety Regulations and Environmental Qualification Resolution (RCA) was approved on 5 July 2018. Mineral Resources were updated in late 2019, as part of an internal study of the Mixed area (MAMIX) and again in 2022 – the results of which are discussed in the Technical Report. The 2022 MRE captures a total of 110,790 m drilled distributed across 429 drill holes.



# Geology, Mineralization and Deposit Types

The Marimaca deposit is located within a belt of Mesozoic age copper deposits, known as the Coastal Copper Belt, which range in (pre-mining) size from Mantos Blancos, (~500 Mt) to Ivan (~50 Mt). These deposits, which are recognized as both "manto-type" and IOCG types, occur in a variety of host rocks and alteration associations and have different morphologies and structure.

The host rocks in Marimaca are intrusives from the "Naguayán Stock", an equigranular monzodiorite that grades to diorite in part cut by monzodiorite porphyries and by various systems of dacitic and dioritic dikes (NE, NS, NW and WNW orientation).

A system of sub-parallel, planar, pervasive and persistent fractures occurring along an NS elongated structural belt is the most important structural feature of Marimaca, giving to the rock an appearance of "pseudo-stratification", composed of cent-decametric sub-parallel "sheeted-like" fractures. A WNW to NW system of late faults is important and created additional permeability favorable for the formation of an oxide blanket.

The Marimaca deposits consist of a copper oxide blanket, exposed at the surface extending for approximately 1,600 m along the NNW direction, 500 to 400 m wide and 200 m to 300 m thick. Two thirds of the middle-upper part of the oxidized column correspond to copper oxides whereas the lower one-third corresponds to mixed and lesser chalcocite mineralization. Although general geometry is a blanket, the mineral zone interpretation was guided by the structural control, especially the NS dipping east and the late NW to EW structural system.

The mineralogy of the oxide zone consists of brochantite, atacamite, chrysocolla and wad occurring as disseminations and impregnation of fractures in the parallel band system with a NS orientation, but also in diagonal faults systems with NE and NW orientation. The subjacent mixed zone consists of copper oxides and remnants of chalcocite and covellite, minor pyrite and chalcopyrite. The secondary sulfides carry mostly sooty chalcocite replacing pyrite and covellite after chalcopyrite.

The Marimaca alteration consists of a metasomatism with very little evidence of destructive hydrothermal alteration. The calc-sodic (Na-Ca) metasomatism is background alteration, whereas albitization and chlorite are alteration minerals related to mineralization. Some K-spar and biotite are also observed. At the oxide zone, the limonite, mostly goethite, is associated with copper mineralization.

Marimaca displays many characteristics of the IOCG mineralized system: primary mineralization consisting of low pyrite and chalcopyrite-magnetite, calco-sodic alteration, however no Au occurrences are recorded or observed. Marimaca differ from typical coastal IOCG districts by the intense supergene alteration and mineralization.

The formation of the supergene blanket such as that discovered and evaluated at Marimaca has not been described in any other IOCG district. There is strong evidence that the actual oxide body was formed due to the oxidation of a previous sulphide blanket. Remnants of this blanket were encountered that consisted of chalcocite and covellite replacement of pyrite and chalcopyrite. Evidence of the oxidation process can be encountered in the Mixed zone, where zoned green and black copper oxides partially replace secondary sulphides. Mineralogic zoning and copper grade distribution in the blanket also suggest repeated events of lateral migration and accumulation. This process requires abundant pyrite to produce enough sulphuric acid, but



as established the IOCG system is low in pyrite. It is possible that a very rich and pervasive chalcopyrite >> pyrite primary mineralization and a long-lived process of oxidation can explain the formation of the Marimaca's uncommon secondary blanket.

## **Exploration Status**

The 2022 MRE captures an additional 19,580 m of RC drilling relative to the 2019 MRE. The captured drilling includes 6,382 m drilled from the 2021 program and 13,198 m from the 2022 infill program. Figure 1-2 shows the distribution of new drill holes added and used for the purposes of the 2022 MRE.



Figure 1-2: Location of new holes added for the 2022 MRE. Horizontal projections also show %CuT grades as histograms. Project local grid consisting of 50 m spaces sections in NE and NW directions is also show. Marimaca Copper Corp., 2022

In addition to drilling since 2020 the following exploration work has been carried out:

- full assay of the drilling sample database with Sequential Copper assays (mostly CuCN) for all the >0.1 Cu%. Since the 2021 campaign, Sequential Copper is the standard assay methodology for all samples;
- re-logging previous drill holes for a better definition of mixed and secondary sulphide mineralization, this work was benefited by the new Sequential Copper assaying;



- actualization and check of the Topographic field bases;
- completion of a new drone driven imaging and topographic orthorestitution;
- re-interpretation of the rock geochemistry;
- high Resolution Magnetics and deep IP/R geophysics surveys; and
- detailed surface mapping of dyke system, emphasizing rock types and contact relationships.

Additional infill drilling, including new geologic and geotechnical diamond drilling, will be completed with an updated MRE planned for 2023.

## Surveying, Image and Topographic Base

The 2020 photogrammetric survey was updated by means of a new High Resolution UAV survey. The total district area was surveyed (56 km2) along 55-70 m apart 302 flight lines, at an average altitude of 200 m above the surface (Figure 1-3). Flight resolution was 5 cm per pixel. A digital elevation model (DEM) was generated with interpolated level curves at 1 m for use at the 1:1,000 scale (Figure 1-3). Other products such as RGB, Lithology, Limonite and FeOx Index images were also received. The topographical support was made by conventional topography, which, from official bases, generated a sufficient network of points to balance and orthorectification of UAV image and DEM (Figure 1-3). All topographic bases have been certified and coordinates reported in UTM PSAD56 and WGS85 systems.



Figure 1-3: Topographic Reference Point Grid. (a) example of registered control point; (b) HM ATAHUALPA I 1/154 coordinate base point (c) survey point (Marimaca Copper Corp., 2022)



Updated images and topography of the project area are shown in Figure 1-4.



Figure 1-4: Image (a) and topographic contour map (b). UAV special flight covering and contours from topographic restitution controlled by base points from Fig 9-1 and other key points such as drill collars obtained image, Marimaca Copper Corp., 2022.

# Detailed Geological Mapping

The 1:1,000 scale surface geological map (Kovacic, 2017) was updated. Emphasis was placed on dyke units definition, rock composition and contact relationships; the same review was focused on mineralized structures, as well as late faults. The resulting updated map is shown in Figure 1-5.







## Drill Sample Re-Assaying and Logging

The discovery of significant mixed and secondary sulphide mineralization called attention to a better definition of these mineral zones. This work requires a detailed mapping of secondary sulphides supported by Sequential Copper assaying methodology. All >0.1%Cu from the historic database were assayed for CuCN, and all new drilling samples from since the 2021 campaign are assayed by Sequential Copper methodology.

