marimaca

COPPER CORP.

TSX: MARI

MANAGEMENT’S DISCUSSION AND ANALYSIS

For the years ended December 31, 2020 and 2019

This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of Marimaca Copper Corp. (formerly Coro Mining Corp.) ("Marimaca Copper" or the "Company") has been prepared based on information available to the Company as at March 29, 2021, and should be read in conjunction with Marimaca Copper's audited financial statements and related notes thereto as at and for the years ended December 2020 and 2019(the "Financial Statements"). The Financial Statements and MD&A are presented in U.S. dollars and have been prepared in accordance with International Financial Reporting Standards as issued by the International Standards Board ("IFRS"). References to $ means U.S. dollars and C$ are to Canadian dollars.

Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the "Cautionary Statement on Forward-Looking Information" at the end of this MD&A and to consult Marimaca Copper's Financial Statements for the years ended December 31, 2020 and 2019 and the corresponding notes to the Financial Statements which are available on our website at www.marimaca.com and on SEDAR at www.sedar.com.

Additional information related to Marimaca Copper, including our Annual Information Form ("AIF"), is available under the Company's profile on SEDAR at www.sedar.com and the Company's website at www.marimaca.

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1 Overview

Marimaca Copper is a Canadian publicly-listed exploration and development company focused on exploring for and developing new copper deposits in Chile. The Company's shares are traded on the Toronto Stock Exchange ("TSX") under the symbol "MARI".

The Company's principal asset is the Marimaca Project, a copper deposit located in the Antofagasta Region of northern Chile. In August 2020, Marimaca Copper released a Preliminary Economic Assessment ("PEA") for the Marimaca Project which confirmed its potential to be a low capital cost, high margin, copper mine.

The Company continues to focus on the development of the Marimaca Project while concurrently exploring its extensive land holding for additional copper mineralization. This larger area is referred to as the Marimaca District.

2 Highlights – 2020 and Q1 2021

Corporate Highlights

- Released a PEA for the Marimaca Project which shows the potential for it to be a low capital cost, high margin, copper project with compelling economics;
- Released the results of a high resolution, drone mounted, magnetic survey which identified the Marimaca Sulphide Targets. The Company is currently planning a drill program to test these Sulphide Targets;
- Released the results of a district extension (7.5 km by 5 km) of the high-resolution magnetic survey which identified new, large scale, Marimaca style IOCG targets;
- Secured additional land in the Marimaca District under several option agreements;
- Greenstone Resources II L.P. ("GSII"), a major shareholder of the Company, exercised its right to convert a \$12.0 million loan into a 75% interest in Rising Star Copper ("RSC"), which was a wholly-owned subsidiary of the Company prior to the conversion;
- Completed a name change from Coro Mining Corp. to Marimaca Copper Corp.;
- Completed a share consolidation on a 25 to 1 basis;
- Consolidated the ownership of Marimaca 1-23 claims ("1-23 Claims"), resulting in the Company having a 100% ownership interest; and
- Release of an independent Mineral Resource Estimate on the Marimaca Project which included 70 million tonnes with an average grade of 0.60% (approximately 420Kt of contained copper), within the Measured & Indicated categories, and 40 million tonnes with an average grade of 0.52% (approximately 224Kt of contained copper), within the Inferred category.

Financial Highlights

- On March 1, 2021, the Company announced the completion of a non-brokered private placement pursuant to which it issued 9,377,273 units ("Units") at a price of C\$3.30 per Unit for gross proceeds of C\$30.9 million (\$23.8 million). Each Unit comprises one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant of the Company (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional Common Share at an exercise price of C\$4.10 until December 3, 2022. In connection with the private placement, the Company issued 181,545 Common Shares as consideration for services rendered. GSII and Greenstone Co-Investment No. 1 (Coro) LP (collectively, “Greenstone”) have elected to acquire 4,205,333 Units pursuant to the exercise of pre-emptive rights, resulting in additional gross proceeds of approximately C$13.9 million ($11.0 million);

- On December 3, 2020, the Company completed a marketed prospectus offering issuing 9,200,000 Units of the Company, including 1,200,000 Units issued in connection with the full exercise of the over-allotment option granted to the underwriters (the “Prospectus Offering”), at a price of C$3.15 per Unit for aggregate gross proceeds of C$29.0 million ($22.6 million). Each Unit was comprised of one Common Share of the Company and one-half of one Common Share purchase warrant of the Company. Each Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of $4.10 for a period of 24 months from the closing of the Offering. The Company paid share issue costs of $0.9 million in cash consideration and issued 88,873 warrants (the “Broker Warrants”), having an exercise price of C$3.15 and an expiry date of December 3, 2022;
- Secured a $6.0 million working capital facility which was drawn during 2020 and repaid following the completion of the Prospectus Offering;
- Improved the financial position of the Company with the conversion of its 75% interest in RSC; and
- Funding of its development and exploration programs for the next 18 months has been secured.

3 Corporate Activities

Capital Stock

The Company issued 22,782,606 Common Shares, 11,391,304 Warrants and 88,873 Broker Warrants in connection with the Prospectus Offering and private placements as described above in Financial Highlights.

Disposal of Controlling interest on RSC ("RSC Conversion")

On June 30, 2020, the Company received a conversion notice from GSII to convert the total outstanding principal of $12.0 million under a convertible facility agreement, into a 75% ownership interest in the Company's previously wholly-owned subsidiary, RSC, leaving the Company with a 25% interest in RSC (the "RSC Conversion"). RSC is the ultimate parent of Sociedad Contractual Minera Berta ("SCM Berta"), whose assets include the Nora Plant and certain concessions. On June 30, 2020, the Company signed the Joint Venture and Shareholder Agreement ("JV Agreement") along with GSII and RSC outlining the details of the conversion and whereby the Company agreed to manage the operations of RSC. As at June 30, 2020, management concluded that the Company had lost control of its subsidiary, RSC, resulting in the Company deconsolidated RSC's assets and liabilities from the Company's consolidated financial statements. The Company retained significant influence in RSC and recorded its remaining 25% interest in RSC as an investment in associate at cost, with subsequent measurement under the equity method of accounting.

