

# ESG Report

Based on submission dated 3<sup>rd</sup> April 2024

# Marimaca Copper Corp

and associated mining project(s)

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## Disclosures in this submission

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



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# Introduction

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

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

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

## How are scores calculated?

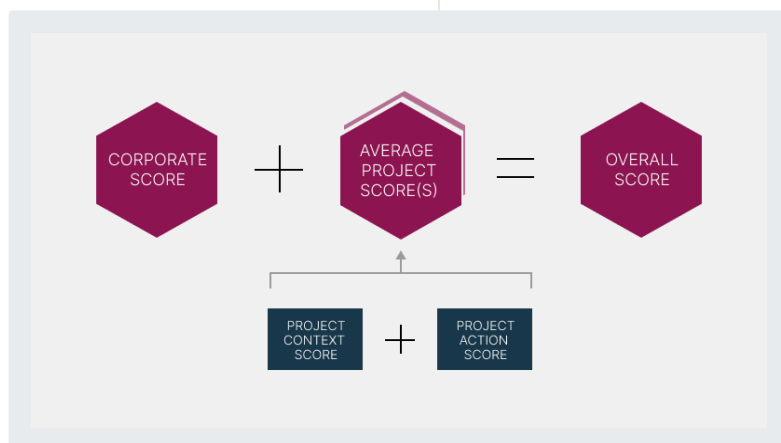
All ESG submissions are manually reviewed and scored against a set of rigorous and standardised scoring criteria.

An ESG submission comprises two types of questionnaire:

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

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

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



▲ Visualisation of how Digbee ESG scores are calculated

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

## Who scores the submission?

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

## Executive summary

**M**ARIMACA COPPER CORP is a TSX listed exploration company with a copper resource undergoing development in the Antofagasta region of Chile. This is the third year that the company and its asset has completed a Digbee ESG assessment. Clear improvements are evident, especially regarding the governance of the organisation.

The Marimaca Copper Project is located in an area where significant mining activity is already taking place, resulting in much of the required infrastructure, skills and local awareness of what mining entails already established. The Company has been proactive in developing the capacity within the ongoing full feasibility study to directly address stakeholder concerns by completing permitting in advance.

Significant progress has been made since last year in a number of areas including the organisation's approach to permit verification, management of water, and stakeholder engagement. This includes several innovations for reducing environmental footprint such as recycling of electricity plant cooling water. A Sustainability Commitment is published online in English and Spanish, making it clear that ESG is at the heart of MARIMACA COPPER CORP.

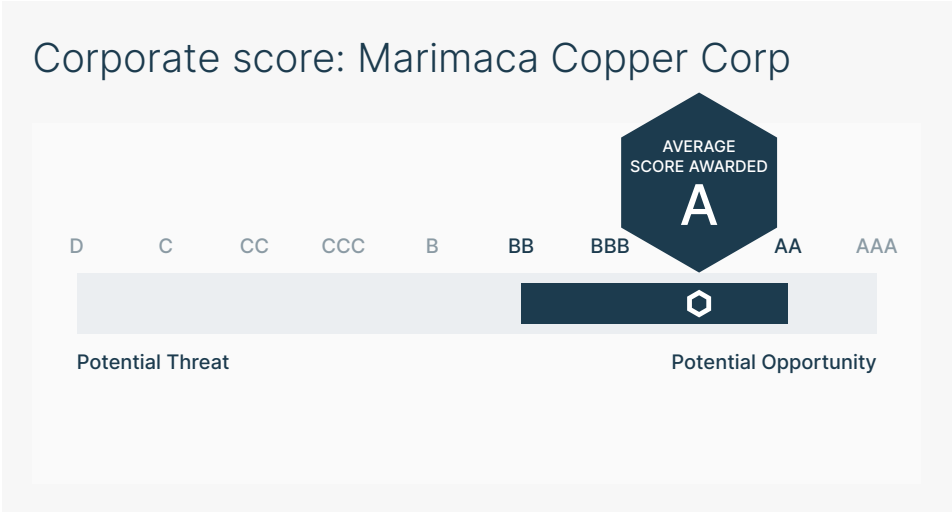
**Based on the information provided, MARIMACA COPPER CORP has achieved an overarching score of A with a range of BB to AA. This is a good incremental improvement as the Company has progressed from a BB and BBB ratings in 2021 and 2022 respectively. The Project is expected to advance to Development with the completion of the Feasibility Study. The corporate achieved a score of A with a range of BB to AA. The Marimaca Copper Project achieved an overarching score of A with a range of BB to AA.**

# Overall score for this submission



**i** Marimaca Copper Corp is rated as a **A** with a range of **BB** to **AA**. This means that on average it scores A but has the potential to reflect a BB or AA depending on action taken to manage its ESG. The top 5 rating bands (AAA - BB) give credit for present positives / opportunities whereas the bottom 5 rating bands (B - D) reflect present negatives / threats.

