

Agenda

Santa Cruz County Advisory Panel Meeting #17
January 18, 2022
Wild Horse Inn - 309 W McKeown Ave, Patagonia

South32 Office, Patagonia

Pre-meeting mine tour 9:30 – 12:00
Mine Tour Information/Safety Overview
The Nature Conservancy- Sonoita Creek Water Monitoring Program w/Dr. Jesse Pearl
Mine Tour

Wild Horse Tavern, Patagonia

Greetings 12:00 – 12:40

- November minutes approval
- New Facilitator Welcome and Introduction
- Small Group Exercise: *Panelist Role in Community Engagement and Engaging with Information*

Update on Community Perception Survey 12:40 – 1:00
Update on Project – 1:00 – 1:20
Workforce Needs & Traffic Considerations
(Panelists requested to discuss with their community connections and bring feedback/questions to the February meeting)
Community Group Updates (F&F, PARA, TNC) 1:20 – 1:45
Wrap-up and Next Steps 1:45 – 2:00

Attendance

Meeting Facilitators (Acorn International): Dean Slocum, Ranay Guifarro; Acorn International Catherine Tornbom

South 32 Hermosa Advisory Panel Members Present, Liz Collier, Ruth Ann LeFebvre, Damian Rawoot, Linda Shore, Guillermo Valencia, Marcelino Varona, Carolyn Shafer, Olivia Ainza-Kramer, Fritz Sawyer, Michael Young, Ben Lomeli, Maureen De La Ossa

South32 Hermosa Advisory Panel Members Absent: Gerry Isaac, Chris Young, and John Fanning

South32: Melanie Lawson, Tomas Goode, Skyliie Estep, Victor Cock

The Nature Conservancy: Jesse Pearl and Aaron Mrotek

Minutes

12:09 Greetings

Dean called the meeting to order.

Dean: We had a great mine tour this morning and want to thank Melanie for putting it together. The first order of business is the November minutes; Carolyn provided corrections on a few

typos, which will be corrected. I would like to proceed with a motion to approve the November minutes.

November Meeting minutes approved.

We are going to go a little bit out of order so that Catherine can have her lunch, Carolyn has graciously agreed to give two community updates.

Carolyn: (See Attachment A) Thank you, each of you has handouts that provide additional details. The two items I am updating on for Patagonia Area Resource Alliance (PARA) are:

- The aquifer protection permit (APP permit): PARA had filed an appeal on that on the administrative level and then PARA filed for an appeal on the state court level asking that the agency decision be returned to reflect what our Arizona statute states. The details are in the handout.
- The Arizona Pollutant Discharge Elimination System (AZPDES) Permit. The permit that was issued in 2018 expired on January 7, 2023, the Arizona Department of Environmental Quality opened it up for comment. PARA, along with several other organizations submitted comments objecting to the proposed renewal because, in addition to renewing what was issued in 2018 in the proposed renewal, South 32 was also asking for a significant amendment to the original permit. We feel that under recent case law that what they are defining as a significant amendment is actually a new use; therefore, needs to go through the complete process. At this time, the agency has not responded to the comments, and the permit has not officially been announced as being renewed. Under the statute, the permit can continue to operate as issued in 2018, but not with the proposed amendment.

Fritz: Someone talked about a slurry line being permitted?

Carolyn: Part of what the company proposes to do is to run things across the property to then treat at water treatment plant #2 before discharge. The point that PARA was making was that there has been no information, review, or approval of what that looks like.

Tomas: There is limited information on what I can talk about due to the ongoing litigation.

Fritz: So, there is some type of pipeline that goes across the property?

Carolyn: Yes, so just imagine from where we were just standing (on the mine tour) somewhere on that property, piping would be running material to take it to water treatment plant #2 for treatment.

Fritz: Okay, but you understand that there will be pipes running all over up there, you know that, right?

Carolyn: Yes, I do know that. I had shared the links to all documents that you are welcome to read, and I encourage you to read.

Linda: There is no timeline for ADEQ to respond to comments?

Carolyn: No, we know that the last time they (ADEQ) worked on revised comments was December 29th.

Carolyn: Switching hats, the updates I have for the Flood and Flow committee, you can see in the handout, but I will talk about a few items. Regarding the flood mitigation project work, the Town of Patagonia town manager, Bill O'Brian (who is now the towns consulting engineer), and myself (Carolyn), will be meeting with Jennifer St. John (County Manager) Jesus Valdez (Public Works Director) to recalibrate and see what we want to do going forward.

On the Cross Creek Connection, Melanie has advised that the agreement with the county for the land donation agreement has not been signed, so South 32 has not submitted its plan for the floodplain permit.

Melanie: A minor correction, the agreement is signed. It's the land transfer that has not yet closed.

Carolyn: Can you comment on what is holding that up?

Melanie: Just like any typical real estate transactions, there are title reports and different things that have to be finalized before they can be closed up.

Damion: I have worked on a land transfer with two willing parties, and it took 36 months, which was a lot longer than I thought it would take.

Carolyn: The Flood and Flow committee is meeting with the forest service next week to begin the outline of drafting a watershed restoration action plan. We are recommending that it focuses on the Harshaw Creek watershed as the Forest Service has assessed the six sub-watersheds that are identified as the town of Patagonia's municipal supply watershed, and using defined indicators, benchmarked the conditions of these sub-watersheds. The Forest Service indicators show that Harshaw Creek is the least optimal watershed.