Upon the conversion and subsequent deconsolidation, the Company deconsolidated $9.4 million in total assets, $22.1 million in total liabilities (including the $12.0 million principal which was converted) and ceased to include operating losses from RSC and its subsidiaries in its consolidated financial statements.

Name Change and Share Consolidation

In line with the focus on its flagship Marimaca Project, the Company announced it changed its name to Marimaca Copper Corp. At the same time, the Company undertook a 25:1 share consolidation as part of a capital reorganisation.

Changes to the Board

On February 3, 2021, the Company announced the appointment of Mr. Clive Newall to the Board of Directors. Clive has spent the last twenty-five years, and the majority of his career, in the leadership team of one of the world's largest global copper companies, TSX-listed First Quantum. He is a co-founder and has been President and Director of First Quantum since its formation in 1996. Clive graduated from the Royal School of Mines, Imperial College, England in 1971 with an honours' degree in Mining Geology, and was awarded an MBA from the Scottish Business School at Strathclyde University. He has worked in mining and exploration throughout his career, having held senior management positions with Amax Exploration Inc. and the Robertson Group plc.

As part of a broader corporate restructure, the Company announced changes to the Company's Board of Directors including the transition of Mr. Colin Kinley from Chairman to a non-executive Director role and the appointment of Mr. Michael Haworth as the Company's Executive Chairman, reflecting the increasing time commitment expected of the role as the Company advances the development of its Marimaca Project. The board changes also included the appointment of Ms. Petra Decher as the Lead Director, and Mr. Kinley assuming the role of Chairman of the Compensation Committee.

4 Marimaca

Location & Mineral Resource Estimate

Marimaca is the Company's flagship asset and is located in the Antofagasta Region of northern Chile. The Marimaca Project is recognised for its exceptional location, just 14 kilometres from the highway and powerlines, 25 kilometres from the port of Mejillones and 45 kilometres from the regional capital of Antofagasta.

In December 2019, the Company released an independent National Instrument 43-101 compliant Mineral Resource Estimate ("MRE") that was based on 346 reverse circulation holes ("RC") and 39 diamond holes ("DD") for a total of 91,210m drilled between 2016 and 2019 and was completed at a range of Cut-Off grades by independent consultants NCL Ingeniería y Construcción SpA ("NCL"). The MRE comprises 70 million tonnes, with an average grade of 0.60% total copper within the Measured & Indicated Categories of mineral resources (approximately 420Kt of contained copper), and 40 million tonnes with an average grade of 0.52% total copper within the Inferred Category of mineral resources (approximately 224kt of contained copper). The full technical report titled *"Updated and Expanded Resource Estimate for the Marimaca Copper Project, Antofagasta Province, Region II, Chile"* can be found on SEDAR at www.sedar.com.
The MRE is summarized in the table below:

Table 1: NI43-101 Mineral Resource Estimate at Various Cut-off Grades

Cut-Off Grade (% CuT)	Measured			Indicated			Measured + Indicated			Inferred		
	Mineral kt	CuT (%)	CuS (%)	Mineral kt	CuT (%)	CuS (%)	Mineral kt	CuT (%)	CuS (%)	Mineral kt	CuT (%)	CuS (%)
0.40	14,403	0.81	0.55	30,600	0.74	0.48	45,003	0.76	0.50	23,607	0.70	0.40
0.30	17,865	0.72	0.49	40,253	0.64	0.42	58,118	0.67	0.44	33,410	0.60	0.35
0.22	20,721	0.66	0.44	49,666	0.57	0.37	70,387	0.60	0.39	43,015	0.52	0.31
0.18	22,072	0.63	0.42	54,109	0.54	0.35	76,181	0.57	0.37	47,164	0.49	0.29
0.10	23,087	0.61	0.41	57,619	0.52	0.33	80,706	0.54	0.35	50,641	0.47	0.27

** CuT means total copper and CuS means acid soluble copper. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource technical and economic parameters included: copper price US$3.00/lb; mining cost US$2.00/t; HL processing cost including G&A US$9.00/t; ROM processing cost including G&A US$2.50/t; selling cost US$0.07/lb Cu; heap leach recovery 76% of CuT; ROM recovery 40% of CuT and a 44°-46°pit slope angle.*

Preliminary Economic Assessment ("PEA")

In August 2020, the Company released a PEA for the Marimaca Project which confirmed its potential to be a low capital cost, high margin, copper mine. It is significantly advantaged by its location with easy access to infrastructure including power, transport and water as well as a highly skilled, local, work force and simple logistics. The full technical report titled *"PRELIMINARY ECONOMIC ASSESSMENT MARIMACA PROJECT ANTOFAGASTA, II REGION, CHILE NI 43 101 Technical Report"* can be found on SEDAR at www.sedar.com.

Summary of Economic Assumptions and Results in the PEA are presented in the table below:

Table 2: Summary of Economic Assumptions and Results

Copper Price Assumption	US$3.15/lb flat real
Pre-Tax NPV_8 & IRR	US$757 million / 39.9%
Post-Tax NPV_8 & IRR	US$524 million / 33.5%
Payback Period from First Production	2.6 years
Pre-Production Capital Costs	US$285 million[1]
Life of Mine Sustaining Capital	US$66 million
Ave. Annual Steady State EBITDA	US$169 million
Life of Mine C1 Operating Costs	US$1.22/lb of copper[2]
Life of Mine All-in-Sustaining Cash Costs	US$1.29/lb of copper[3]
Mine Life	12 years
Ave. Annual Metal Production (first 6 years)	Approximately 40,000 tonnes
Ave. Annual Metal Production Life of Mine (incl. ramp up)	35,600 tonnes
Steady State Average Process Recovery (Heap and ROM)	*76% / 40%*

[1] Assumes mining fleet is financed through a lease to own contract structure to minimize upfront capital cost.
[2] All in sustaining costs is defined as cash cost (C1) plus general and administrative expenses, sustaining capital expenditure, deferred stripping, royalties and lease payments and is used by management to evaluate performance inclusive of sustaining expenditure required to maintain current production levels.
[3] C1 cash cost includes all mining and processing costs less any profits from by-products and is used by management to arrive at an approximated cost of finished metal.