## The score breakdown



**i**  
**Corporate Score:**  
 This is the score awarded for the responses to the 'Corporate-level' questionnaire.

# The score breakdown continued...

**i**

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

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

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



## Overarching positives and negatives

Positives	Negatives
<ul style="list-style-type: none"> <li>Mitsubishi has purchased a 5% stake in the company, citing positive alignment with Marimaca due to their strong ESG performance and objectives as a key factor in the investment decision. The presence of a multinational shareholder such as Mitsubishi will also have a positive effect on Marimaca as they can learn from and adopt comprehensive management, governance, and assurance practices.</li> <li>The company has pioneered a new approach to mine development by endeavouring to complete permitting in advance of the ongoing full feasibility study to enable them to address concerns raised by stakeholders and incorporating these into this study.</li> <li>The company has found several innovative solutions to reduce the environmental footprint of the operation such as utilising recycled cooling seawater from a nearby electricity plant to eliminate the need for groundwater extraction.</li> </ul>	<ul style="list-style-type: none"> <li>While the skillset of the Board is diverse, it could be strengthened by additional sustainability expertise and experience.</li> <li>The project is located in an area of extreme water scarcity, and while the project will not utilise any groundwater resources given the seawater option in place, extremely careful management of water will be required throughout the lifecycle of the mine.</li> <li>The company has not adopted specific ESG targets, or linked ESG performance to remuneration. These could be developed to support alignment with the sustainability commitments, and targets can be measured and reported on to gain stakeholder support in the local community.</li> </ul>

### Corporate positives and negatives

## Corporate positives

- This is the third year that the Marimaca Copper Project has been assessed using the Digbee framework, indicating a strong commitment to ESG and continued transparency in governance practices.
- In 2023, the Company dedicated a significant amount of time and resources to develop a comprehensive permitting strategy to transition the project from exploration to development phase.
- The permitting strategy currently acts as the overarching company strategy, and complements and supports the company's Sustainability Commitments.
- Risk management is integrated across the organisation, and is used to support decision making at a senior level. Information gathered from risk assessments and horizon scanning exercises is being used as an input to develop the overarching company strategy.
- Mitsubishi has purchased a 5% stake in the company citing positive alignment with Marimaca due to their strong ESG performance and objectives as a key factor in the investment decision. The presence of a multinational shareholder such as Mitsubishi will also have a positive effect on Marimaca as they can learn

from and adopt comprehensive practices in terms of procurement, modern slavery, health and safety, and governance and assurance.

6. The Company has pioneered a new approach to mine development by completing their permitting in advance of the currently ongoing full feasibility study. This allows the Company to engage with stakeholders and address their requests and concerns and incorporating these into the full feasibility study.
7. A newly appointed Board Director brings a significant amount of copper mining experience along with Chilean operating knowledge to help the Company in the transition from exploration to development.
8. While the Company is not a signatory of any international standards or codes of practice, they have developed a bespoke Sustainability Commitment charter which borrows elements from various international standards such as, IFC Performance Standards, EITI, ICMM Principles and Performance Expectations to demonstrate their ESG objectives and guiding principles. This is readily available on the company website in English and Spanish.
9. While no ESG budget has been specifically ring-fenced, ESG is viewed by senior leadership as a strategic opportunity and is therefore managed at site and Board level from the general operational budget. A total of 16% of the budget was allocated to permitting and ESG threats and opportunities last year, which represents significant spending focused on ESG for a company at this stage.
10. Beneficial ownership is clear and has been transparently reported in the submission, and is updated routinely on the company website.
11. The Board has a diverse skill set relating to finance, government relations, accounting, and mining, and is well equipped and experienced to successfully progress the project from exploration to development.
12. The level of government engagement currently undertaken is commensurate to the scale of Marimaca's current activities. Individuals responsible for engagement are suitably empowered within the company to engage at this level and are supported by the Board and General Counsel.
13. A framework exists for shareholders and stakeholders to raise concerns regarding Board remuneration, governance and ESG; this is also readily available in English and Spanish on the website.
14. The Company is a member of SONAMI, the National Mining Committee for Small to Medium scale Mining companies, and utilises this forum to learn of upcoming legal and regulatory developments.
15. The company is proactive in their approach to governance and assurance as evidenced through briefings and checks regarding the Code of Conduct at site level, and third-party assessments of mineral licence rights.
16. Excellent governance is applied to tax practice with periodic independent tax



reviews conducted to ensure compliance with regulations.