Historic drill samples were re-logged taking into consideration the updated assays. All new information was updated in the project database. Consequently, the mixed and secondary sulphide mineral domains below the MOD were better defined.



#### Geochemistry

As part of the district exploration previous 100x100 m rock Geochem sampled areas were detailed to 50x50 and all this new data and the previous Cu results were re-interpreted. An updated map is shown in Figure 1-6. The outer limit of >0.1%Cu is coincident with >500 ppm rock Geochem and projected CuT block model, projected to surface.

Rock Geochem >500 ppm results in a good guide to Marimaca style mineralized areas. In the map of Figure 1-6 extensions of mineralized structures towards NE and SE are evident and offer the potential for extending the MOD.



Figure 1-6: Updated rock geochemistry interpretation. Purple color lines indicates > 500 ppm and orange the >200 ppmCu in rocks. Section grid and >0.1% Cu mineralization border are also shown, Marimaca Copper Corp., 2022



# Geophysics

In July 2020 the Corporation released the results of a High-Resolution Mag Drone survey over the Marimaca deposit covering a 2 x 2 km area. The objective was to model the deep extension of a high mag anomaly, considering the empirical relationship between copper sulphides and magnetite encountered in the systematic magnetic susceptibility measurements of drill samples. The high-resolution aeromagnetic survey was carried out using an updated GeoMagDroneTM technology (http://www.geomagdrone.cl) in 2020.

Modelled results clearly show a relevant anomaly extending downward, east from the actual MOD, dipping 40-45° east. Oxide zone is coincident with the demagnetized upper parts of the anomaly. Figure 1-7 illustrates the result of the magnetic survey and 3D modeling. The southern extent of the identified anomaly corresponds to the location of the sulphide intersection from drill hole MAD-22 (released on December 15<sup>th</sup>, 2022) which provides support for the aforementioned relationship between primary copper sulphide mineralization and magnetite-actinolite alternation which returns the high-magnetic geophysical response.



Figure 1-7: High Resolution Magdrone Reduced to Pole map and 3D inverted model interpretation. A mag anomaly extending at depth toward east and could represent the extension of the magnetite rich primary mineralization. (Marimaca Copper Corp., 2021)

An Induced Polarization survey was carried out for targeting sulphides below the MOD. A deep penetration method (MIMDAS) was used and a total of 5 lines were surveyed. Results were released February 2021. Figure 1-8 shows the results by means of a comparison of the magnetic inverse model with the Chargeability section.

Data suggests that chargeability does not coincide with high mag signatures, however it is quite clear that magnetics represent a useful geologic vector. IP could have a better response from the mixed and secondary sulphide mineralization rather than a more structurally controlled primary chalcopyrite-magnetite.





Figure 1-8: IP Chargeability results compared with magnetics. The probable effect of the NW faults on the IP anomalies is highlighted (Marimaca Copper Corp., 2021)

Exploration drilling completed by MCAL demonstrates the potential for extending the oxide north and sulfide mineralization and for new discoveries amenable to mining. The infill program shows respectable results and strengthens the exploration potential of the properties.

# Drilling, Sample Preparation, Analyses, QA/QC, Security and Specific Gravity

Assay samples reported in the 2022 MRE were prepared at a laboratory site in Calama and assayed by Andes Analytical Assay Ltd. ("**AAA**") in Santiago. Marimaca RC holes are drilled on a continuous 2-meter basis and riffle split on site up to one-eighth (12.5%) of its volume, after which samples are sent for preparation and assaying. Diamond drill hole ("**DDH**") samples are obtained every 2 meters from a half-core.

All samples are transferred by laboratory personnel from the Marimaca Project to Calama for preparation, and then returned to generate analysis batches with the corresponding control samples. Finally, they are sent to the laboratory for AAS assaying to obtain total copper (CuT) and soluble copper (CuS) grades.

Appropriate facilities in the field (old adits) are used for storage of RC cuttings and rejects, as well as crushed rejects of DDH samples and trays with backup half-cores.

Specific gravity was determined from 562 samples collected during 2017–2019, using the water displacement method with paraffin coating. Measurements were done by Mecanica de Rocas (Rock Mechanics) lab in Calama.

The analytical quality control programs implemented at the Marimaca Project involve the use of coarse/preparation and pulp duplicates for precision analyses, standard reference materials (SRM) and, only since 2018, fine blanks for contamination analyses. Check samples were only used during the initial discovery exploration campaign. Marimaca has protocols in place for handling analytical results that exceed acceptable limits, which can ultimately trigger re-assays of entire or portions of sample batches.

NCL reviewed the Corporation's QA/QC programs with summary findings below:



*Coverage*: Around 20% in all cases, which more than meets industry standards, though with slight excess of duplicate sample coverage for RC holes, mostly in detriment of SRM sample coverage, which reached only 3% in the most recent campaign.

*SRM samples*: Materials obtained from Geostats (2016–2018) show good accuracy and precision, though with some uncertainty in a number of cases due to their low coverage. Materials obtained from Intem Ltd. (2018-present) show generally improved results, with very good accuracy and precision.

*Duplicate samples*: Both preparation and pulp duplicates show very good precision, with virtually no observations.

*Check samples*: The initial drilling campaign shows sufficiently good accuracy, despite a lack of other control measures, due to the considerable number of control samples and a decisively strong assay correlation between laboratories.

*Blank samples*: Fine blanks (technically SRMs with grades sufficiently close to the detection limit) show very good results, with no apparent signs of contamination. The lack of blank samples in early campaigns is of moderate to low concern, partly mitigated after a review of the quality controls reported by both laboratories.

The security as was observed in the field and in the digital files appears to be well kept and follows standard industry best practices. NCL considers that both the Corporation and laboratory personnel used care in the collection, management and assay of drill hole data. This, along with an extensive review of reports and analytical results suggest that, apart from minor concerns, the resource database is free of apparent bias.

## **Mineral Processing and Metallurgical Testing**

The Corporation has completed five metallurgical test programs (Geomet I, II, III, IV and V) to characterize the metallurgical response to samples collected from the Marimaca Project. Preliminary tests were performed considering parameters such as: mineral subzone, agglomeration conditions, particle size, column height, irrigation rate and acid concentration in the irrigation solution. The Phase V metallurgical program also included a metallurgical variability study of the deposit.

A summary of the Phase V metallurgical program is provided below. Phase V represents the most recent and most extensive program completed to date at the Marimaca Deposit.

The Phase 5 Program was designed to confirm the 2020 PEA process design conditions and to evaluate potential optimization opportunities of both copper recovery and acid consumption identified during Phases 1 - 4. The results of the Phase 5 Program are positive, with optimization opportunities identified in most of the samples studied and tested.