The PEA's sensitivities are as follows:

Table 3: Sensitivity Analysis to Copper Price, Life of Mine Capital and Operating Costs

Copper Price US$/lb	Post-Tax NPV_8 Base Case US$ millions	Post-Tax NPV_8 Capex (-10%) US$ millions	Post-Tax NPV_8 Capex (+10%) US$ millions	Post-Tax NPV_8 Opex (-10%) US$ millions	Post-Tax NPV_8 Opex (+10%) US$ millions	Base Case IRR (%)
2.85	408	434	381	455	360	28.6%
3.00	466	492	439	514	418	31.1%
3.15	524	550	498	572	476	33.5%
3.30	582	608	556	630	535	35.7%
3.45	640	666	614	688	592	38.0%

The PEA was prepared in accordance with the requirements of the National Instrument 43-101, Standards of Disclosure for Mineral Projects, ("NI 43-101") and is based on the MRE completed by NCL outlined above. The PEA is considered preliminary in nature and includes Inferred Mineral Resources that are considered too speculative, geologically, to have the economic considerations applied that would enable classification as Mineral Reserves. There is no certainty that the conclusions within the PEA will be realized. The PEA is based on the material assumptions including assumptions about the availability of funding. While the Company considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the PEA can be achieved.

No Mineral Reserves have been estimated for the Marimaca Project. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Exploration Programs

During the last quarter of 2020 and Q1 2021, the Company has focused its exploration activities in two distinct areas; (i) the sulphide mineralization at the Marimaca Project; and (ii) oxide copper mineralization in the broader district surrounding the Marimaca Project. (i.e. the Marimaca District).

Key exploration activities and achievements are as follows:

- Completion of drone mounted magnetic surveys at the Marimaca Project and the broader district identifying several large-scale magnetic anomalies for follow up exploration;
- Completion of surface reconnaissance, geological mapping and geochemical sampling at the Cindy and Mercedes Targets identifying large scale surface geochemical anomalies for drilling;
- Completion of Induced Polarization – Resistivity ("IP-R") surveys at the Marimaca Sulphide Target indicating the presence of sulphides below the Marimaca Oxide Project;
- Completion of IP-R surveys at the Mercedes and Cindy Targets indicating the presence of sulphide mineralization and offering additional drill targets for follow up exploration work; and

Extended regional high-resolution drone mounted magnetic surveys to include areas to the north and south of the Marimaca District, with results still pending.

The Company is currently undertaking a drilling campaign to test the targets identified during the 2020 surface exploration campaign with results expected throughout 2021.

The drilling programs envision a combined 6,000 metres of reverse circulation and diamond drilling on targets located within the Marimaca Project to assess the sulphide mineralization as well as up to 10,000 metres of drilling on various targets in the greater Marimaca District to assess additional IOCS style mineralization.

Marimaca Project Development Plan

Following the completion of the PEA and the delivery of the Phase 4 metallurgical testwork program, the Company has continued to move forward on several technical workstreams ahead of the commencement of the full Feasibility Study, which is expected to commence in the first half of 2022.

Ongoing work includes:

- Phase 5 metallurgical test work campaign to optimize the process design criteria of the project;
- Detailed options study to analyze various development options and define the optimum go-forward development strategy;
- Environmental baseline studies for the proposed project area to identify any potential issues for future project development; and
- Preliminary engineering studies including geotechnical, geomorphology, hydrological/hydrogeological and seismicity to provide further baseline data to define the development strategy which will be taken into the Feasibility Study.

Metallurgical Testing

During the last quarter of 2020, the Company announced the results of the Phase 4 metallurgical test work which confirmed the recovery assumptions made in the PEA. The Phase 4 metallurgical program built upon the results from the Phase 1, 2 and 3 testing programs completed in 2017 and 2018. This phase was designed to be broader in its coverage of the metallurgical response of Marimaca ore, providing significantly more detail with respect to certain mineralisation sub zones and addressing some aspects of variability across the deposit.

It was designed and executed under the supervision of Marcelo Jo of Jo & Loyola Process Consultants, who has 35 years' experience in processing and supported by Randolph E. Scheffel, a Consultant Metallurgical Engineer, with over 45 years' experience in copper processing.

The results indicated fast leach kinetics, moderate acid consumption and copper recoveries exceeding acid solubility ratios in virtually all samples tested, providing a strong level of comfort to the Company on the assumptions used in the PEA.

The Company is currently completing Phase 5 of metallurgical testing, with the main objective to refine any remaining areas of potential risk or opportunities in information and knowledge of the Project. This includes optimisation of both acid consumption and recoveries, as well as, addressing variability across the deposit, and providing information for the completion of a Pre-Feasibility and/or Feasibility Study. Among the various conditions that are being studied include: feed particle size, leaching conditions, acid tenor and leaching solution distribution strategy.

5 Financial Review

2020 was a transformative year for Marimaca from a financial perspective mainly due to securing approximately $57.8 million in additional capital with the completion of the Prospectus Offering in Q4 2020 and follow-on private placements in Q1 2021 as described above under Financial Highlights. The Company also strengthened its financial position with the divestiture of a 75% interest in RSC and re-positioned itself with a name change and share consolidation.

The Company is well funded to advance its exploration programs, continue to consolidate ownership in the Marimaca District and advance development of its Marimaca Project.

At the beginning of 2020, the Company had cash and cash equivalents of $9.9 million. During the year ended December 31, 2020, the Company used its available cash and drawdowns of $6.0 million under a working capital facility, to fund (i) $8.6 million in property acquisition costs (including the initial $6.0 million payment for the 1-23 Claims and $2.6 million in other option agreement payments); and (ii) $2.6 million in exploration and evaluation costs. The Company used $5.8 million in cash from operating activities to fund $1.7 million in care and maintenance costs, $2.2 million for general exploration expenses, and a scout drilling program, with the remainder being used for general and administrative expenses.

