



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2021

This Management’s Discussion and Analysis (“MD&A”) of the financial position and results of operations of Marimaca Copper Corp. (“Marimaca Copper” or the “Company”) has been prepared based on information available to the Company as at May 14, 2021, and should be read in conjunction with Marimaca Copper’s unaudited condensed interim consolidated financial statements and related notes thereto as at and for the three months ended March 31, 2021 (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 (“IFRS”) as issued by the International Standards Board. Reference herein of \$ is to the United States dollars and C\$ is to the Canadian dollar.

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 three months ended March 31, 2021 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.com.

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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

The following are some highlights for the period January 1, 2021 to May 14, 2021:

- Successful exploration results with the identification of:
 - a new, large scale copper geochemical anomaly at the Roble target;
 - extensive high chargeability induced polarization ("IP") anomalies at both the Cindy and Mercedes targets, 3km and 5km, respectively, to the north of the Marimaca Copper Project;
 - a large copper geochemical anomaly at the Cindy target; and
 - an extensive IP anomaly below the Marimaca Oxide Deposit ("MOD").
- Completed 3,222 metres ("m") of drilling, targeting the sulphide mineralization below the MOD with results highlighting several interesting extensions to known mineralization;
- Announced the restructuring of the executive management team;
- Commenced an option study to determine the optimal development strategy for the MOD;
- Continued with Phase 5 metallurgical test-work;
- 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); and
- Appointment of Mr. Clive Newall to the Board of Directors.

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. 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.

3 Outlook

For the remainder of 2021, the Company will continue with its dual track strategy of testing new exploration targets that are proximal to the Marimaca Project while continuing to move the MOD through various technical de-risking workstreams towards a feasibility study.

Exploration activities include drilling of the Cindy, Mercedes and Roble targets as well as, geophysical and geochemical activities on the greater regional area to identify new targets for exploration work.

The Company plans to drill 9 reverse circulation ("RC") holes totalling 2,250m at the Cindy target with drilling currently underway on the first hole. For Mercedes, 9 RC holes totalling 2,300m are planned which is expected to commence following the completion of drilling at Cindy. Drilling at Roble is expected after analysis of the geophysical data received to date and following drilling at Mercedes.

The Company will continue to advance the option study which will outline the optimal development plan for the Marimaca Project. The development plan will be used to identify key engineering required to prepare and file the environmental permit applications with the Chilean authorities. The Company has begun preliminary engineering studies, such as hydrogeology, hydrology, geotechnical evaluations and additional environmental baseline studies covering the project areas.

Metallurgical testing will continue to advance with the objective of incorporating those results into a feasibility study later in 2021. The Company will also undertake additional metallurgical testing targeting the mixed and enriched mineralization found during the Marimaca Sulphide drilling campaign.

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

<i>Copper Price Assumption</i>	US\$3.15/lb flat real
<i>Pre-Tax NPV₈ & IRR</i>	US\$757 million / 39.9%
<i>Post-Tax NPV₈ & IRR</i>	US\$524 million / 33.5%
<i>Payback Period from First Production</i>	2.6 years
<i>Pre-Production Capital Costs</i>	US\$285 million ¹
<i>Life of Mine Sustaining Capital</i>	US\$66 million
<i>Ave. Annual Steady State EBITDA</i>	US\$169 million
<i>Life of Mine C1 Operating Costs</i>	US\$1.22/lb of copper ²
<i>Life of Mine All-in-Sustaining Cash Costs</i>	US\$1.29/lb of copper ³
<i>Mine Life</i>	12 years
<i>Ave. Annual Metal Production (first 6 years)</i>	Approximately 40,000 tonnes
<i>Ave. Annual Metal Production Life of Mine (incl. ramp up)</i>	35,600 tonnes
<i>Steady State Average Process Recovery (Heap and ROM)</i>	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	Post-Tax NPV ₈	Post-Tax NPV ₈	Post-Tax NPV ₈	Post-Tax NPV ₈	Base Case IRR (%)
	Base Case US\$ millions	Capex (-10%) US\$ millions	Capex (+10%) US\$ millions	Opex (-10%) US\$ millions	Opex (+10%) US\$ millions	
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 Q1 2021, the Company 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). The drilling programs envision a combined 6,000m of reverse circulation and diamond drilling on targets located within the Marimaca Project to assess the sulphide mineralization as well as up to 10,000m of drilling on various targets in the greater Marimaca District to assess additional IOCG style mineralization.