The Phase V Heap Leach Program Design is summarized below. Results from Phase V support the metallurgical assumptions utilized in the 2022 MRE.



# Sampling and sample preparation

- 5 composite samples collected representative of each mineral subzone: brochantite/atacamite (BROC), chrysocolla (CRIS), WAD, mixed (MIX), and enriched (ENR)
- Each composite was crushed in a closed circuit to P90 at ½". Crushing was monitored and simulated a PSD profile of a Metso-type industrial configuration. Care was taken not to over-grind the material to obtain the final product with a -100 # Tyler content of 10-12 %

# Chemical Head Characterization & Mineralogical Analysis

• Characterization included sequential copper analysis, leaching potential, soluble impurities, analytic acid consumption, ICP, optical microscopy, QEMSCAN

# Iso-pH Bottle Roll Tests

• Conducted under constant pH and CI conditions to examine the correlation to the analytical acid consumption (AAC) diagnostic testing method, improve the acid consumption modeling, and review copper recovery relative to leaching potential

## 3 Acid Level Sensitivity Bottle Roll Test

• Conducted to examine copper recovery and acid consumption sensitivity relative to acid concentration

## Sulfation Tests

Conducted to determine the optimum agglomeration conditions for columns and minicolumns

# Minicolumn Tests

- Designed to characterize the crushed ore metallurgical behavior under irrigation at different acidity levels
- 32 leaching tests in mini-columns, 30 cm high, 6" in diameter and loaded with approximately 9 to 10 kg of sample each

## Column Tests

- Designed to confirm the viability of the PEA and optimized design conditions defined by the Phase 4 geometallurgy and METSIM dynamic simulation
- 10 leaching tests in columns, 4 m high, 4" in diameter and loaded with approximately 52 to 60 kg of sample each

The Phase V ROM Leach Program Design is summarized below. Results from Phase V support the metallurgical assumptions utilized in the 2022 MRE.



## Sampling and sample preparation

- Four composites were prepared: WAD-ROM, BROC-ROM and CRIS-ROM and a global composite ROM G5
- The global composite (ROM G5) was prepared representing utilizing the ore type distribution from the 2020 PEA mine plan for the ROM leach (60.4% WAD-ROM, 19.8% BROC-ROM and 19.8% CRIS-ROM)

# Chemical Head Characterization & Mineralogical Analysis

• Characterization included sequential copper analysis, leaching potential, soluble impurities, analytic acid consumption, ICP, optical microscopy, QEMSCAN

## Iso-pH Bottle Roll Tests

• Conducted under constant pH and Cl conditions to examine the correlation to the analytical acid consumption (AAC) diagnostic testing method, improve the acid consumption modeling, and review copper recovery relative to leaching potential

## 3 Acid Level Sensitivity Bottle Roll Test

• Conducted to examine copper recovery and acid consumption sensitivity relative to acid concentration

# Crushed Column Tests

- Conducted to define the maximum expected recoveries from the ROM composites and establish a comparative base with the crushed material
- 6 leaching tests in crushed columns, 1 m high, 6" in diameter and loaded with approximately 30 to 40 kg of composite per subzone (BROC ROM, WAD ROM and CRIS ROM) each crushed to P90 1/2"

## 1 m3 Container Test

- Conducted to individually characterize the metallurgical response of coarse material in a condition comparable to the first meter of a ROM operation
- 3 leaching tests were completed in ROM containers, 0.90 m high, with a surface area of 1.06 m2 (volumetric capacity of 0.96 m3) and loaded with approximately 1.8 tonnes of ROM composite per subzone (BROC ROM, WAD ROM and CRIS ROM) each, at ROM granulometry (100% under 8")
- Agglomeration or curing is not carried out, but irrigation is carried out directly at any time, after loading

## Sequential ROM Column

Conducted to simulate the ROM design under PEA conditions using the ROM G5 global composite



- 1 leaching test in 4 ROM columns in series, each one 3 m high, 0.58 m in diameter and loaded with approximately 1.45 tonnes of ROM G5 global composite each at ROM granulometry (100% under 8")
- Test covers a total height equivalent to 12 m when considering the 4 columns in series

#### **Mineral Resources Estimate**

The Mineral Resources Estimation discussed herein is based on information from 110,790 m of DDH and RC drill, stored in a secured central database, and evaluated using a geostatistical block modeling technique.

Rock-structure and Mineral Zone distribution were interpreted by hand on paper in vertical cross sections oriented NE and NW, at 1:1,000 metric scale. Most of the deposit area was covered by a set of 50 m spaced sections. Mineral Zones identified are: Brochantite, Chrysocolla, Enriched, Mixed, and Wad. In addition, a Chalcopyrite unit was identified and modelled but it has been considered as waste for the purpose of this MRE, which is based on leachable material.

The order of interpretation was litho-structure first and then the mineral zone into transparent overlays. Mineral Zone (MZ) interpretations were used as MRE domains. The mineral zones interpretation was based primarily on the drillhole logging.



Figure 1-9: Marimaca Project. 3D Lithological Model (2020) built in Leapfrog Geo, Marimaca Copper Corp., 2022

The 3D models for litho-structure (Figures 1-10 and 1-11) and mineral zone were then assembled in Leapfrog TM using sections and drill hole data by consultants, Atticus Geo. For the 2022 MRE exercise the 2020 Leapfrog TM lithological model used is considered valid and was not changed. The Mineral Zone model was updated, mostly reflecting the results from mineralization re-logging and deep sulphide results.





Figure 1-10: Marimaca Project. Updated Mineral Zones Section Interpretation, Marimaca Copper Corp., 2022



Figure 1-11: Mineral Zones Section Integration (3D view looking NE), Marimaca Copper Corp., 2022

The following stages were developed to build the resources model of the Marimaca deposit and generate the resource estimate:

- Analysis of exploration data and definition of the estimation populations
- Validation of three-dimensional solids to the defined population
- Statistical analyses of the samples of CuT and CuS in each population
- Variography and anisotropy analyses. Definition of preferential directions, calculation and adjustment of variograms per population
- Detection and definition of treatment of outliers



- Definition of the Block Model
- Definition of the estimation strategy and Kriging plans per element and population
- Estimation of grades for each element of each population
- Categorization of resources
- Validation of the Model through:
  - Comparative statistics between composites and estimated blocks
  - o Analyses of smoothing of grades
  - Moving window analyses of composites and blocks estimated in different directions and Nearest Neighbor comparison
  - On screen validation
- Final Report of the geological resources by category

The drilling database contains DDH as well as RC holes. Table 1.1. presents the information contained in the database.