17. Strong permitting compliance is achieved through site-based compliance plans, a dedicated tenement manager, and annual compliance assessments.
18. Several mechanisms exist to prevent bribery and corruption including a Code of Conduct, a guideline for dealing with government officials, a Whistleblowing Policy, and training programs for employees upon induction.
19. In addition to the stakeholder concerns policy, the company uses a PR consultancy to undertake horizon scanning to monitor stakeholder sentiment towards Marimaca, and mining in general, to anticipate potential community risks to the operation.

## Corporate negatives

1. The company has not formally adopted specific ESG targets, with clear links to important metrics such as executive remuneration.
2. While the company states that quotas will not be utilised to address gender diversity at either Board or senior leadership level, it is worth noting that within southern America significant senior leadership skills exist. An executive search function could be used to improve gender diversity ensuring a sufficiently skilled individual is appointed to fill gaps as they arise on either the Board or senior leadership team.
3. While the skillset of the Board is diverse, specific ESG experience could be improved. This would prove advantageous to a company operating in an extremely water stressed environment as the impact of climate change increases aridity.
4. Employment of vulnerable and underrepresented groups is supported by Marimaca's Code of Business Ethics and Conduct. To further support their commitment to equal opportunity employment, the Company may consider developing a Diversity and Inclusion Policy given the large-scale change to Human Resource requirements associated with a transition to development phase.
5. Given the current scale of the operation, documenting and monitoring of government engagement should be a relatively easy task and may help to embed good governance practices ahead of the transition to development when increased government engagement will be required.

## Project positives and negatives

### Project positives - Marimaca

1. This is the third year that the Marimaca Copper Project has been assessed using the Digbee framework, indicating a strong commitment to ESG and continued transparency in operating practices.
2. The project is a Chilean based copper oxide exploration project located in the region of Antofagasta, a world-renowned copper district, with benefits from easy access to suitable infrastructure such as ports, highways, airports, and the robust skillset of the local population.
3. The project will produce low intensity copper cathode; at present no economically viable byproducts have been discovered.
4. Given the location, topographic relief, and arid environment of the project area, there are no competing land uses, and resettlement will not be required, which is a net positive impact which will continue to benefit the project now and well into the future.
5. The project is well connected to the local road infrastructure by highways, paved roads, and dirt roads, thus negating the necessity for future land disturbance as the project progresses to production.
6. The current workforce is small with a 30% gender diversity split commensurate to a project of this scale.
7. The majority of the workforce is drawn from the local population, within the Antofagasta region and northern Chile. In the future, the Company expects to employ 95% of its workforce from the local area thanks to the availability of experienced local skilled people due to the long history of mining in the area.
8. Given the proximity and specific skill set of the local workforce, the Company does not anticipate building a mining camp for workers thus further reducing the environmental footprint of the operation.
9. The project appears to have strong Health and Safety protocols in place and ensures continual monitoring of said practices. Additionally, there is a dedicated onsite Health and Safety employee which is commendable for an operation of this size and demonstrates leaderships' commitment to the health, safety, and wellbeing of employees. In the past 5 years, there have been two separately reported lost time injuries, these incidents were investigated and changes to site procedures were made to prevent a recurrence.
10. There are no armed security personnel on site.
11. At present the Company uses a mixture of solar power and non-renewables to power their activities, and the Company anticipates that in the future on grid renewable energy will be sufficient to power the operation.

12. The Company is not reliant on groundwater for current or anticipated future use, ensuring what scarce water is available can be drawn by the local population.
13. The Company has secured a water option to purchase recycled seawater from a nearby electricity plant for operational use, further reducing the environmental impact of this operation. The planned metallurgical process has been adapted to this high salinity.
14. While no groundwater has been detected in the project area, boreholes have been sunk peripheral to the project to enable water quality monitoring on an ongoing basis.
15. Current exploration practices, and future ore processing, have been sustainably designed to support water recirculation and reduce overall water usage which also results in no net discharge to the environment.
16. Waste generated on site is well managed, and awareness of best practice procedures regarding hazardous waste is understood and highlighted in the Sustainability Commitment document including reducing, reusing, and chain of command to final disposal facilities.
17. The future design of the site and ore processing methodology chosen eliminates the need for a tailings facility.
18. The project has a strong presence on social media, and many Company and project specific updates can be found on the various channels providing easy access to information for local communities.
19. A stakeholder engagement protocol exists in English and Spanish which transparently outlines the process to address concerns, persons responsible for dealing with requests, and anticipated response timeframes.
20. While specific studies and in-depth stakeholder engagements have yet to be finalised, this region enjoys broad support from local communities due to the long history of mining in the region and employment opportunities.
21. The regulatory permitting framework in Chile is well established and the project clearly understands and complies with all permitting conditions and commitments including those stipulated in the Mining Safety Regulations and Environmental Qualification Resolution (RCA).
22. For the next phase of operation, the Company will prioritise permitting approvals in advance of developing the Environmental Impact Statement (DIA) for submission in 2024. The permitting process includes a stakeholder engagement component which means that community requests can be actioned and in-built to the DIA, which is a commendable effort.
23. State structures are well understood; there is broad support from the government for mining in this region and the project activities are in line with the existing development plan for the region (released in 2019, spanning a period of