Key exploration activities and achievements to date include:

- Completed 5 RC holes totalling 3,222m focusing on the potential extensions to mineralization below the MOD. Those results were released on May 5, 2021 and included the following highlights:
 - Significant down dip and along strike extensions to mixed oxide-secondary sulphide mineralization immediately below the limits of the PEA defined open pit;
 - Hole Mar-127 intersected:
 - 38m @ 0.30% CuT from 148m, extending and broadening the lower-grade oxide halo around the MOD;

- 106m @ 0.39% CuT from 502m (incl. 58m @ 0.46% CuT from 502m) of mixed oxide and secondary sulphides;
 - Mar-35 Extension, designed to confirm and extend the results from MAR-127, intersected:
 - 78m @ 0.50% CuT from 310m of mixed oxide and secondary sulphides;
 - 34m @ 0.41% CuT from 416m of mixed oxide and secondary sulphides;
 - Sequential copper analysis of all samples is currently underway which will provide an indication of leaching potential and potential metallurgical recoveries via heap leach; and
 - Phase 4 met testing program previously indicated strong recoveries in the mixed mineralization zones tested.
- 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, Mercedes and Roble 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 MOD;
- 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.

Marimaca Project Development Plan

Following the completion of the PEA and the delivery of the Phase 4 metallurgical test-work 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 V 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;
- Discussions on electrical power and water supply strategies with potential providers to identify and de-risk several alternatives for the provision of these key project inputs;
- Environmental baseline studies for the proposed project area to identify any potential issues for future project development;
- Terms of reference review for the future environmental permitting applications to be incorporated into the broader feasibility study process; 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.

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: leaching conditions, acid tenor and leaching solution distribution strategy.

5 Financial Position Review

Marimaca Copper was successful in securing \$57.0 million from equity financings completed in Q1 2021 and Q4 2020, ending the quarter with a strong cash balance of \$44.6 million, a robust copper market and new executive team focused on the development and financing of the Marimaca Copper Project. 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.

The Company is an exploration and development company that currently does not generate revenue from its assets. At March 31, 2021, the Company had working capital of \$41.2 million (December 31, 2020 – working capital of \$9.1 million), total assets of \$103.4 million (December 31, 2020 - \$70.0 million), total liabilities of \$12.4 million (December 31, 2020 - \$12.8 million) and recorded a net loss of \$3.4 million for the first quarter of 2021 (Q1 2020 – Net loss of \$3.0 million).

On March 1, 2021, the Company issued 13.6 million common shares and 6.8 million Warrants in connection with a private placement, as described in the Highlights section above, which resulted in net proceeds of \$35.9 million. The Company issued 0.2 million common shares, valued at \$0.7 million, for services received in connection with the private placement.

During Q1 2021, the Company granted 0.2 million stock options and 0.08 restricted share units (“RSUs”) to directors and officers under the Company’s Omnibus Plan.

Working Capital

As at March 31, 2021, the Company’s working capital was \$41.2 million (December 31, 2020 – working capital of \$9.1 million). The increase is attributable to the private placement completed on March 1, 2021 which resulted in net cash proceeds of \$35.9 million, partially offset by an increase in accounts receivable and prepaid expenses and a reduction on accounts payable.

As at March 31, 2021, accounts receivable and prepaid expenses increased to \$1.3 million from \$0.5 million at December 31, 2020.