	Total	RC	DDH
#Drill holes	430	391	39
Drilled meters*	113,230	104,254	8,976

 Table 1-1: Marimaca Database General Information

	TOTAL		R	С	DDH		
	#Samples	Meters	<b>#Samples</b>	Meters	#Samples	Meters	
Samples with CuT > 0	56,234	112,459	51,743	103,486	4,491	8,973	
Samples with CuS > 0	56,234	112,459	51,743	103,486	4,491	8,973	

The drilling, logging, sampling, analysis and recording information procedures are consistent with generally recognized industry best practices. The author of the Technical Report concluded that the samples are representative of the source materials and there is no evidence that the sampling process introduced any bias.

The average specific gravity (SG) of each estimation unit was calculated using a set of 562 measures from the DDH campaigns and surface samples, divided according to each mineral zone. Outliers were not considered to obtain average figures; the following Table shows the specific gravity for each of the mineralized zones (Table 1-2).



	Mean
SZMIN	(t/m3)
Brochantite	2.639
Chalcopyrit	2.719
Chrysocolla	2.670
Enriched	2.649
Waste	2.645
Lix	2.663
Mixed	2.688
Pyrite	2.711
Wad	2.642

Table 1-2: Mineral Zones Specific gravity

The Corporation implemented analytical quality control measures, consistent with accepted industry best practices. The analytical quality control program includes the use of control samples inserted with all samples submitted.

To validate the use of data from the DDH and RC exploration campaigns, twin hole samples (RC vs. DDH) close to 10 m maximum, from both exploration campaigns were compared using the GS Lib getpairs routine.

An analysis of the samples' length was done to check if regularization was required (compositing). Practically all the samples are 2 meters long, so it was concluded that no further action in this regard was needed. Therefore, the samples to be used in the grade modeling process are the raw samples from the drill hole database, coded according to the MZ solid that contains their centroids.

The contact characteristics between the units to estimate were reviewed according to the mean grade of the samples, in relation to their distance to the contact defined in the solids model.

The existence of outliers in the estimation populations was analyzed using the log-probability curves for each sample's population, for singularities in the curves that may signal the presence of an outlier limit. Identified values were used to cap the different populations.

Correlograms were performed for five Mineral Zones of the geological model (Brochantite+Chrysocolla, Enriched, Mixed, Wad and Chalcopyrite). The variography of CuT was developed using the total samples inside the estimation MZ solids. Correlograms in distinct directions were calculated, according to the structural zones defined in the structural model and discussions with Marimaca's technical team. The determination of the nugget for each population was done using down-hole correlograms.

Ordinary Kriging was used for grade interpolation given the nature of the deposit and the data availability. Four kriging plans were defined to be executed in sequential order. The general concept is to "fill" the grades model, starting with a restrictive estimation plan that considers only interpolation between drill holes, separated distances below the equivalent of 80% of the variogram sill. Then, the following plans increase the search distance and release other restrictions gradually, until the estimation is complete.



Resource Classification was done according to the conditions defined by the number and location of samples in the neighborhood of each block. This criterion attends the requirements established by the CIM code. The first pass generates block estimates with a minimum of two drill intercepts, both within distances shorter than the D80. The second pass maintains the restriction of the number of drill intercepts, but enlarges the search range by twice the D80. These two passes generate Measured and Indicated Resources respectively. The third pass increments the search radius to 4 times the D80 and reduces the number of drillholes within this range to one, generating Inferred Resource. A fourth pass was added using a very large search radio, to ensure that all the blocks inside the geological model are estimated. This fourth pass generates Potential mineralized rock.

Visual Validation, Statistic Validation, SWAT plots and Nearest Neighbor were done to ensure the quality of the generated block model. Validations carried out concluded that the estimated grades preserve the characteristic of the mean grade, global variability and tendencies of the original samples.

Once the block model was finished and validated, a Whittle pit was generated using the following technical parameters (Table 1-3):

PARAMETERS	2022
Mining cost (base)	\$1.51/t mined
MCaf (\$/t-10 m bench)	\$0.04/t mined
HL Cost (including G&A and mining cost component from pit to Heap Leach)	\$5.946/t processed
ROM Process Cost (including G&A and mining cost	\$1.654/t cold
Selling Cost includingSX-EW processing cost	\$0.164/lb
Heap Leach Recovery	76% of CuT
ROM Recovery	40% of CuT
Pit Slope angle <sup>1</sup>	42° - 52°
Cu Price	4.0 USD/lb

Table 1-3: Technical and Economical Parameters for Whittle Run
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<sup>1</sup> The pit slope is estimated at a range of 42° - 52° based on the geotechnical information currently available, but this is anticipated to improve as more data is generated

The technical and economical parameters used for the 2022 Whittle run were informed by the 2020 PEA assumptions, a comparison of which is presented below. Due to the designation of mined material to either heap leach or ROM, certain cost elements from mining costs have been reallocated to heap leach costs and ROM cost to be appropriately captured in the Whittle run. However, on an aggregate basis, they are identical. The 2020 PEA cost assumptions are considered to be the most relevant cost assumptions for the 2022 MRE Whittle run at this stage.



Table 1-4: Technical and Economical Parameters for Whittle Run relative to 2020 PEA assumptions

PARAMETERS	2020 PEA	2022 MRE
Mining cost (base)	\$1.76/t LOM avg. (\$1.51/t base)	\$1.51/t base (\$1.76/t LOM avg)
MCaf (\$/t-10 m bench)	\$0.04/t mined	\$0.04/t mined
HL Cost (including G&A and mining cost component from pit to Heap Leach for 2022 MRE)	\$5.390/t processed	\$5.946/t processed
ROM Cost (including G&A and mining cost component from pit to ROM leach for 2022 MRE)	\$1.355/t processed	\$1.654/t processed
Selling Cost includingSX-EW processing cost	\$0.164/lb sold	\$0.164/lb sold
Heap Leach Recovery	76% of CuT	76% of CuT
ROM Recovery	40% of CuT	40% of CuT
Pit Slope angle	42 - 52°	42 - 52°

For slope angles, the same figures from the 2020 MRE were used, as no new geotechnical information was available as of the 2022 MRE Whittle run. Slope angle zones defined in 2020 were projected linearly to cover the complete area of the new block model.

Table 1-5 summarizes the In Pit Resources per category for a cut off grade of 0.15% CuT, including all the Mineral Zones estimated.