The town of Patagonia, as I mentioned, has a contract engineer, Bill O'Brian is very familiar with Patagonia and has worked with the Flood and Flow committee from almost the beginning, if not the beginning. He was officially appointed to the committee on January 11th, and tomorrow he will be elected chairman of the committee.

Fritz: I read somewhere that South32 is going to start testing dewatering wells

Melanie: Yes, that was the update from the last meeting, we are doing aquifer testing.

Fritz: So, I got the impression that you are discharging into the creek.

Tomas: It will be variable discharge, we have 9 wells total, and some are still being drilled. Each one of those wells will undergo a test, so when the tests are being completed, the water will be treated by a temporary water treatment plant to ensure that it meets water quality standards. The well testing could encompass days at a time, but then there will breaks, and it will not be continuous.

Fritz: So you are not going to use Water Treatment Plant #1?

Tomas: No, this is a temporary water treatment facility that was developed for aquifer testing to be able to accommodate the treatment that is needed but on a smaller scale.

Fritz: So, when are you planning on doing this?

Tomas: It's going to be over the next several months, but it will not be a continuous discharge. When we do get to a point where a well is constructed and we will be doing the aquifer testing.

Carolyn: Has it started?

Tomas: We have not completed any aquifer tests, no.

Carolyn: So, no discharge?

Tomas: There has been discharge because of other well components, so there has been some discharge, but it has been short-lived.

I also wanted to bring up that there had been a conversation last year about how to access the information we have available to the public, which I presented to the Flood and Flow Committee at the December 2022 meeting. As I know not everyone attended that meeting, I would be happy to share that information with the panel, or at least let everyone know where that information resides.

Carolyn: Thank you, Tomas. There is a link to the Flood and Flow December committee meeting in the handout where you can access a recording of the entire meeting.

Tomas: The link includes where the information from the Arizona Department of Water Resource and South 32 reports can be found online.

12:27-Introduction of Catherine Tornbom & Small Group Exercise

Dean: this past year, we went through a long but productive process and came to choose, Catherine Tornbom, who I am happy to introduce as the new facilitator. I will step down, but wanted to thank you all, as we have really enjoyed getting to know everyone and also learning how important these panels are. We work with many mining companies, and they are trying to do good work, but I see these panels now as a good practice and important to have. I do see some challenges, South 32 has been hesitant to share some information due to the information being taken out of context and used against them, and as an outside observer, I think there are ways to manage that, as you work well together. The conversation that Catherine is going to facilitate tries to get at that, how to work well together, and while you won't get the answer today, the exercise will be working towards trying to understand where the issues are and what can be put in place to reduce that feeling of hesitancy to share information and the discussions that can happen.

I will now sit down and let Catherine take over.

Catherine: I am very excited to be here. I can say that I am impressed with the amount of data and information that the panel has produced.

We are going to start off with two tasks, you will answer the questions you have already seen on the agenda. It will be a short brainstorming session in small groups, and you will get 10 minutes for each.

Question 1: In what ways can we effectively share Panel information with our community?

Combined Group answers

- Newspaper
- Word of Mouth
- Meetings
- Radio-Mexican and USA side
- Newspaper
- Social Media
- Community Groups
- Workshops /Seminars
- *Feedback should a part of this
- Disseminate accurate information
- Rotary Club
- Mechanism to disseminate accurate information
- Panel Newsletter

Question 2: How do we ensure a good flow of information AND a fully collaborative process that sustains and nurtures a collaborative relationship between the Panel and South32?

Combined Group answers

- Focus direction/respect each other
- Diversity in Panel
- How to bridge withheld information and maintain transparency
- No magical formula for transparency
- South 32 does a good job with transparency on what they can give out
- disseminating information
- Keeping it simple it allows everyone to understand the information
- South 32 should be fully transparent with all the environmental information unless it's proprietary
- The independence of the panel should be maintained
- Transparency is critical for the Panel to be effective in the community and be trustworthy

Dean: This seems to be an area that might be constricting the flow of information, and what we can do to prevent this coming up again.

Linda: Could South32 tell us what precipitated this discussion? I am not aware of what the anyone on the panel did.

Melanie: I can talk about a recent example. In an update that South 32 gave about the aquifer testing to the panel and residents along Harshaw creek resulted in words being manipulated and used to make a complaint to ADEQ. ADEQ had an investigation, and it was found that South32 did nothing wrong, but that type of behavior where information that is shared is manipulated and used against South32, makes it South 32 hesitant to share information.

Carolyn: I would like to loop back to the small group exercise and it was good to hear Melanie's explanation that it was because of the temporary discharge. This was not something that was brought to the panel's attention. We knew nothing about this. Tell us what is going on.

What happened in that specific incident was a local community member whom you spoke to, came to PARA because they know PARA is paying attention to what is going on. We (PARA) didn't know, so that's why we wrote to ADEQ. I think it's important for everyone to hear while it's fresh in our minds.

Melanie: If I could add, and I don't want to get into a combative relationship over the sharing of information but, like in this instance, come to the panel before going to ADEQ and ask, or call me if you have a question. I think that is where we are trying to get to, a place of collaboration.

Carolyn: I don't know what to ask you, and what South 32 is up to, you need to come to the Panel and tell what is going on.

Melanie: I made that update at the last Panel meeting; I came with an update at the last meeting

Carolyn: No, the last Flood and Flow meeting is the first time you said that to anybody.

Melanie: Perhaps I got my meetings mixed up, but it goes both ways, if there is a question, ask. That is our goal, to get to a point of collaboration.