Long-Lived Assets

Long-lived assets consist of property, plant and equipment (“PP&E”) and exploration and evaluation (“E&E”) assets.

E&E assets increased by \$1.9 million to \$46.3 million from \$44.5 million as at December 31, 2020. The increase is attributable to exploration expenses associated with the Marimaca Project as well as property acquisition costs.

Total assets as at March 31, 2021 were \$103.4 million (December 31, 2020: \$70.0 million), with the increase being attributable to the proceeds from the March 2021 private placement.

Liabilities

Total liabilities decreased by \$0.4 million to \$12.4 million, mainly due to a reduction in accounts payable and accrued liabilities partially offset by accretion expense.

Other Debt

The following are the existing debt that is outstanding as at March 31, 2021:

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 March 31, 2021, included under current portion of other debt is \$3.0 million in principal and accumulated interest related to the second instalment and \$2.7 million in principal and interest is included under non-current portion of other debt. The carrying value of the loan is \$5.7 million as at March 31, 2021.

Restoration Provision

The Company's restoration provision of \$5.0 million is associated with its Ivan Plant, which continues to be on care and maintenance.

In calculating the present value of the restoration provisions as at March 31, 2021, 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.

Commitments and Option Payments

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

Table 4: Option Payments

<i>(In thousands of US dollars)</i>	2021	2022	2023	TOTAL
La Atómica	\$ 3,704	\$ -	\$ -	\$ 3,704
Atahualpa	-	1,600	-	1,600
Olimpo & Cedro	1,291	3,550	-	4,841
Llanos y Mercedes	225	275	1,400	1,900
Akicy. Emilia & La Esperada	275	220	600	1,095
	\$ 5,495	\$ 5,645	\$ 2,000	\$ 13,140

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 million 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 Q1 2021 Expenditure Review

Table 5: Expenditures Summary

<i>(In thousands of US dollars)</i>	Three months ended March 31,	
	2021	2020
Expenses		
Exploration expenditures	\$ 1,300	\$ 642
Care and maintenance costs	503	836
Depreciation and amortization	3	42
Legal and filing fees	59	77
Other corporate costs	197	140
Salaries and management fees	253	113
Share-based compensation	997	54
Operating loss	(3,312)	(1,904)
Finance expense	(116)	(842)
Foreign exchange loss (gain)	36	(363)
Other expense	-	131
Net loss for the period	\$ (3,392)	\$ (2,978)
<i>Items that may be subsequently reclassified to net income:</i>		
Foreign currency translation adjustment	257	7
Total comprehensive loss for the period	\$ (3,135)	\$ (2,971)

March 31, 2021 ("Q1 2021") Compared to March 31, 2020 ("Q1 2020")

For the three months ended March 31, 2021, the Company recorded a net loss of \$3.4 million, an increase of \$0.4 million from the same quarter of last year. The increase was mainly driven by higher share-based compensation and exploration costs, partially offset by lower care and maintenance costs and a foreign exchange loss recorded in Q1 2021 compared to foreign exchange gains in Q1 2020.

Exploration costs increased when compared to the comparable period as the Company initiated a drill program in Q1 2021, as described in Section 4. In Q1 2020, exploration expenses were associated with trade-off studies and the updated mineral resource estimate. Care and maintenance costs decreased to \$0.5 million from \$0.8 million as the comparable period includes care and maintenance costs attributable to a previous wholly-owned subsidiary.

Salaries and management fees increased due to an increase in corporate head count.

Share-based compensation increased from \$0.05 million in Q1 2020 to \$1.0 million in Q1 2021 due to the granting of stock options and RSUs in Q1 2021 and the associated vesting costs of previously issued stock options.

Finance fees decreased to \$0.1 million in Q1 2021 from \$0.8 million in Q1 2020, due to the repayment of an outstanding working capital loan in December 2020 and the divestiture of a previously wholly-owned subsidiary.