Table 1-5: In-Pit Consolidated Mineral Resource Statement, Marimaca (COG 0.15% CuT), NCL Consulting (L. Oviedo, October 13<sup>th</sup> 2022)

Mineral Resource Category and Type	Quantity (kt)	CuT (%)	CuS (%)	CuT (t)	CuS (t)
Total Measured	47,051	0.54	0.36	253,157	167,614
Total Indicated	92,516	0.45	0.26	412,375	244,200
Total Measured and Indicated	139,567	0.48	0.30	665,531	411,814
Total Inferred	82,678	0.39	0.16	322,910	128,416

\* Pit shell constrained resources with demonstrated reasonable prospects for eventual economic extraction (RPEEE) are generated using series of Lerchs-Grossmann pit shell optimizations completed by NCL

\* CuT means total copper and CuS means acid soluble copper. Technical and economic parameters include: copper price US\$4.00/lb; base mining cost US\$1.51/t (\$1.76/t average); Heap Leach ("HL") processing cost US\$5.94/t (incl. G&A); Run-of-Mine ("ROM") processing cost US\$1.65/t (incl. G&A); selling cost US\$0.16/lb Cu; HL recovery 76% of CuT; ROM recovery 40% of CuT; and 42°-52° pit slope angle

\* With the economic parameters stated above, the Cut-Off grade of the Mineral Resource Estimate is approximately 0.15% CuT and a strip ratio of 1:1 has been estimated by NCL.

\*An external dilution factor was not considered during this resource estimation. Internal dilution within a 5 m x 5 m x 5 m is considered and the use of small loading equipment is foreseen for adequate selectivity. Assumes 100% mining recovery. \*Quantities and grades in a mineral resource estimate are rounded to an appropriate number of significant figures to reflect that they are approximations.

\* Mineral resources which are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration



#### Table 1-6 shows the sensitivity of the 2022 MRE to variations in the CuT cutoff grade.

Table 1-6: Sensitivity of Tonnes, Grades and contained Metal to changes in the Cut Off Grade (base case cut-off 0.15% CuT), NCL Consulting (L. Oviedo, October 13<sup>th</sup>, 2022)

Cut-off grade	Measured			Indicated			Measured + Indicated			Inferred		
(% CuT)	Quantit y kt	CuT [%]	CuS [%]	Quantity kt	CuT [%]	CuS [%]	Quantity kt	CuT [%]	CuS [%]	Quantity kt	CuT [%]	CuS [%]
0.40	24,607	0.79	0.53	37,550	0.72	0.44	62,158	0.74	0.48	27,222	0.68	0.25
0.30	32,157	0.68	0.46	54,563	0.60	0.37	86,720	0.63	0.40	41,422	0.56	0.22
0.25	36,837	0.63	0.42	65,910	0.55	0.33	102,746	0.58	0.36	52,332	0.50	0.20
0.22	40,000	0.60	0.40	73,517	0.51	0.31	113,517	0.54	0.34	60,431	0.47	0.19
0.20	42,206	0.58	0.39	78,880	0.49	0.30	121,086	0.52	0.33	66,256	0.44	0.18
0.18	44,291	0.56	0.37	84,610	0.47	0.28	128,900	0.50	0.31	72,670	0.42	0.17
0.15	47,051	0.54	0.36	92,516	0.45	0.26	139,567	0.48	0.30	82,678	0.39	0.16
0.10	50,536	0.51	0.34	100,946	0.42	0.25	151,482	0.45	0.28	96,064	0.35	0.14
0.05	57,125	0.46	0.30	119,653	0.36	0.21	176,777	0.39	0.24	123,552	0.29	0.11
0.00	61,333	0.43	0.28	129,985	0.34	0.20	191,318	0.37	0.22	134,056	0.27	0.11

\* Pit shell constrained resources with demonstrated reasonable prospects for eventual economic extraction (RPEEE) are generated using series of Lerchs-Grossmann pit shell optimizations completed by NCL

\* CuT means total copper and CuS means acid soluble copper. Technical and economic parameters include: copper price US\$4.00/lb; base mining cost US\$1.51/t (\$1.76/t average); Heap Leach ("HL") processing cost US\$5.94/t (incl. G&A); Run-of-Mine ("ROM") processing cost US\$1.65/t (incl. G&A); selling cost US\$0.16/lb Cu; HL recovery 76% of CuT; ROM recovery 40% of CuT; and 42°-52° pit slope angle

\* With the economic parameters stated above, the Cut-Off grade of the Mineral Resource Estimate is approximately 0.15% CuT and a strip ratio of 1:1 has been estimated by NCL.

\*An external dilution factor was not considered during this resource estimation. Internal dilution within a 5 m x 5 m x 5 m is considered and the use of small loading equipment is foreseen for adequate selectivity. Assumes 100% mining recovery. \*Quantities and grades in a mineral resource estimate are rounded to an appropriate number of significant figures to reflect that they are approximations.

\* Mineral resources which are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration

#### **Conclusions and Recommendations**

The increase to the mineral resource estimation was mainly due to the success of the new exploration campaigns which identified important quantities of mixed and enriched material. The new information collected by Marimaca attests to the high overall quality of the exploration and design work completed by the internal personnel and the classifications applied to the estimates at Marimaca accurately reflect the confidence in the geological mode and grade estimates. The Qualified Person who prepared the Technical Report considered that the work carried out by Marimaca in relation with the 2022 MRE was of excellent quality and made the following general recommendations to Marimaca:

- Continue to update the 3D geology and structural models of the Marimaca Oxide Deposit
- Complete the interpretation of the remaining data from the 2022 infill drilling campaign not captured in the 2022 MRE, and incorporate into a subsequent mineral resource update with the goal of converting Inferred Resources into the Measured and Indicated categories for the purpose of developing Mineral Reserves
- Improve the Marimaca Oxide Deposit rock model in order to optimize future dilution and losses



- Integrate the geotechnical data within the geological model
- Develop and improve the resolution of the geo-metallurgical model prior for use in a Feasibility Study
- Progress the study phase of the Marimaca Project towards a Feasibility Study

A budget of \$8M to \$12M is estimated to complete the recommended list of activities.

# 5. DIVIDENDS

The Company has no fixed dividend policy and the Company has not declared any dividends on its common shares since its incorporation.

The Company anticipates that all available funds will be used to undertake exploration and development programs on its mineral properties as well as for the acquisition of additional mineral properties for the foreseeable future. The payment of dividends in the future will depend, among other things, upon the Company's earnings, capital requirements and operating and financial condition. Generally, dividends can only be paid if a company has retained earnings. There can be no assurance that the Company will generate sufficient earnings to allow it to pay dividends in the future.

# 6. DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of common shares without par value. As of March 23, 2023, 88,226,303 common shares were issued and outstanding as fully paid and non-assessable shares in the capital of the Company. In addition, 7,884,531 common shares were issuable pursuant to the exercise of stock options and restricted stock units.

The holders of the common shares are entitled to receive notice of and to attend any meetings of shareholders of the Company and are entitled to cast one vote per share on all matters to be voted upon at all such meetings. Holders of common shares are entitled to receive such dividends if, as and when declared by the Board. Holders of common shares also have rights to the net assets of the Company after payment of debts and other liabilities, upon dissolution or winding up of the Company, on a pro rata basis.