Fritz: I first heard about this information was in the newspaper. The best you can do is be forthcoming about information.

Catherine: I think we need to take responsibility for who we are here in this room, as fully as possible, and define it as fully as possible and keep it as an open question.

1:13 Community Perception Survey (See Attachment B)

Melanie: Yes, I have SOOP Strategies online, and they will present the findings.

Please see Attachment B for additional information on this small group exercise.

1:34 Workforce & Traffic Update

Skylie: Hello, my name is Skylië, I have been to these meetings a few times last year. I am the North American Human Resource Manager supporting the Hermosa Project. If you could take what you learn today, and talk to your community and bring back their thoughts to the February meeting.

We are going through a feasibility study, and part of the feasibility study understanding what types of roles are needed and how that is influenced by technology. My team in Human Resources is working to identify how many employees each department will need to safely operate the Hermosa mine. In April we will have an update with those numbers and a breakdown of the type of people needed in each department

(professional/technical/trade/operation). We will then look to partner with people in the panel and community to create a workforce development task force.

For our site-based employees, we have gone from 64% to 70% being local- which is a percent that we want to maintain, when possible. We have also asked that our suppliers do the same, and try to hire locally.

We also want to become more involved with the community, such as career fairs, and resume writing. If you know of something that is happening in the community and you think it would be

beneficial for someone from my team or someone else in South 32 to attend, please let us know.

Linda: Is South 32 working with the county-wide visioning exercise that is going on and has a big workforce development component?

Melanie: Yes, I will be a part of this steering group, and I can bring in other South 32 people as needed.

Marcelino: What marketing are you using to target our local community college, I am in there multiple times a week and I have never seen anything promoting South 32.

Skylie: Those are things that will be built into our workforce development plans, where do we want to focus our plans/efforts, does the college have the programs our workers will need, do we need to enhance them, change, or develop them? These are discussions that we want our working group to discuss.

Marcelino: In my conversations with your CEO, he seems very receptive to a collaborative joint venture with our college, and I have yet to see it

Melanie: A key thing we are waiting on is the final investment decision, that gets us to the next stage. Skylie and her team are working on the numbers, that will be presented internally to the company, and if approved the next step will be these sorts of agreements.

Skylie: We don't have all the numbers and information on what the Hermosa mine will need, so we don't want to say 'go develop this program' and then have something change where that set of skills or program is no longer needed.

Olivia: I am participating on the Santa Cruz County Workforce committee, and I would like to extend the invitation for South 32 to present so people could hear what you are looking for.

Melanie: The traffic update is that there is no update because the land transfer needs to be complete before we apply for the ADOT encroachment permit and the flood plain use permit. Traffic topics are on the roadmap for future months, so we can comeback to this.

1:52 The Nature Conservancy community update & finishing thoughts

Damion: I wanted to introduce my colleagues, to those who were unable to join us on the mine tour. Dr. Jesse Pearl our freshwater scientist and Aaron Mrotek manages the preserve just down the road and lives here in Patagonia. Jesse gave a presentation on the water monitoring program that we are working on collaboratively with South 32.

Marcelino: The February meeting will be in Nogales?

Melanie: Yes, the February meeting will be in Nogales I will coordinate with Olivia on a location and get back to the Panel. I also wanted to add that if anybody has any questions come to the Panel or me with your questions before going to ADEQ.

1:58 Reflection/evaluation sheet

How are you feeling so far? What could improve?

Good

Neutral

Neutral; water monitoring I feel that Hermosa is trying to change the charter and the meeting

Like I'm spinning my wheels and not advancing enough on issues

Questions in general should be on agenda at the beginning of the meeting unanswered questions from the last meeting.

Ok, there will be a transition time w/changing facilitators

What do we need to address next?

Current transportation on Hwy 82 and 83

Good neighbor agreement status

Good neighbor agreement development

Working together

Good neighbor agreement

Dewatering-Excel spreadsheet -update- mine mud tract out

Track out

Transportation Issues

Withholding Info

GNA, mining operation/de-watering updates, traffic

How well have you felt heard so far? (0-5, with 0 not at all and 5 very well)

0-0

2-0

3-4

4-1

5-1



Attachment A

Community Updates

**Town of Patagonia Flood & Flow Committee Update
for the Santa Cruz County Advisory Panel on Hermosa Project
Presented by Panelist Carolyn Shafer as a Flood & Flow Committee Member
January 18, 2023**

The [Town of Patagonia “Sonoita Creek Flood & Flow Committee”](#) (“F&F”) which conducts (currently via Zoom) monthly public meetings the second Thursday of each month at 10 a.m. Here is a [link for the December 8, 2022 meeting](#).

CURRENT PROJECTS

This is a summary report of Flood & Flow (F&F) Committee activity during December 2022.

- Patagonia Regional Flood Control Project Feasibility Study (a feasibility study designed by the Town, administered by the County, and funded by South32): Representatives from the Town of Patagonia will meet with County Manager Jennifer St John and Public Works Director Jesus Valdez on January 24, 2023 to review the project status.
- Floodplain Permit for South32’s Cross Creek Connector Road: The agreement between the County and South32 for the land donation and easement on the Cross Creek Connector property has not yet been signed so South32 has not yet submitted a floodplain permit application.
- Drought Response Planning for Water Resilient Communities: Ashley Hullinger (Water Research Center at Univ of AZ) gave an overview of a draft document explaining how to review the AZ Dept of Water Resources (ADWR) website.
- Flood & Flow Research Team (Bob Proctor, Howard Buchanan, Carolyn Shafer) will be meeting in January with Coronado Forest Service personnel to discuss the process of drafting Watershed Restoration Action Plans.
- Howard Buchanan gave an update on upcoming work to be conducted by Tucson Audubon and partners on restoration projects along Sonoita Creek in town and into the TNC Preserve. Howard expressed appreciation to the Town for its Letter of Support as well as to TNC and Borderlands who will assisting on this project.
- South32 Hydrologist Tomas Goode provided a presentation on what water reports are publicly available on the South32 website as well as how to access well data on the ADWR website.
- South32 Melanie Lawson advised that South32 has a temporary permit to discharge water into the Harshaw Creek for testing its dewatering wells; this will occur over several months.