As at December 31, 2020, the Company had cash of $13.9 million, total assets of $70.0 million, total liabilities of $12.8 million, shareholders' equity of $57.2 million, current assets of $14.3 million and current liabilities of $5.2 million.

On March 5, 2020, the Company signed a non-revolving unsecured working capital facility with GSII and Tembo Capital Mining Fund II LP ("Tembo") for a twelve-month $6.0 million loan to cover working capital and general operating costs (the "Marimaca WC Facility"). The Marimaca WC Facility had a fixed annual interest rate of 12% compounded quarterly and a 3% arrangement fee on the aggregate of principal amounts drawn, both of which are payable at maturity. The maturity date is March 25, 2021. During 2020, the Company drew $6.0 million and fully repaid the outstanding principal, interest and arrangement fees totalling $6.5 million on December 2, 2020 from proceeds of the Prospectus Offering.

In Q1 2020, the Company focused its exploration activities primarily on the Marimaca Project but had to suspend all field work on March 17, 2020 due to COVID-19 measures taken by the Company.

On May 27, 2020, the Company completed a share consolidation of its share capital on the basis of twenty-five (25) pre-consolidation shares for one (1) post-consolidation share (the "Consolidation"). As a result of the Consolidation, the 1,608,946,194 common shares issued and outstanding as at the date of the consolidation were consolidated into 64,357,847 common shares. All references to the number of shares, options and per share amounts presented have been retroactively restated to reflect the Consolidation (post-consolidation basis).

On June 30, 2020, as part of the RSC Conversion, the total outstanding principal of $12.0 million convertible loan held by GSII was converted into a 75% interest in RSC. *(See RSC Conversion section above).*

In September 2020, and considering that most of the lockdown was suspended in Chile, the Company advanced exploration activities that were originally scheduled for 2021 and restarted its exploration program on the Marimaca Oxide Deposit and on the Naguayán sulphide belt with a total budget of $1.2 million which was completed by the end of Q4 2020.

During the year, the Company granted 2.59 million stock options to certain directors, executive officers, employees and consultants having a weighted average exercise price of C$2.87 per stock option, a weighted average life of 5 years. The stock options vest in three tranches as follows: (i) 1/3 upon the grant date; (ii) 1/3 on the first anniversary of the grant date; and (iii) 1/3 on the second anniversary of the grant date. The fair value of the stock options granted was estimated using the Black-Scholes option pricing model and resulted in a fair value of C$5.3 million.

Working Capital

As at December 31, 2020, the Company's working capital was $9.1 million (December 31, 2019 – working capital deficiency of $10.6 million). The main reasons for the improvement of the Company's working capital position are the deconsolidation of assets and liabilities related to the RSC Conversion and the Prospectus Offering.

As at December 31, 2020, accounts receivable decreased to $0.4 million compared to $0.6 million as at December 31, 2019, mainly due the deconsolidation of a bond receivable in RSC of $0.3 million.

The current portion of other debt decreased by $15.5 million from $18.5 million to $3.0 million mainly due to the reduction of liabilities from the conversion of $12.0 million in outstanding principal and the deconsolidation of approximately $7.9 million related to RSC and its subsidiaries, partially offset by the recognition of the fair value of the second instalment payment associated with the 49% acquisition of the 1-23 Claims of $2.6 million and $0.4 million in interest, arrangement fees and accretion of debt, which represent the total current debt amount of $3.0 million.

Long-Lived Assets

Long-lived assets consist of non-current accounts receivable, property, plant and equipment ("PP&E") and exploration and evaluation ("E&E") assets. VAT receivable decreased to $nil as of June 30, 2020 from $2.1 at December 31, 2019 due to the deconsolidation of RSC assets from the Company's Financial Statements.

PP&E assets decreased by $5.1 million from $16.3 million reported at December 31, 2019 to $11.2 million at December 31, 2020 mainly driven by the deconsolidation of the Nora Plant of $4.6 million as at June 30, 2020.

E&E assets increased by $15.5 million to $44.5 million as at December 31, 2020 from $29.0 million as at December 31, 2019. The increase is attributable to the capitalization of property option payments of $13.7 million of which $11.1 million are related to the acquisition of the 49% interest in the 1-23 Claims and $2.6 million are related to exploration activities. Other option payments of $2.6 million were capitalized as follows: (i) $0.2 million for Atahualpa; (ii) $0.7 million for Olimpo and Cedro (i.e. Naguayan); (iii) $1.5 million for La Atómica; (iv) $0.05 Llanos and Mercedes; (v) $0.15 La Esperada and (vi) $0.02 million associated with exploration activities on these properties.

Total assets as at December 31, 2020 were $70.0 million (December 31, 2019: $58.1 million).

Liabilities

Current liabilities decreased by $16.0 million from $21.2 million to $5.2 million mainly due to the reduction of liabilities from the divestiture of a 75% interest in RSC from the conversion of the $12 million convertible loan, leaving the Company with a 25% interest in RSC. A total of $19.9 million including capital, interest and arrangement fees was de-consolidated from the Company's financial position upon the divestiture. The Company recognized the fair value of the second instalment payment of $2.6 million related to the 49% acquisition of the 1-23 Claims and $0.4 million in interest.

Non-current liabilities increased by $2.3 million from $5.3 million at December 31, 2019 to $7.6 million at December 31, 2020 with the change related to an increase of $2.6 million for the non-current portion of the unpaid acquisition costs for the 1-23 Claims mentioned above, and the remaining balance of $5.0 million belongs to the Ivan Plant restoration provision.

Total liabilities as at December 31, 2020 were $12.8 million (December 31, 2019: $26.5 million).