# 7. MARKET FOR SECURITIES

# **Trading Price and Volume**

The Company's common shares are listed and posted for trading on the TSX under the symbol "MARI". The following table shows the high and low trading prices, as well as the trading volume for the common shares on the TSX for each month of the Company's most recently completed financial year.



Month	Hi	gh (C\$)	L	.ow (C\$)	Volume	
January 2022	\$	3.94	\$	3.24	752,903	
February 2022	\$	4.56	\$	3.54	236,590	
March 2022	\$	4.40	\$	3.66	404,291	
April 2022	\$	4.22	\$	3.90	194,825	
May 2022	\$	3.99	\$	3.24	284,166	
June 2022	\$	3.98	\$	2.78	223,760	
July 2022	\$	3.24	\$	2.45	142,003	
August 2022	\$	3.33	\$	2.73	170,387	
September 2022	\$	4.00	\$	2.56	201,492	
October 2022	\$	3.60	\$	2.95	197,536	
November 2022	\$	3.32	\$	2.71	171,406	
December 2022	\$	3.29	\$	2.79	248,980	

# **Prior Sales**

The following table set forth the details regarding all issuances of common shares of the Company, and all securities convertible into common shares, during the year ended December 31, 2022.

Date of Issue	Type of Security	Number of Securities	Exercise/Issue Price (C\$)
February 8, 2022	Common Shares <sup>(1)</sup>	70,511	\$ 3.79
February 24, 2022	Common Shares <sup>(1)</sup>	19,535	\$ 3.93
April 6, 2022	Common Shares <sup>(1)</sup>	40,316	\$ 4.03
April 19, 2022	Common Shares <sup>(1)</sup>	67,905	\$ 4.21
September 22, 2022	Stock Options	200,000	\$ 3.70

(1) Issued upon the exercise of Stock Options.

# 8. DIRECTORS AND OFFICERS

## Name, Occupation and Security Holdings

The following table sets out the names of the directors and officers of the Company, the current position and office held, each person's principal occupation, business or employment during the last five years, the period of time during which each has been a director or officer of the Company and the number of Common Shares beneficially owned by each, directly and indirectly, or over which each exercised control or direction as of the date of this AIF:



Name, municipality of residence and position with the Company	Principal occupation for last five years	Served as a director since	Number of common shares beneficially owned <sup>(1)</sup>
HAYDEN LOCKE London, United Kingdom Chief Executive Officer, President and Director	President of the Company since July 20, 2020 and CEO of the Company since April 26, 2021. Director of Emmerson plc since June, 2018. Head of Corporate and Technical Services (Geology, Mining and Processing) at Highfield Resources from September, 2014 to January, 2018.	April 26, 2021	32,900
ALAN J. STEPHENS <sup>(2)</sup> West Sussex, United Kingdom Director	Non-Executive Director of the Company since 2018, Executive Director of the Company from June, 2017 to June, 2018; and President and Chief Executive Officer of the Company from January, 2005 to June, 2017.	January 5, 2005	181,141
COLIN KINLEY <sup>(3)(4)(6)</sup> Kansas, United States <i>Director</i>	Director and Senior Advisor, President and Chief Executive Officer of Kinley Exploration LLC since 2007; President and Chief Executive Officer of Jet Mining Pty LLC since 2010; Director of Excelsior Mining since 2010; Director and Chief Operating Officer of Eco Atlantic Oil and Gas Ltd. since 2011.	February 5, 2016	27,016
MICHAEL HAWORTH <sup>(4)(5)(7)</sup> London, United Kingdom Executive Chairman and Director	Joint Managing Partner at Greenstone Capital LLP since August, 2013. Chairman of the Company since February, 2020.	February 5, 2016.	Nil <sup>(6)</sup>
TIM PETTERSON <sup>(2)(3)(5)(6)</sup> British Columbia, Canada Director	Executive Chairman of MCC Mining Corporation	November 1, 2018	52,400
CLIVE NEWALL <sup>(2)(3)(4)(5)(6)</sup> Director	Chairman of Cornish Tin Limited from 2021 to present. President and Director of First Quantum Minerals Ltd. (" <b>First Quantum</b> ") from 1996 until he resigned as President in 2020 and stepped down as a Director in 2022.	February 8, 2021	66,666
<b>PETRA DECHER</b> Ontario, Canada <i>Chief Financial Officer</i>	CFO of the Company since April 26, 2021 and Director of the Company from May, 2018 to April, 2021. Director of Rockcliff Metals Corp. since May 2019. Previously Lead Independent Director of Integra Gold Corp. from March 2015 to July 2017 and Director of Ascendant Resources Inc. from October 2017 to June 2022.	N/A	12,000
SERGIO RIVERA Santiago, Chile Vice President, Exploration	Vice President Exploration of the Company since November 2, 2011.	N/A	234,021



Name, municipality of residence and position with the Company	Principal occupation for last five years	Served as a director since	Number of common shares beneficially owned <sup>(1)</sup>
Laura Rich London, United Kingdom Chief Sustainability Officer & General Counsel	General Counsel and Secretary of the Company since April 26, 2021 and Chief Sustainability Officer of the Company since September 2022. General Counsel of Greenstone Capital from January 2020 to December 2020. Deputy General Counsel of Acacia Mining plc from 2010 to September, 2019.	N/A	Nil
Total			612,674 0.7%

#### Notes:

<sup>(1)</sup> The information as to common shares beneficially owned or controlled has been provided by the directors themselves.

<sup>(2)</sup> Alan Stephens' shares include 2,667 common shares owned by his spouse. Tim Petterson's shares include 52,400 common shares owned by his spouse. Clive Newall's shares include 33,333 common shares owed by his spouse.

<sup>(3)</sup> Member of the Company's Audit Committee (the "Audit Committee"). Mr. Kinley is the Chair of the Audit Committee.

- (4) Member of the Company's Compensation Committee (the "Compensation Committee"). Mr. Kinley is the Chair of the Compensation Committee.
- <sup>(5)</sup> Members of the Environmental, Social and Governance Committee (the "ESG Committee"). Mr. Petterson is the Chair of the ESG Committee.
- (6) Members of the Nominations and Corporate Governance Committee (the "Nominations & Corporate Governance Committee"). Mr. Newall is the Chair of the Nominations & Corporate Governance Committee.
- (7) This does not include 25,513,021 shares of the Company owned by Greenstone Resources L.P. and its affiliates Greenstone Resources II L.P. and Greenstone Co-Investment No.1 (Coro) L.P., which are advised by Greenstone Capital LLP, of which Mr. Haworth is one of the senior partners.