The next Committee meeting is scheduled for January 19, 2023. At the January meeting, the Town’s Engineer, Bill O’Brien of NextGen Engineering will be elected as Chairperson of the Committee; Carolyn Shafer will continue as a Committee member of the Flood & Flow Committee and to provide monthly updates to the Advisory Panel.

**INFORMATION for the Santa Cruz County Advisory Panel on Hermosa Project
Presented by Panelist Carolyn Shafer as a PARA Board Member
January 18, 2023**

These are three sources for information relative to water issues in the Sonoita Creek Watershed that I recommend:

- The [Town of Patagonia “Sonoita Creek Flood & Flow Committee”](#) (“F&F”) which conducts (currently via Zoom) monthly public meetings the second Thursday of each month at 10 a.m.
- [Friends of Sonoita Creek](#) (“FOSC”)
- [Patagonia Area Resource Alliance](#) (“PARA”)

UPDATES:

AQUIFER PROTECTION PERMIT: In response to PARA’s Motion to Stay and Responses filed by all parties, the Court has issued an Order for Oral Arguments on March 7, 2023.

PARA filed its Opening Brief in its State Court Appeal requesting that the State Court Judge return the permit as issued back to the state agency (ADEQ) with instructions to modify the permit (i) to require the installation of at least one point of compliance (monitoring well) in Harshaw Creek, (ii) to require that the mining company demonstrate that the piping that will transport untreated tailings across the mining property complies with Arizona statutes, and (iii) to rule that as a matter of law the state agency (AZ Dept of Environmental Quality) has the authority to include narrative aquifer water quality standards in this permit. ADEQ and the mining company have a deadline to file their respective Answering Briefs by January 26.

BACKGROUND: In 2018, the AZ Department of Environmental Quality (ADEQ) issued an Aquifer Protection Permit (APP) to the mining company. The APP is required for any facility that discharges pollutants to the groundwater. The two key requirements of the APP are to meet “Aquifer Water Quality Standards” and demonstrate “Best Available Demonstrated Control Technology” standards (the State reviews and adopts the standards written by the mining industry). The 2018 permit was to discharge 120 gallons of treated water per minute into the Alum Gulch aquifer; the water being treated at water treatment plant 1 (WTP1) flows from an under drain collection pond for water runoff of the remediated historic tailings pile and discharges into Alum Gulch. In August of 2020, the mining company filed a significant amendment to add the discharge of 4,500 gallons per minute (6,652,000 gallons per day) from a newly constructed second water treatment plant (WTP2) and to discharge the treated waters into Harshaw Creek. WTP2 will use nonconventional, untested technology.

ARIZONA POLLUTANT DISCHARGE ELIMINATION SYSTEM (AZPDES) PERMIT: The 2018 AZPDES permit had an expiration date of January 7, 2023 so the mining company filed a request to renew the permit. Comments were filed by PARA and other organizations. The agency has not yet filed its responses to the comments and the status of the permit is unknown.

PARA’s comments to ADEQ assert that the permit renewal cannot be issued primarily because the Hermosa Project is a “new source” of discharge as defined in the Federal Clean Water Act and because the agency (ADEQ) cannot renew the Permit until ADEQ updates the Total Maximum Daily Load (a TMDL is the calculation of the maximum amount of a pollutant allowed to enter a waterbody so that the waterbody will meet and continue to meet the water quality standards for that particular pollutant) as required by the Federal Clean Water Act. While PARA Watchdogs were pleased with some of the changes in the draft renewal permit, the Comments also asked the agency to address issues related to the sampling process, changing the water hardness calculation from influent to effluent water, additional reporting requirements, and stated that there are ongoing concerns about dewatering the aquifer due to the mining company’s dewatering activities being designed to dewater the aquifer for industrial extractive purposes. The AZPDES is required for municipal, domestic and non-domestic (industrial) discharges of pollutants to a surface water that fits the definition of “waters of the U.S.” as described in the Federal Clean Water Act.

PATAGONIA AREA RESOURCE ALLIANCE collaborates with Strategic Partners to protect the water, land and wildlife of the Patagonia Mountains and the Sonoita Creek Watershed from the negative impacts of modern industrialized mining, works to assure that any mining activities meet the highest science-based standards of protection of our region’s natural assets, and supports the expansion of the nature-based restorative economy that depends on the remarkable biodiversity and cultural heritage of our region.