Marimaca Shareholder Loans and Other Debts

Loans are an important part in the capital structure of the business, and they are a critical financial tool to provide certainty to the business. The following are the existing shareholder loans and other debt that were entered into 2020:

Marimaca Copper WC Facility

On March 5, 2020, the Company signed a non-revolving unsecured working capital facility with GSII and Tembo II for a twelve-month $6.0 million loan to cover working capital and general operating costs (the "Marimaca WC Facility"). The Marimaca WC Facility has a fixed annual interest rate of 12% compounded quarterly and a 3% arrangement fee on the aggregate of principal amounts drawn, both of which are payable at maturity. The maturity date is March 25, 2021.

During the year, the Company fully repaid the $6.0 million drawn under the Marimaca WC Facility, $0.3 million in accrued interest and $0.2 million in arrangement fees.

Marimaca 1 -23 Claims Acquisition

On February 14, 2020, and later amended in May 2020, the Company signed the definite agreements acquiring the remaining 49% interest in the 1-23 Claims for a total cash payment of $12.0 million which is payable as follows: (i) $6.0 million upon signing of the definitive agreements; (ii) $3.0 million in October 2021; and (iii) $3.0 million in February 2022. The sellers agreed to transfer their 49% interest in the 1-23 Claims upon the execution date of the definitive agreements. The Company paid the initial $6.0 million upon execution of the definitive agreement and recorded the fair value of the remaining two instalments as a liability.

The fair value of the future instalments was estimated to be $5.1 million using an annual discount rate of 12% for two years. As at December 31, 2020, included under current portion of other debt is $3.0 million in principal and accumulated interest related to the second instalment and $2.6 million in principal and interest is included under non-current portion of other debt. The carrying value of the loan is $5.6 million as at December 31, 2020.

SCM Berta Facility

As of June 30, 2020, upon the RSC Conversion (as described above in RSC Conversion section), the Company deconsolidated the associated accrued interest of $4.2 million on the conversion of the loan.

SCM Berta WC Loan

As of June 30, 2020, upon the RSC Conversion, the Company deconsolidated total debt and accrued interest from a $10.0 million secured loan facility of which $2.0 million in principal plus $1.3 million in accrued interest were outstanding as of 30 June 2020.

ProPipe instalment

This relates to the buyout of the minority shareholders of SCM Berta in 2018. As of June 30, 2020, the amortized loan balance of $0.4 million including interest of $0.1 million was deconsolidated as part of the RSC Conversion from the Company's consolidated financial statements.

Restoration Provision

The Company's restoration provision of $4.9 million is associated with its Ivan Plants, which was on care and maintenance until December 31, 2020. As of June 30, 2020, $1.4 million related to the Nora Plant was deconsolidated.

In calculating the present value of the restoration provisions as at December 31, 2020, management used risk-free rates between 1.6%-1.95% and inflation rates between 2.02%-2.12%. The undiscounted cash flows, before inflation adjustments, estimated to settle the restoration provisions are approximately equal to the discounted cash flows. No changes to the retirement plans were identified to reflect the impact of COVID-19, but the Company will continue to closely monitor future inflation rates and other variables which may result in adjustments to the carrying value of the restoration provisions.

Liquidity Risk

The Company is an exploration and development company that currently does not generate revenue from its assets. At December 31, 2020, the Company had working capital of $9.1 million (December 31, 2019 – working capital deficiency of $10.6 million), which management believes, together with the $34.8 million proceeds from the private placement completed in Q1 2021, will be sufficient to meet its property option payments, its obligations and to continue to fund operations for at least the next twelve months.

Beyond the next 12 months, the Company's ability to continue as a going concern and to advance the Marimaca Project will be dependent upon its ability to obtain the necessary financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Commitments and Option Payments

The following table shows the contractual obligations of the Company including property options payments:

Table 4: Contractual Obligations and Option Payments

Property option payments (in millions)	2021	2022	2023	TOTAL
La Atómica ($m)	3.7	-	-	**3.7**
Atahualpa ($m)	0.2	1.6	-	**1.8**
Olimpo & Cedro ($m)	1.8	3.6	-	**5.4**
Llanos y Mercedes ($m)	0.2	0.3	1.4	**1.9**
Akicy. Emilia & La Esperada ($m)	0.3	0.2	0.6	**1.1**
Total property option payments ($m)	**6.3**	**5.6**	**2.0**	**13.9**

Option Agreements

La Atómica Claims

Under the terms of the August 2017 La Atómica Letter of Intent ("LOI") (Option Agreement signed October 2017), the Company may acquire 100% of the La Atómica property by paying a total of $6.0 million as follows: $0.6 million (paid); $1.0 million (paid) on the 24-month anniversary date; and $4.4 million on the 36-month anniversary date. A 1.5% NSR is payable on the claims, with the Company retaining an option to purchase 0.5% out of the 1.5% NSR for $2 million at any time.

In June 2020, the Company modified the Option Agreement to split into three tranches the $4.4 million payment due on the 36-month anniversary payable as follows: (i) $1.0 on the 36-month anniversary of the original agreement (paid); (ii) $1.1 million on the 41-month anniversary, and (iii) $2.6 million on the 47-month anniversary. The last two installments include $0.3 million interest calculated at a monthly rate of 0.9%.

Atahualpa Claims

Under the terms of a January 2018 LOI, the Company acquired 100% of the claims of Atahualpa, Tarso and Sorpresa immediately adjoining its Marimaca property for a total cash consideration of $6.0 million (paid). A 2% NSR is payable on the claims under the original option agreement.

On February 1, 2019, the Company entered into an option agreement to purchase the outstanding 2% NSR for $2.2 million. The amount is payable in four tranches over 36 months as follows: $0.2 million upon closing (paid); $0.2 million on the 12-month anniversary of closing (paid); $0.2 million on the 24-month anniversary of closing (paid); and $1.6 million on the 36-month anniversary of closing.

Olimpo and Cedro (formerly called Naguayán)

Under the terms of a January 2018 option agreement, the Company may acquire 100% of the Olimpo & Cedro properties for a total cash consideration of $6.5 million: $0.2 million upon signing (paid in 2018); $0.3 million on the 12-month anniversary date (paid in January 2019); $0.7 million on the 24-month anniversary date (paid); $1.75 million on the 36-month anniversary date; and $3.55 million on the 48-month anniversary date. A 1.5% NSR is payable, with the Company retaining an option to purchase 0.5% of the 1.5% NSR for $2 million within the first 12 months following the start of commercial production on the property. As these claims are not adjacent to the known mineralization, only acquisition costs are capitalized at this time.