Table 6: Selected Quarterly Financial Information

<i>(in 000's except per share amounts)</i>	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Cash and cash equivalents	\$ 44,614	13,852	\$ 2,784	\$ 2,077	\$ 2,169	\$ 9,865	\$ 12,865	\$ 4,827
Total assets	103,397	69,962	56,811	55,248	62,821	58,060	61,686	52,200
Total liabilities	12,415	12,768	18,923	16,127	34,212	26,534	26,571	26,607
Shareholder's equity	90,982	57,194	37,888	39,121	28,609	31,526	35,115	25,593
Net income (loss)	(3,392)	(2,890)	(2,550)	10,437	(2,978)	(3,440)	(3,261)	(4,011)
Basic and diluted (loss) income per share	\$ (0.04)	(0.04)	\$ (0.04)	\$ 0.16	\$ (0.05)	\$ (0.04)	\$ (0.06)	\$ (0.07)
Number Shares Outstanding (#)(2)	87,737	73,641	64,358	64,358	64,358	64,358	64,332	58,346
Cash provided by (used in) operating activities	(3,558)	1,030	(3,483)	(1,119)	(1,939)	(2,240)	(2,582)	(2,496)
Cash provided by (used in) financing activities	35,925	15,250	2,000	2,000	2,000	28	13,139	(4,428)
Cash (used in) Provided by investing activities	\$ (1,863)	(2,035)	\$ (802)	\$ (877)	\$ (7,764)	\$ (781)	\$ (2,518)	\$ (3,897)

(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 equity financings in Q1 2021 and Q4 2020 for net proceeds of \$57.0 million; (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 increased over the quarters due to property acquisitions and option payments. Total liabilities were significantly impacted by the divestiture of a previous wholly-owned subsidiary in Q2 2020.

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

	Three months ended March 31,	
<i>(in thousands of US dollars)</i>	2021	2020
Short-term benefits	\$ 249	\$ 200
Share-based compensation	1,273	47
Total	\$ 1,522	\$ 247

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 instalment of the financial guarantee outlined in the closure plan by Q4 2022, which can be provided through an insurance bond.

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 May 14, 2021, the number of common shares outstanding or issuable pursuant to other outstanding securities is as follows:

Common Shares	Number
Outstanding	87,930,316
Stock Options ⁽¹⁾	7,280,839
Restricted Shares Units (“RSUs”)	237,871
Warrants ⁽²⁾	11,069,054
Broker Warrants ⁽³⁾	88,873
Total	106,606,953

⁽¹⁾ Stock Options have exercise prices ranging from C\$1.25 to C\$5.00 and expiries between August 2021 and May 2026.

⁽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 Q1 2021, the Company granted 0.2 million stock options (Q1 2020 - Nil) having a weighted average exercise price of C\$4.60 per stock option (Q1 2020 – Nil) and a weighted average life of 5 years (Q1 2020 - Nil). 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\$0.6 million (Q1 2020 - Nil).

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 – 0.24%; life – 5 years; volatility – 86%; and dividend yield – 0%.

During the three months ended March 31, 2021, the Company issued 0.2 million common shares upon the exercise of stock options for total cash proceeds of \$0.06 million.

Restricted Share Units (“RSUs”)

During Q1 2021, the Company granted 0.08 million RSUs which vested upon grant. The fair value of the grant was estimated to be C\$0.4 million.

Warrants

During Q1 2021, the Company issued 6.8 million Warrants in connection with the private placement, as described in the Highlights section above. The Warrants were valued using the Black-Scholes option pricing model using the following weighted average assumptions: risk-free rate 0.24%; life – 1.75 years; volatility – 61%; and dividend yield – 0% and resulted in a fair value of C\$7.1 million. In 2021, the Company has issued 0.3 million common shares upon the exercise of Warrants.

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.

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.