Attachment B

Community Perception Survey



SOOP

STRATEGIES

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Toronto, Canada

HERMOSA PROJECT – ADVISORY PANEL

SIOA Stakeholder Perception Survey

- Date: January 18th, 2023
- Location: Virtual Presentation



1. Mandate
2. Summary of Stakeholder Engagements
 - i. Stakeholder Events
 - ii. Perception Survey Distribution
3. Survey Design
4. Data Analysis
 - i. Analysis of Results
 - ii. Qualitative Responses
 - iii. Stakeholders and Geographical Distribution
 - iv. Top Five Topics
 - v. Sample Question Analysis
5. From 2019 to 2022

Mandate for the SIOA Stakeholder Update and Perception Survey

1. Return to Hermosa Project stakeholders in Arizona to share the results of the SIOA-HRIA Project.
2. Implement a full stakeholder perception survey, through paper-based and electronic mechanisms, to have a broader reach and hence improve our understanding of stakeholder perceptions.



SUMMARY OF STAKEHOLDER ENGAGEMENTS

STAKEHOLDER ENGAGEMENT EVENTS – PERCPETION SURVEY DISTRIBUTION



Advisory Panel Meeting

- Patagonia
- Attendance: 20



Public Meeting

- Patagonia
- Attendance: 7



S32 Open House

- Nogales
- Attendance: 60



Electronic Surveys

- Via email 139 (available for 20days)
- QR codes and website links (Business association, public meetings, S32 office and local newspaper)



Paper-based Surveys

- Patagonia Public Meeting
- Nogales Open House

Survey Design

- ✓ 17 questions for perceptions on SIOA-HRIA topics, communication style and frequency, and general interest in Hermosa Project
- ✓ Participants asked to identify their geographical location and stakeholder group(s)
- ✓ Topic questions asked participants to respond quantitatively
 - 1-Mostly disagree, 2-Somewhat disagree, 3-Somewhat agree, 4-Mostly agree, 5-Not applicable
- ✓ For each question, participants could add their own comments
- ✓ Designed in English and translated into Spanish
- ✓ Two distribution modes:
 - i) SurveyMonkey.com,
 - ii) Paper copies
- ✓ QR Codes and website links



DATA ANALYSIS

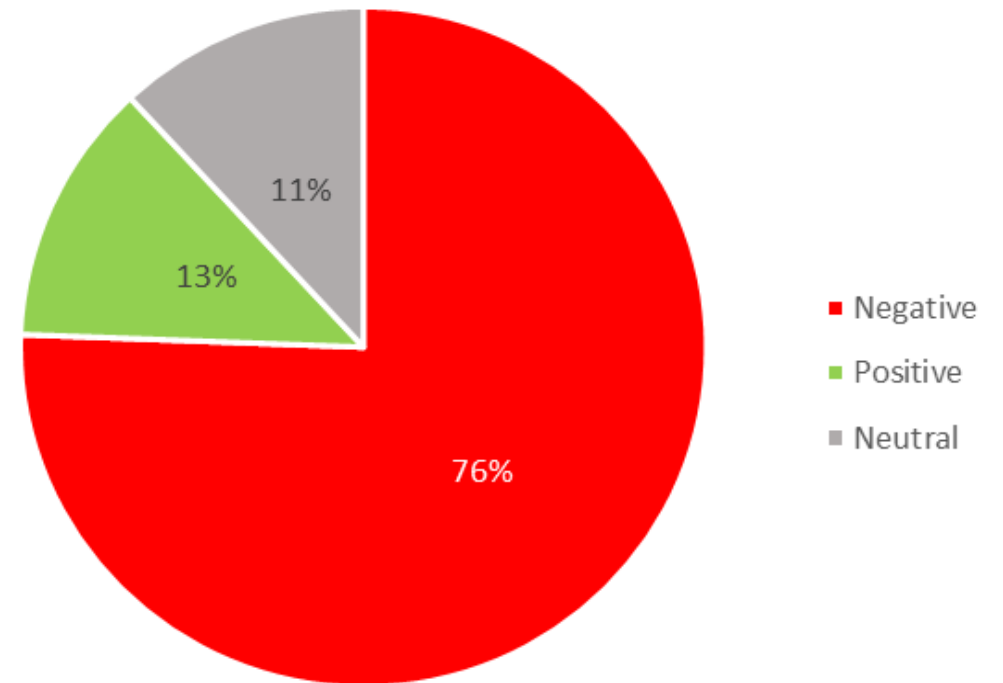
Analysis of Results

- ✓ **135** completed surveys were analyzed.
- ✓ **96** participants responded using QR codes posted at Open House in Nogales, on Patagonia office window, or through website links in the Patagonia Regional Times.
- ✓ **Seven surveys** were completed by pen and paper at Nogales Open House.
- ✓ Quantitative questions were counted and analyzed using a spreadsheet.
- ✓ **503** Qualitative responses (comments) were counted and categorized by:
 - i) negative*
 - ii) positive*
 - iii) neutral*
- ✓ SOOP translated the Spanish responses into English for the overall analysis.
- ✓ Key or insightful quotations are highlighted in the report.