In May 2020, the Company modified the Option Agreement to split into three tranches the $1.75 million payment due on the 36-month anniversary payable as follows: (i) $0.6 on the 36-month anniversary of the original agreement (paid); (ii) $0.2 million on the 38-month anniversary, and (iii) $1.1 million on the 48-month anniversary. The last installments include $0.1 million interest calculated at a monthly rate of 0.9%.

Llanos and Mercedes

Under the terms of a May 2019 option agreement, the Company may acquire the Llanos and Mercedes properties for a total consideration of $2.0 million payable as follows: $0.05 million upon signing (paid in May 2019); $0.05 million on the 16-month anniversary (paid); $0.1 million on the 24-month anniversary; $0.125 million on the 30-month anniversary; $0.125 million on the 36-month anniversary; $0.15 million on the 42-month anniversary, and $1.4 million on the 48-month anniversary. These claims are subject to a 1% NSR with a buyback option for the NSR for $0.5 million exercisable up to 24 months from the start of commercial production. As these claims are not located adjacent to the known mineralization, only acquisition costs are capitalized at this time.

On April 17, 2020 The Company amended the original option agreement to extend the payment due on the 12-month anniversary of the agreement to 16-month anniversary. The other terms and provisions included in the original agreement will remain unchanged.

Akicy

Under the terms of a July 2020 option agreement, the Company may acquire the Cincy 1-10 and La Esperada 1-17 properties for a total consideration of $0.5 million payable as follows: $0.01 million upon signing (paid); $0.08 million on the 12-month anniversary; $0.11 million on the 24-month anniversary; and $0.3 million on the 36-month anniversary. These claims are subject to a 1.5% NSR with a buyback clause to buy a 0.5% NSR for $0.5 million exercisable at any time. As these claims are not located adjacent to the known mineralization, only acquisition costs have been capitalized.

Emilia

Under the terms of an August 2020 option agreement, the Company may acquire the Emilia 1-10 properties for a total consideration of $0.5 million payable as follows: $0.01 million upon signing (paid); $0.08 million on the 12-month anniversary; $0.11 million on the 24-month anniversary; and $0.3 million on the 36-month anniversary. These claims are subject to a 1.5% NSR with a buyback clause to buy a 0.5% NSR for $0.5 million exercisable at any time. As these claims are not located adjacent to the known mineralization, only acquisition costs have been capitalized.

La Esperada

Under the terms of a December 2020 purchase agreement, the Company acquired the La Esperada 1-17 (6-10 and 16-17) properties for a total consideration of $0.25 million payable as follows: $0.13 million upon signing (paid) and $0.12 million on the 12-month anniversary. These claims are subject to a 1.5% NSR with a buyback clause to buy a 0.5% NSR for $0.3 million exercisable at any time. As these claims are not located adjacent to the known mineralization, only acquisition costs have been capitalized at this time.

6 Fourth Quarter and Annual Expenditure Review

Table 5: Expenditures Summary

Expenditures Summary ($000's)	Three months ended Dec 31		Year ended Dec 31	
	2020	2019	2020	2019
Expenses				
Exploration expenditures	924	460	2,185	4,252
Care and maintenance costs	343	671	1,700	3,983
Depreciation and amortization	14	126	153	234
Legal and filing fees	45	54	208	209
Other corporate costs	605	275	1,206	715
Salaries and management fees	235	220	713	869
Share-based compensation	554	(171)	2,161	343
Operating loss	**(2,720)**	**(1,635)**	**(8,326)**	**(10,605)**
Finance expense	(286)	(644)	(2,498)	(3,165)
Foreign exchange loss (gain)	116	(198)	76	190
Gain on asset disposal	-	-	12,688	-
Other expense (income)	-	(963)	79	(963)
Net income (loss) for the period	**(2,890)**	**(3,440)**	**2,019**	**(14,543)**
Items that may be subsequently reclassified to net income:				
Foreign currency translation adjustment	(112)	(4)	(209)	(6)
Total comprehensive (loss) income for the period	**(3,002)**	**(3,444)**	**1,810**	**(14,549)**

Fiscal 2020 Compared to Fiscal 2019

For the year ended December 31, 2020, the Company recorded net income of $2.0 million, an improvement of $16.5 million from a net loss of $14.5 million in 2019. The improvement is mainly driven by the recognition of a gain on asset disposal of $12.7 million from the RSC Conversion and the reductions of $2.1 million in exploration expenditures and $2.3 million in care and maintenance expenses compared to the year ended December 31, 2019.

The improved results arise from a combination of the gain on the disposition of the Company's 75% interest in RSC upon the conversion of the outstanding principal balance of $12.0 million and the reduction in exploration expenses. In 2019, the Company had a major drilling program in the Marimaca District area and in 2020 the Company reduced all its on-ground exploration activities due to COVID-19. Care and maintenance expenses in 2020 relate to the Nora and Ivan plant, which totalled $0.4 million and $1.3 million, respectively. In 2019, the Company recorded care and maintenance expenses related to the Nora Plant and closure costs associated with the Berta Mine closure, with the majority of the closure costs related to severance payments and dismantling costs.

In 2020, finance fees of $2.5 million, compared to $3.2 million in 2019, are related to interest, arrangement fees and accretion associated with the Company's loan facilities. As of June 30, 2020, the Company deconsolidated $7.9 million in loans related to RSC and its subsidiaries, which accounts for the reduced expense in 2020

For the year ended December 31, 2020, share-based compensation was $2.1 million (December 31, 2019 - $0.3 million) related to the vesting of previously granted stock options.

