

# Marimaca Announces Conversion of \$12 Million Loan at Subsidiary Level

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VANCOUVER, July 02, 2020 - [Marimaca Copper Corp.](#) (Marimaca Copper; or the Company) (TSX: MARI) is pleased to announce that Greenstone Resources II L.P. (Greenstone) has exercised its conversion option (the "Conversion") pursuant to the US\$12.0 million convertible loan facility associated with certain of Marimaca Copper's subsidiaries, Sociedad Contractual Minera Berta (SCM Berta) and Rising Star Copper Limited (RSC). These subsidiaries hold an interest in the Nora project, which consists of a processing plant and certain mining concessions, which are not connected to the Marimaca deposit. The conversion occurred at the RSC level, resulting in Greenstone now holding a 75% equity stake in the Nora project and Marimaca Copper holding the remaining 25% interest.

As a result of the Conversion, Marimaca Copper no longer controls RSC or SCM Berta and will de-consolidate those operations from its financial position and operating results effective June 30, 2020. Going forward, Marimaca Copper's interest in RSC and SCM Berta will be accounted for using the equity method which should result in a strengthening of the Company's financial position as a majority of the outstanding debt presented on the Company's balance sheet is associated with SCM Berta. As at March 31, 2020, approximately \$19.2 million of the Company's outstanding debt was related to SCM Berta.

The Conversion is in line with the Company's 19 April 2018 News Release which announced the strategic decision by the Company to focus exclusively on the Marimaca project, and for the unconnected Berta mine and Nora processing plant to be financed at the project level with no recourse or further dilution to Marimaca Copper. In February 2019, the Berta mine was sold to Santiago Metals Proyecto 4 Ltda. (refer to News Release dated 19 February 2019).

The convertible loan facility was approved by minority shareholders in June 2018 as Greenstone is a major shareholder of Marimaca Copper with a current 24.9% shareholding. In connection with the Conversion, Greenstone and Marimaca Copper have entered into a shareholders' agreement and a management services agreement in respect of RSC and SCM Berta to manage the Nora project on a go forward basis.

*Michael Haworth, Executive Chairman of Marimaca Copper commented:*

*"We have made significant progress in our corporate restructuring efforts as part of wider initiatives for Marimaca Copper. The objective of these initiatives is to focus attention on our flagship Marimaca Project, and to streamline the corporate and capital structure to best position us for its successful future development. The de-consolidation of approximately \$19.2 million of SCM Berta debt from the Marimaca Copper balance sheet is a further step in this process.*

*"The PEA for Marimaca is progressing well and we continue to believe it will show that Marimaca will be a standout copper development project, with low upfront capital costs and competitive operating costs that has the potential to deliver compelling economics at a variety of copper prices."*

## Marimaca Copper Project Overview

Marimaca Copper released an updated Mineral Resource Estimate (MRE) for Marimaca of 70 million tonnes, with an average grade of 0.60% total copper, within the Measured & Indicated Categories (approximately 420Kt of contained copper) and 40 million tonnes, with an average grade of 0.52% total copper, within the Inferred Category (approximately 224kt of contained copper) (refer release on 2 December 2019). This represents an increase of almost 100% from the MRE released in April 2018 and makes the

Project one of the most significant copper oxide discoveries in Chile in the last decade.

The Company is currently undertaking a PEA for the Project, which is anticipated to be completed in July 2020. The Project is expected to benefit from low upfront capital development costs and, due to the favourable geometry of the orebody and relatively simple oxide processing through SX-EW, Management believes the Project will have very competitive operating costs, delivering compelling economics in the PEA.

#### Overview of Transaction and De-Consolidated Debt

##### *SCM Berta Facility*

In June 2018, RSC entered into a US\$12 million convertible loan facility whereby Greenstone provided a convertible loan to RSC and Minera Coro Chile SpA, both wholly owned subsidiaries of Marimaca Copper. The facility was convertible into a 75% equity interest in RSC which is the UK parent company of SCM Berta. As at 31 March 2020, the outstanding balance comprised US\$12.0 million in principal, US\$3.6 million in interest and US\$0.2 million in arrangement fees.

Greenstone has given notice to convert all of the US\$12.0 million principal outstanding into fully paid ordinary shares in RSC representing 75% of RSC's issued share capital.

##### *SCM Berta Working Capital Loan*

In September 2018, SCM Berta entered into a credit facility with Greenstone for a US\$10 million secured loan facility. As at 31 March 2020, the outstanding balance comprised US\$2.0 million in principal, US\$0.9 million in accrued interest and US\$0.2 million in arrangement fees.