#### **Corporate Cease Trade Orders or Bankruptcies**

Alan Stephens, a Director and the former President and Chief Executive Officer of the Company, is a director of Weatherly International PLC ("**Weatherly**"). On June 1, 2018, Weatherly announced that it had appointed an administrator in accordance with the *UK Insolvency Act* (1986) following a decision by Weatherly's principal lender to withdraw funding.

Other than as set out above, no director or executive officer of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.



#### **Individual Bankruptcies**

No director or executive officer of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

## **Conflicts of Interest**

To the best of the Company's knowledge, except as otherwise noted in this AIF, there are no existing or potential conflicts of interest among the Company or a subsidiary of the Company, its directors, officers, or other members of management of the Company or of a subsidiary of the Company except that certain of the directors, officers and other members of management serve as directors, officers and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director, officer or member of management of such other companies and their duties as a director, officer or member of management of the Company or a subsidiary of the Company.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' or officers' conflicts of interest or in respect of any breaches of duty to any of its directors and officers. All such conflicts must be disclosed by such directors or officers in accordance with the Business Corporations Act (British Columbia).

# 9. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

## Legal Proceedings

Neither the Company nor any of its subsidiaries is a party, nor are any of its or their respective properties subject to any pending legal proceedings, the outcome of which would have a material adverse effect on the Company taken as a whole. Management has no knowledge of any material legal proceedings in which the Company may be a party which are contemplated by governmental authorities or otherwise.

#### **Regulatory Actions**

There are no: (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the Company's most recently completed financial year and up to the date of this AIF; (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (c) settlement agreements the Company entered into with a court relating to securities legislation or with a securities regulatory authority during the Company's most recently completed financial year and up to the date of this AIF.

## 10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as noted below, none of the directors, executive officers or shareholders that beneficially own, control or direct, directly or indirectly, more than 10% of the Company's shares, nor any associate or affiliate of the foregoing, has had a material interest, direct or indirect, in any



transactions in which the Company has participated within the three most recently completed financial years or in the current financial year prior to the date of this AIF, which has materially affected or is reasonably expected to materially affect the Company.

Over the past three years, the Company has engaged in a number of financing transactions with or involving the Greenstone Entities and Tembo Capital, each of whom beneficially owns more than 10% of the Company's issued and outstanding common shares. These financing transactions are described under the heading "Three Year History". Michael Haworth is a senior partner of Greenstone Capital LLP. Certain of the Greenstone Entities are advised by Greenstone Capital LLP, of which Mr. Haworth is a senior partner.

# 11. TRANSFER AGENTS AND REGISTRARS

The Company's registrar and transfer agent for its common shares is Computershare Investor Services Inc. located at its principal offices in Vancouver, British Columbia and Toronto, Ontario, Canada.

# 12. MATERIAL CONTRACTS

There are no contracts other than those entered into in the ordinary course of the Company's business, that are material to the Company and which were entered into in the most recently completed financial year, or before the most recently completed financial year but are still in effect as of the date of this AIF.

# 13. INTERESTS OF EXPERTS

# Names and Interests of Experts

The technical information relating to the Marimaca Project contained under the heading "Mineral Properties" within this AIF is based on the Technical Report. The Technical Report was prepared by Luis Oviedo (P.Geo.) of NCL, a Qualified Person under NI 43-101. All other scientific and technical information in this AIF has been reviewed and approved by Sergio Rivera (Vice President of Exploration), an officer of the Company and a Qualified Person under NI 43-101

Mr. Rivera is the only of the above mentioned experts that has any registered or beneficial interest, directly or indirectly, in any securities or properties of the Company.

The Company's auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have prepared an independent auditor's report dated March 24, 2023 in respect of the Company's consolidated financial statements as at December 31, 2022 and December 31, 2021 and for years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

# 14. INFORMATION ON AUDIT COMMITTEE

# Audit Committee Charter

The overall purpose of the audit committee (the "**Audit Committee**") is to (i) provide independent review and oversight of the Company's financial reporting process, the system of internal controls and management of financial risks and the audit process, including the selection, oversight and



compensation of the Company's external auditors; (ii) assist the Board in fulfilling its responsibilities in reviewing the Company's process for monitoring compliance with laws and regulations and its own code of business conduct; (iii) maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors and (iv) review the Company's financial strategies, its financing plans and its use of the equity and debt markets.

The text of the Audit Committee's charter is attached as Schedule "A" to this AIF.

# **Composition of the Audit Committee and Independence**

The Audit Committee is required to have at least three members, all of whom are "independent" and "financially literate" within the meaning of National Instrument 52-110 Audit Committees ("**NI 52-110**"). The current members of the Audit Committee are Colin Kinley (Chair), Clive Newall and Tim Petterson, each of whom is "independent" and "financially literate" within the of 52-110.

## **Relevant Education and Experience**

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

All of the members of the Audit Committee are financially literate as that term is defined in NI 52-110. Based on their business and educational experiences each Audit Committee member has a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; an understanding of internal controls and procedures for financial reporting.

## Colin Kinley (Chair)

Mr. Kinley is the Chief Executive Officer of Kinley Exploration LLC and leads a team of industry experts providing professional, technical and oversight expertise to international resource companies within the upstream sector. Mr. Kinley has over 30 years of international expertise in integrated energy project management and new energy companies' development. Mr. Kinley served as a senior executive to several exploration and production companies and oilfield service companies and is specialized in frontier resource development.

#### Clive Newall

Mr. Newall has spent the last twenty-five years, and majority of his career, in the leadership team of one of the world's largest global copper companies, TSX-listed First Quantum. He co-founded First Quantum in 1996 and served as its President and Director from that time until he resigned as President in 2020 and subsequently stepped down from the First Quantum board of directors in 2022. Mr. Newall has been the Chair of Cornish Tin Limited since 2021.



#### Tim Petterson

Mr. Petterson is founder and Executive Chairman of MCC Mining Corporation. Mr Petterson has over 30 years of mining and investment banking experience across the sector and executive involvement with Canadian junior and mid-tier mining companies. He previously held the position of President at Zoloto Resources Ltd., Independent Director at Libero Copper & Gold Corp. and was a founder and non- Executive Director at Red Eagle Mining Corp. In addition, Mr. Petterson has previously served as Head of Global Mining Research at both HSBC James Capel and ABN AMRO, having led many high-profile public offerings and financings. Mr Petterson is a Mining Engineer and holds a B.Eng. (Hons) in Mining Engineering and is an Associate of the Camborne School of Mines.

## **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services. As part of these policies and procedures the chair of the Audit Committee is required to be notified, or pre-approval is required to be sought, for any non-audit service that exceeds a pre-determined amount per assignment. The Company's auditors are required to prepare quarterly statements for the Audit Committee outlining the details of any non-audit assignments undertaken during the quarter and the fees charged for such assignments.