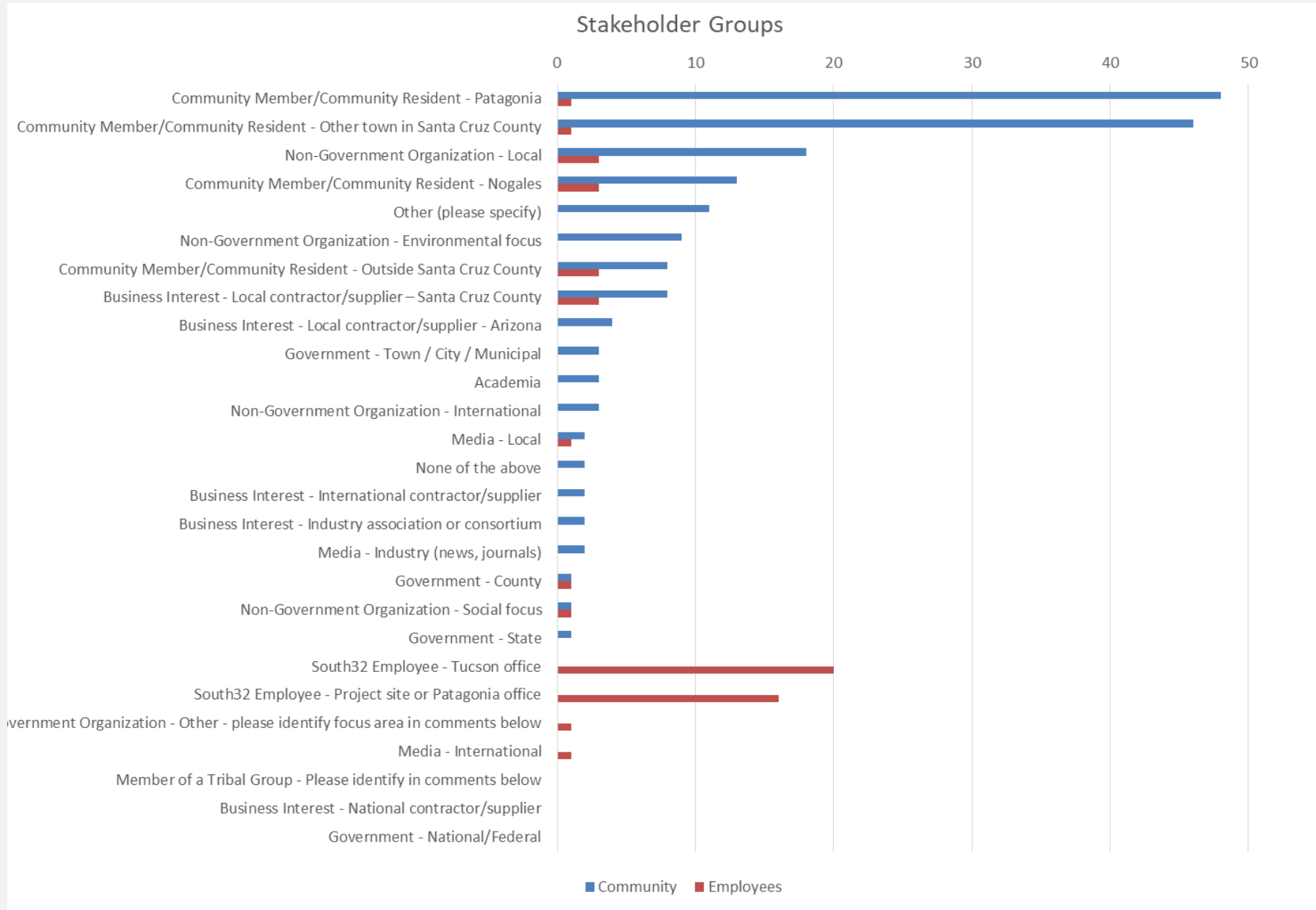
Qualitative Responses

- Total of **503** qualitative comments
- **76%** of comments were ***classified as negative in tone***, covering each topic
- ***41% respondents from Patagonia, representing the most active voice amongst stakeholders***

Number of Negative, Positive, and Neutral Comments
(503 comments)



Stakeholder group and geographical distribution



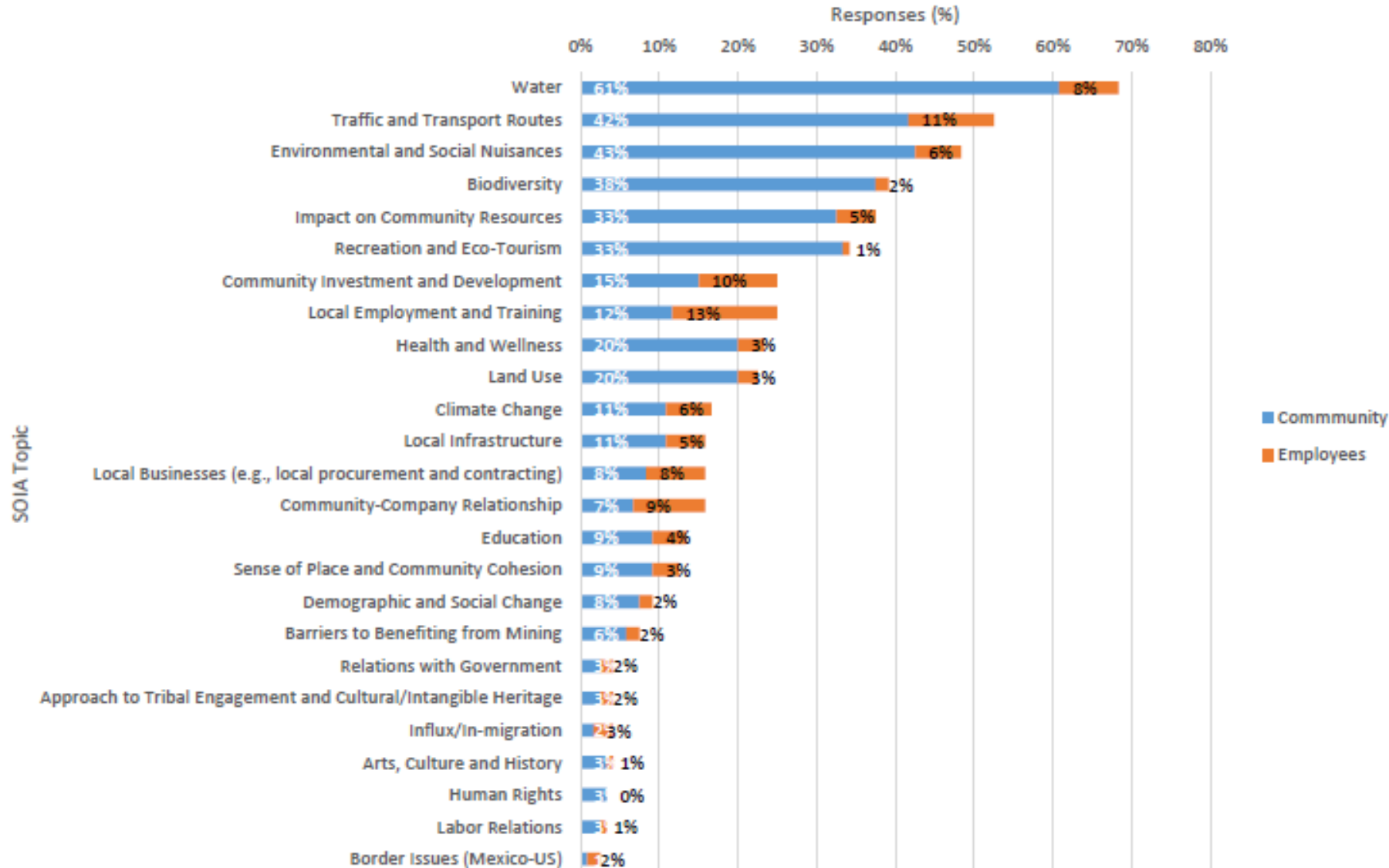
We can see that:

- **41%** = Patagonia residents
- **39%** = Other towns in Santa Cruz County
- Only **11%** from Nogales
- **24%** are employees of South32

Top Five Topics



Top 5 most important topics regarding the Hermosa Project - Overall



Top Five Topics



Level of Importance	External Stakeholders	South32 Employees
1	Water	Local Employment & Training
2	Environmental & Social Nuisances	Traffic & Transportation Routes
3	Traffic & Transportation Routes	Community Investment & Development
4	Biodiversity	Community-Company Relationship
5	Recreation and Eco-Tourism	Water

- *There are two topics in the top five where external and internal stakeholders coincide, “Traffic & Transportation Routes” and “Water”.*

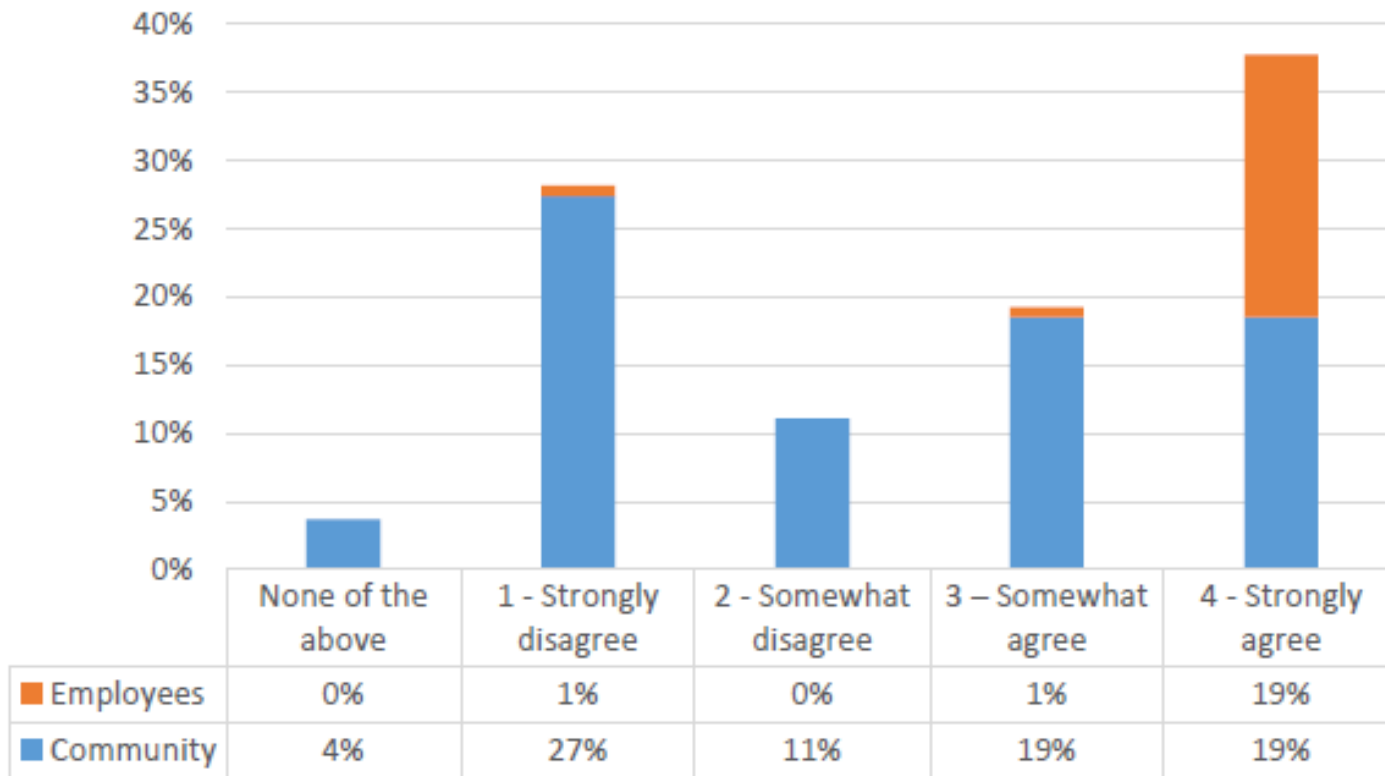
We can see that:

- 120 answers were received in total. The top five topics are:
 1. **68%** - Water
 2. **52%** - Traffic and Transport Routes
 3. **48%** - Environmental and Social Nuisances
 4. **39%** - Biodiversity
 5. **37%** - Impact on Community Resources

Sample Question: Community – Company Relationship (Quantitative Analysis)



South32 is working to establish a positive relationship with communities near the proposed Hermosa Project
(135 respondents)



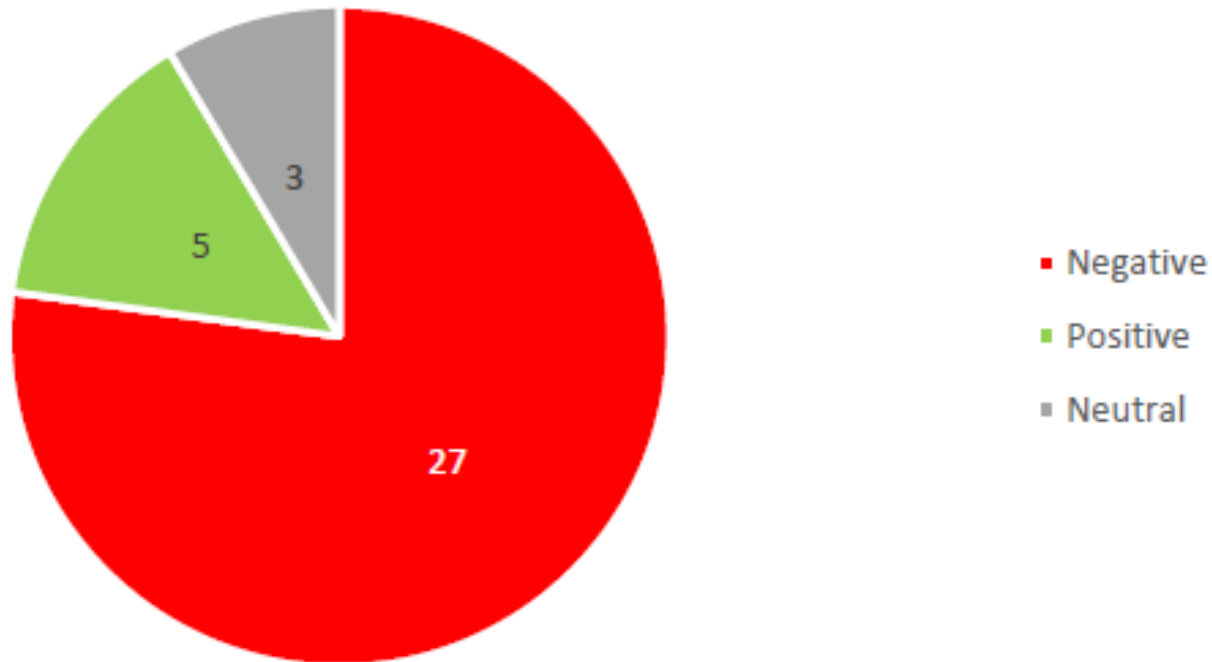
Analysis:

- **135** responses; **21%** from South32 employees
- More feel that South32 is trying to build positive relationships with communities:
 - **58%** of the respondents “somewhat agree or strongly agree” with the statement
 - **39%** of the respondents “strongly disagree or somewhat disagree”
- Of the “**strongly agrees**” group, half are South32 employees. Employees may be part of the effort to establish a positive relationship with the community.

Sample Question – Community – Company Relationship (Qualitative Analysis)



Number of Negative, Positive, and Neutral Comments regarding South32's positive relationship with the communities (35 comments)



Analysis:

- South32 has made a **noticeable effort to engage and communicate** with communities
- **Message is not reaching all stakeholders:** several towns feel they have been left out
- **Uncertainty and misinformation are still very present**
- A group of individuals in the proximity of the Project have been the most vocal in their opposition to mining.
- A group of individuals in the proximity of the Project are in favor of mining but are staying silent to avoid conflict.

Comments expressed by stakeholders:

- “South32 seems to be transparent in their communications with our community.” (positive)
- “I don’t think you are doing a good job reaching out to all of the community. I live in Rio Rico, and we don’t hear much or see much outreach.” (negative)
- **Employee comment:** “Continue outreach to the community.” (neutral)



From 2019 To 2022

PERCEPTION SURVEYS COMPARED: From 2019 To 2022



- 2022 survey explored some of the topics included in the 2019 survey to understand whether the stakeholders' perception has changed.
- **There has been no significant change in responses to the most material topics.**
 - Possibly because the same demographics were surveyed
 - Indicates the ongoing challenge of engaging the larger more elusive communities in Patagonia, Nogales, and other towns (Rio Rico)
- The Hermosa Project continues to be a polarizing topic amongst stakeholders in Patagonia; their perspectives and expectations vary due to their location, unique demographics, and own circumstances.



THANK YOU – MUCHAS GRACIAS