According to the terms of the SCM Berta Facility and the SCM Berta Working Capital Loan, upon conversion of the SCM Berta Facility, all outstanding accrued interest and fees with respect to these facilities become payable on demand by RSC. It is important to note that this outstanding debt is payable only at the SCM Berta level and has no recourse to the Marimaca project.

In the conversion notice for the principal under the SCM Berta Facility, Greenstone elected not to enforce this obligation at this time. As part of conversion arrangements, it has been agreed that there remains an outstanding balance of approximately US\$7.4 million, which comprises:

1. US\$4.2 million in accrued interest for the SCM Berta Facility; and
2. US\$2 million principal and US\$1.2 million in accrued interest and fees for the SCM Berta Working Capital Loan.

These items are non-recourse to Marimaca Copper and are limited to RSC and its subsidiaries. As RSC is now only 25% held by Marimaca Copper, these debts will no longer be consolidated into Marimaca Copper's financial accounts effective 30 June 2020.

##### *ProPipe Liability*

The SCM Berta Facility was conditional on the Company acquiring a 35% minority interest in the Berta Mine. This acquisition price was structured over one upfront payment and three future instalments. The ProPipe Liability is also non-recourse to Marimaca Copper and is limited to RSC and its subsidiaries. As at 31 March 2020, the balance of the ProPipe liability was US\$0.5 million. This amount will also be de-consolidated from the Marimaca Copper balance sheet effective 30 June 2020.

#### Qualified Person

The technical information in this news release, including the information that relates to geology, drilling and

mineralization was prepared under the supervision of, or has been reviewed by Sergio Rivera, Vice President of Exploration, [Marimaca Copper Corp.](#), a geologist with more than 36 years of experience and a member of the Colegio de Geólogos de Chile and of the Institute of Mining Engineers of Chile, and who is the Qualified Person for the purposes of NI 43-101 responsible for the design and execution of the drilling program.

The Qualified Person for content, other than geological information, of this news release is Luis Tondo, Chief Executive Officer and Director of Marimaca Copper, a mining engineer with more than 30 years of experience and a Fellow of The Australasian Institute of Mining and Metallurgy, who is the Qualified Person for the purposes of NI 43-101.

All QPs confirm they have visited the project area, reviewed relevant project information, allowing the correct technical judgement in their respective areas of expertise, in turn used in the writing and reviewing the contents of this news release.

#### Marimaca Copper and the Marimaca Project

Marimaca is fast becoming recognised as one of the most significant copper discoveries in Chile in recent years as it represents a new type of deposit which challenges accepted exploration wisdom and promises to open up new frontiers for discoveries elsewhere in the country. Marimaca is hosted by intrusive rocks while the numerous manto deposits in the same region are hosted by volcanics. With a lack of new copper exploration discoveries in Chile, the growing Marimaca resource is a high-profile development project as it is situated in the coastal belt at low elevation close to Antofagasta and Mejillones. This prime location could enable its future development at a reduce capital cost relative to many other copper developments. Marimaca will benefit from nearby existing infrastructure including roads, powerlines, ports, a sulphuric acid plant, a skilled workforce and seawater and a relatively low environmental impact.

#### Contact Information

For further information please visit [www.marimaca.com](http://www.marimaca.com) or contact:

Tavistock  
+44 (0) 207 920 3150  
Jos Simson/Emily Moss  
[marimaca@tavistock.co.uk](mailto:marimaca@tavistock.co.uk)

#### Forward Looking Statements

This news release includes certain forward-looking statements under applicable Canadian securities legislation. These statements relate to future events or the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, the impact of a rebranding of the Company, the future development and exploration potential of the Marimaca Project. Actual future results may differ materially. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements reflect the beliefs, opinions and projections on the date the statements are made and are based upon a number of assumptions and estimates that, while considered reasonable by Marimaca Copper, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements and the parties have made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: risks related to share price and market conditions, the inherent risks involved in the mining, exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project delays or cost overruns or unanticipated excessive operating costs and expenses, uncertainties related to the necessity of financing, the availability of and costs of financing needed in the future as well as those factors disclosed in the Company's documents filed from time to time with the securities regulators in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. Accordingly, readers should not place undue reliance on forward-looking

statements. Marimaca Copper undertakes no obligation to update publicly or otherwise revise any forward-looking statements contained herein whether as a result of new information or future events or otherwise, except as may be required by law.

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