#### Audit Fees

The following table sets forth the fees paid by the Company and its subsidiaries to PricewaterhouseCoopers, the current auditors, for services rendered during the financial years ended December 31, 2022 and 2021:

Audit Fees (C\$)	2022	2021
Audit fees <sup>(1)</sup>	\$ 133,750	\$ 121,589
Audit-related fees <sup>(2)</sup>	1,184	1,330
Tax fees <sup>(3)</sup>	12,000	13,910
	\$ 146,934	\$ 136,829

(1) The aggregate audit fees billed by the Company's auditor (or accrued).

(2) The aggregate fees billed (or accrued) for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees", including for quarterly reviews, and services in connection with a public offering of securities.

(3) The aggregate fees billed (or accrued) for professional services rendered for tax compliance, tax advice and tax planning.

# 15. ADDITIONAL INFORMATION

Additional information concerning the Company may be found on SEDAR at <u>www.sedar.com</u>. Additional information, including directors' and officers' remuneration and indebtedness, the principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's information circular for its most recent meeting of shareholders that involved the election of directors. Additional information is provided in the Company's most recent financial statements and the management's discussion and analysis for its most recently completed financial year.



#### SCHEDULE "A" AUDIT COMMITTEE AND MANDATE

# 1. PURPOSE

The overall purpose of the Audit Committee (the "Committee") is to:

- provide independent review and oversight of the Company's financial reporting process, the system of internal controls and management of financial risks and the audit process, including the selection, oversight and compensation of the Company's external auditors, subject to the Board of Directors (the "Board") as a whole filing a vacancy in the office of the auditor;
- assist the Board in fulfilling its responsibilities in reviewing the Company's process for monitoring compliance with laws and regulation and its own code of business conduct;
- maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors; and
- review the Company's financial strategies, its financing plans and its use of the equity and debt markets.

## 2. COMPOSITION, PROCEDURES AND ORGANISATION

- The Committee shall consist of at least three members of the Board, the majority of whom shall be "independent" and "financially literate" as those terms are defined in National Instrument 52-110 "Audit Committees". In this regard, no member shall:
  - other than in his or her capacity as a member of the Committee, Board or any other committee of the Board, accept directly or indirectly any consulting, advisory or other compensation fee from the Company. The indirect acceptance of a consulting, advisory or other compensatory fee shall include acceptance of the fee by a spouse, minor child or stepchild, or child or stepchild sharing a home with the Committee member, or by an entity in which such member is a partner, member or principal or occupies a similar position and which provides accounting, consulting, legal, investment banking, financial or other advisory services or any similar services to the Company;
  - have been employed by the Company or any of its affiliates in the current or past two years; or
  - o be an affiliate of the Company or any of its subsidiaries.
- To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Company's business, operations and risks.
- The Board, at its organizational meeting held in conjunction with each annual general meeting of shareholders, shall appoint the members of the Committee for the ensuring year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.



- Unless the Board shall have appointed a Chair of the Committee, the members of the Committee shall elect a Chairperson from among their members.
- The secretary of the Committee shall be designated from time to time from one of the members of the Committee or, failing that, shall be the Company's corporate secretary, unless otherwise determined by the Committee.
- The Committee shall have access to such officers and employees of the Company, its external auditors and legal counsel and to such information respecting the Company and may engage separate independent counsel and advisors at the expense of the Company, all as it considers to be necessary or advisable to perform its duties and responsibilities.

# 3. MEETINGS

- At the request of the Chief Executive Officer ("CEO") or any member of the Committee, the Chairperson will convene a meeting of the Committee and provide an agenda for such meeting.
- Any two directors may request the Chairperson to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to such directors, and may participate in such meeting to the extent permitted by the Chairperson on the Committee.
- The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.
- Meetings shall be held not less than four times per year and to coincide with the reporting of quarterly financial statements. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
- The Committee may invite such other persons (i.e. the CEO and/or Chief Financial Officer ("CFO")) to its meetings, as it deems appropriate.
- The external auditors may be present at each Committee meeting at the request of the Chairperson and may be expected to comment on the financial statements in accordance with best practices. The external auditor is entitled to be present and participate at Committee meetings whose subject is the review of the year end financial statements and accompanying management's discussion and analysis.
- The proceedings of all meetings will be recorded in minutes.

## 4. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be as follows:

- Recommend to the Board:
  - the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and



- the compensation of the external auditor.
- Determine whether internal control recommendations made by the external auditors have been implemented by management.
- Identify areas of greatest financial risk and determine whether management is managing these risks effectively.
- Review the Company's strategic and financing plans to assist the Board's understanding of the underlying financial risks and the financing alternatives.
- Review management's plans to access the equity and debt markets and to provide the Board with advice and commentary.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the Company's financial statements.
- Review any legal matters which could significantly impact the Company's financial statements as reported on by the Company's external counsel and meet with external counsel whenever deemed appropriate.
- Review the annual and quarterly financial statements, including management's discussion and analysis and annual and interim earnings press releases before the Company publicly discloses this information, and determine whether they are complete and consistent with the information known by the Committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles, and, if appropriate, recommend to the Board that the annual and quarterly financial statements and management's discussion and analysis be included in the Company's securities filings.
- Review and approve the financial sections of the annual report to shareholders, the annual information form, prospectuses and all other regulatory filings and public reports requiring approval by the Board, and report to the Board with respect to its review.
- Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- Focus on judgemental areas, for example those involving valuation of assets and liabilities, and other commitments and contingencies.
- Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:



- actual financial results for the interim periods varied significantly from budgeted or projected results;
- o generally accepted accounting principles have been consistently applied;
- there are any actual or proposed changes in accounting or financial reporting practices; and
- there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
- Review the external auditor's proposed audit scope and approach and ensure no unjustified restriction or limitation have been placed on the scope.
- Review the performance of the external auditors and approve in advance provision of services other than auditing.
- Consider the independence of the external auditors, including reviewing the range of services provided in context of all consulting services bought by the Company. The Committee will obtain from the external auditors, on an annual basis, a formal written statement delineating all relationships between the external auditors and the Company.
- Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- Meet separately with the external auditors to discuss any matters that the Committee
  or auditors believe should be discussed privately, including the results of the external
  auditors' review of the adequacy and effectiveness of the Company's accounting and
  financial controls.
- Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the CFO as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
- Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- Create specific procedures for the receipt, retention and treatment of complaints regarding the Company's accounting, internal accounting controls and auditing matters. These procedures will include, among other things, provisions for the confidential treatment of complaints and anonymity for employees desiring to make submissions. Refer to the Company's Whistle Blower Policy.



• Perform other functions as requested by the Board.

Adopted by the Board as of September 17, 2020.





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