Q4 2020 Compared to Q4 2019

For the three months ended December 31, 2020, the Company reported a loss of $2.9 million (Q4 2019 – loss of $3.4 million. The decrease in loss is mainly driven by the reduction of $0.3 million in finance expenses; $0.3 million positive impact from foreign exchange and $0.3 million lower care and maintenance expenses, which were partially offset by $0.5 million higher exploration expenditures, compared to the three months ended December 31, 2019.

In Q4 2020, the Company decided to advance exploration activities scheduled for 2021 and restarted explorations on its Marimaca Oxide Deposit and the Naguayan Sulphide belt. Care and maintenance expenses in 2020 are related to the Ivan Plant of $0.3 million (Q4 2019 - $0.7 million). In 2019, the Company recorded care and maintenance costs related to the Nora and closure costs associated with the Berta Mine, with the majority of the closure costs related to severance payments and dismantling costs.

For the three months ended December 31, 2020, share-based compensation was $0.5 million (Q4 2019 a gain of $0.2 million).

Selected quarterly financial information for the most recent eight quarters[1] is set out below:

Table 6: Selected Quarterly Financial Information

(in 000's except per share amounts)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Cash and cash equivalents	**$ 13,852**	$ 2,784	$ 2,077	$ 2,169	$ 9,865	$ 12,865	$ 4,827	$ 15,648
Total assets	**69,962**	56,811	55,248	62,821	58,060	61,686	52,200	59,782
Total liabilities	**12,768**	18,923	16,127	34,212	26,534	26,571	26,607	30,473
Shareholder's equity	**57,194**	37,888	39,121	28,609	31,526	35,115	25,593	29,309
Net income (loss)	(2,890)	(2,550)	10,437	(2,978)	(3,440)	(3,261)	(4,011)	(3,832)
Basic and diluted (loss) income per share	**$ (0.04)**	$ (0.04)	$ 0.16	$ (0.05)	$ (0.04)	$ (0.06)	$ (0.07)	$ (0.07)
Number Shares Outstanding (#)(2)	**73,641**	64,358	64,358	64,358	64,358	64,332	58,346	58,216
Cash provided by (used in) operating activities	**1,030**	(3,483)	(1,120)	(1,938)	(2,240)	(2,582)	(2,496)	(3,335)
Cash provided by (used in) financing activities	**15,250**	2,000	2,000	2,000	28	13,139	(4,428)	-
Cash (used in) Provided by investing activities	**$ (2,035)**	$ (802)	$ (877)	$ (7,764)	$ (781)	$ (2,518)	$ (3,897)	$ 4,488

(1) Sum of all quarters may not add up to yearly total due to rounding.

(2) All share outstanding numbers have been adjusted to reflect the 25:1 share consolidation completed in early 2020.

The Company does not generate revenues from its assets as it is an exploration and development company, focused on advancing its Marimaca Project. Historically, the Company has relied on equity financings and loan instruments to fund operations. Variances between the quarterly figures presented in Table 6 are generally due to (i) the availability of cash to fund operations; (ii) the completion of any debt or equity financings in the period; (iii) the deconsolidation of RSC and its subsidiaries as described previously in the RSC Conversion section; and (iii) the level of exploration/development and/or care & maintenance activities which is directly correlated to the availability of cash resources.

The main variances in cash and equivalents are due to the following: (i) the completion of the Prospectus Offering in Q4 2020 raising gross proceeds of $22.5 million partially offset by the repaid of $6.0 million in loans; (ii) the disposition of the Berta mine in Q1 2019 for gross proceeds of $8.5 million; and (iii) the completion of a private placement in Q3 2019 raising gross proceeds of $12.6 million.

Total assets and liabilities significantly decreased in Q2 2020 due to the disposition of a 75% interest in RSC.

Related Party Disclosure

Key Management Personnel

The Company considers all key management personnel having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity as related parties.

Table 7: Related Party Costs

	2020	2019
Short-term employee benefits	1,130	1,199
Share-based payments	2,157	574
Severance Costs	-	67
Total	**3,287**	**1,840**

As at December 31, 2020, included in accounts payable and accrued liabilities is an amount of $0.1 million related to accrued directors' fees. As at December 31, 2019, there was a $0.07 million payable to a former officer related to severance costs which was included in accounts payable and accrued liabilities.

7 Other Assets

Ivan Plant

Purchased in June 2017, the Ivan Plant is not currently operational and is being kept on care and maintenance. In March 2020, the Company submitted an Environmental Impact Declaration (“DIA”) to renew its environmental and operating permits. In January 2021, the Environmental Qualification Resolution (“RCA”) was received from the Environmental authority. The next step is for the operational sector permits to be processed by Sernageomin, the Chilean governmental authority overseeing environmental issues. It is expected Sernageomin will approve the closure plan by the Q1 2022. Upon receipt of approval of the closure plan, the Company will be required to advance the first installment of the financial guarantee outlined in the closure plan, which can be provided through an insurance bond, by Q4 2022.

Sierra Medina

Sierra Medina comprises a 14,505-hectare claim block located approximately 30 kilometres east of the Marimaca District, in the former Sierra Valenzuela copper district. Between 2011 and 2013, Minera Rayrock explored and discovered a volcanic-hosted manto-type copper deposit. The deposit is blind with mineralization starting at 50 m to 100 m below surface. Copper mineralization, grading close to 1% copper, consists of both copper oxide and sulphides mineralization. The deposit is open at depth and there are other copper prospects identified but not yet explored within the claim area. As part of the transaction to acquire the remaining 49% interest in the 1-23 Claims, the Company agreed to sell 144 hectares from the Sierra Medina claims that contained drilling information from the work that had been previously done by Minera Rayrock.

8 Outstanding Share Data Authorized and Issued

As at March 29, 2021, the number of common shares outstanding or issuable pursuant to other outstanding securities is as follows:

Common Shares	Number
Outstanding	87,737,316
Stock Options[1]	4,031,172
Restricted Shares Units ("RSUs")	84,000
Warrants[2]	11,262,054
Broker Warrants[3]	88,873
Total	**103,203,415**

[1] Stock Options have a weighted average exercise price of C$2.80 per stock option and weighted average remaining life of 3.19 years.