8 years).

24. Baseline data has been comprehensively collected with records beginning as early as 2018, with updates being undertaken in 2021 and 2023 respectively. Baseline data includes biodiversity, groundwater, and air quality, through to tourism and landscape impacts.
25. Stakeholder engagement is being led by the newly appointed Managing Director of Chile, who is sufficiently empowered to address stakeholder concerns and is knowledgeable regarding the context as a Chilean national with extensive mining experience.
26. Currently 100% of goods and services are locally procured.

## Project negatives - Marimaca

1. The project is located in an area of extreme water scarcity, and while the project will not utilise any groundwater resources given the seawater option in place, extremely careful management of water will be required throughout the lifecycle of the mine.
2. While rare, torrential downpours have been documented in this region and which have caused severe damage to site equipment and infrastructure, so the potential for this low likelihood occurrence should be considered in the DIA to ensure robust mine design.
3. The region is prone to earthquakes and landslides resulting from sporadic but intense rainfall events. Recent studies commissioned to assess this deemed the risk exposure to not be significant, however planning for these events should be factored into mine design and considered for emergency planning purposes.
4. In recent years there has been a significant increase in lithium mining in the Atacama resulting in community complaints, competition for resources, and frustration with mining companies. While these views have not been expressed in terms of the project's activities, it is worth noting that Marimaca could receive negative feedback from stakeholders in the future.
5. Further studies are planned to ascertain what necessary mitigation measures are required to protect Marimaca employees as the project progresses to the development phase. The remote location of the project is currently advantageous as noise and air quality emissions do not affect local communities.
6. While the Company is very active on social media, these updates are restricted to English only. An organisation of this scale would typically include a 'contact us' section permanently located on the website, in addition to the stakeholder concerns protocol, where stakeholders can provide praise or raise concerns.
7. As the project prepares for the transition to development phase, it is anticipated

that a study will be required to ascertain the impacts of increased large vehicle traffic on existing public roads.



# Corporate Score Distributions: Marimaca Copper Corp

Exploration Framework: Scores valid for 12 months as of 3<sup>rd</sup> Apr 2024.

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

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

C-03.02	Government Engagement Monitoring	BBB
C-03.03	Shareholder Oversight	BB
C-03.04	Management of Shareholders	AA
C-03.05	Participation in Industry Bodies	BBB
C-04.01	Verification of Site-Level Compliance	BBB
C-04.02	Permitting Compliance Monitoring	AAA
C-05.01	Feedback Management	AA
C-05.02	Tax Transparency	BBB
C-05.03	Anti-corruption/bribery Governance	AA
C-06.01	Promotion of Risk Management	AA
C-06.02	Emergency Preparedness	BB
C-06.03	Prioritisation of ESG	BBB



# Project Score Distributions: Marimaca

Exploration Framework: Scores valid for 12 months as of 3<sup>rd</sup> Apr 2024.

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

Question IDs & theme	Potential Threat					Potential Opportunity				
	D	C	CC	CCC	B	BB	BBB	A	AA	AAA
P-01.01 Project Location									AA	
P-01.02 Natural Hazard Risk			CC							
P-01.03 Impact of Upstream Activities								A		
P-01.04 Impact on Downstream Activities								A		
P-01.05 Instability								BBB		
P-02.01 Exploration Activities		C					BB			
P-02.02 Commodities being explored							BB			
P-03.01 Project Team Size								BBB		
P-03.02 Local Representation in Team								A		
P-03.02 Local Representation in Team									AA	
P-03.03 Health and Safety Record				CCC				A		
P-03.04 Security and Firearms										AAA
P-04.01 Acquisition History								BBB		





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