[2] Warrants have an exercise price of C$4.10 per warrant and expire on December 3, 2022.

[3] Broker Warrants have an exercise price of C$3.15 per warrant and expire on December 3, 2022.

Stock Options

During 2020, the Company granted 2,590,000 (2019 – 448,000) stock options to certain directors, executive officers and consultants having a weighted average exercise price of C$2.87 per stock option (2019 – C$1.70) and a weighted average life of 5 years (2019 – 5 years). The options will vest in three tranches, being 1/3 on the date of grant and 1/3 on each of the first and second anniversaries of the grant date. The fair value of the stock options was estimated to be C$5.3 million (2019 – C$0.6 million).

Stock options are valued using the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted: risk-free rate – 1.0% (2019 – 1.5%); life – 5 years (2019 – 5 years); volatility – 95% (2019 – 110%) and dividend yield – 0% (2019 – 0%).

During the year ended December 31, 2020, the Company recorded $2.2 million in share-based compensation (2019 - $0.3 million).

Warrants

In Q4 2020 and Q1 2021, the Company issued 11,391,304 Warrants and 88,873 Broker Warrants as part of the Prospectus Offering and follow-on private placements, as previously described in the Financial Highlights section. The Warrants and Broker Warrants were valued using the Black-Scholes option pricing model using the following weighted average assumptions: risk-free rate 0.24%; life – 1.85 years; volatility – 56.4%; and dividend yield – 0% and resulted in fair values of C$3.4 million ($2.7 million) and C$0.1 million ($0.07 million), respectively.

9 Critical Accounting Estimates

Impact of the COVID-19 Pandemic

The COVID-19 global health pandemic has had a significant impact on the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown. The adverse effects of the pandemic may continue for an extended and unknown period of time, particularly as variant strains of the virus are identified. The impact of the pandemic to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices and has raised the prospect of an extended global recession. As well, as efforts have been undertaken to slow the spread of the COVID-19 pandemic, the operation and development of mining projects has been impacted. The broader impact of the COVID-19 pandemic or future pandemics or similar public health emergencies on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on Marimaca Copper's results of operations, financial condition and the trading price of Marimaca Copper's securities.

Impairment of E&E Assets

The application of the Company's accounting policy for impairment of exploration and evaluation assets requires judgement to determine whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore has expired or will expire in the future, and is not expected to be renewed; substantive expenditures on exploration activities and evaluation of mineral resources in the specific area is neither budgeted or planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources; and sufficient data exists to indicate that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. Management has assessed for impairment indicators on the Company's exploration and evaluation assets and has concluded that no impairment indicators exist as of December 31, 2020.

Impairment of PP&E

Each reporting period, property, plant and equipment assets are evaluated to determine whether there are any indications of impairment. If any such indication exists, an impairment test is performed and if indicated, an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of the fair value less costs to sell and the value in use. The recoverable amount of the relevant cash generating units is calculated based on cash flow projections using assumptions and estimates that represent management's best estimate of the range of economic conditions that will exist over the remaining useful lives of the assets, and through a review of sales of comparative assets.

These calculations include key estimates such as future commodity prices, recoverable resources and reserves, operating and capital costs, inflation rate, discount rate and exchange rates. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flows to be generated from its projects.

Decommissioning and restoration provisions

Each reporting period, the Company updates the carrying value of its restoration provisions by estimating the future costs of remediating environmental disturbances after an asset is decommissioned or retired. Management updates the provision using future inflation rates and interest rates for the periods in order to get a present value. Although management has made its best estimate of these factors, there are uncertainties related to asset retirement obligations and the impact on the financial statements could be material as the eventual timing and expected costs to settle these obligations could differ from our estimates. The main factors that could cause expected cash flows to differ are changes to laws, local regulations, increase in expected costs, inflation rates and timing of cash flows.

Share-based compensation

The Company applies the fair value method of accounting using the Black-Scholes model to determine the fair value of stock-options granted to employees, consultants and directors. The model includes significant assumptions as to the estimated life of the stock options, the forfeiture rate and the volatility of the stock. The Company uses historical data to estimate the expected future volatility of the stock, the estimated lives of the stock options and the forfeiture rate.

Stock options granted might include performance conditions related to the achievement of specified performance targets or a milestone and might pertain either to the performance of the Company as a whole or to some part of the enterprise, such as a subsidiary. The measurement of compensation costs for a stock-based award with a performance condition that will determine the number of options or shares to which all employees receiving the award will be entitled, is based on the best estimate of the outcome of the performance condition. The Company estimates forfeitures awards by individual employees and recognizes them as they occur. Management assesses all the factors and uses its judgment to calculate these estimates.

New and Amended Standards Adopted by the Company

The following standard was effective and implemented for the annual period as of January 1, 2020.

Amendments to IFRS 3 Business Combinations

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations ("IFRS 3"). The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The application of the amendments to IFRS 3 did not have a significant impact on the Company's consolidated financial statements.

New Accounting Standards Issued But Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company's current or future reporting periods.

10 Disclosure

Internal Control over Financial Reporting and Disclosure Controls

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company´s disclosure controls and procedures. As of December 31, 2020, the Chief Executive Officer and the Chief Financial Officer have each concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 – Certification of Disclosure in Issuer´s Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

Internal controls over financial reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

There have been no changes in our internal controls over financial reporting during the year ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting. As of December 31, 2020, the Chief Executive Officer and Chief Financial Officer have each concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

11 Cautionary Statement on Forward Looking Information

Certain information provided in this MD&A and any documents incorporated by reference herein may constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information in this MD&A and any documents incorporated by reference herein 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 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; and
- environmental risks.

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 Corporation, purchase orders placed by the Corporation 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;
- insurance;
- fluctuation in market value of the Company's common 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 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 the 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 MD&A and each of the documents incorporated by reference herein are made as of the date of this MD&A or as of the date of the documents incorporated by reference, as the case may be, 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 MD&A and each of the documents incorporated by reference herein 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.

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