marimaca
COPPER CORP.
TSX: MARI

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2021 and 2020

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 March 25, 2022, 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 2021 and 2020 (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, 2021 and 2020 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

The following are some highlights for 2021 and early 2022:

- In late 2021, commenced a 22,500 metres ("m") infill drilling campaign on the Marimaca Oxide Deposit ("MOD") and a 10,000m re-entry program to test the extension beneath the MOD ("MAMIX");
- In March 2022, announced the divestiture of Minera Rayrock Limitada ("Rayrock"), an indirect wholly-owned subsidiary, for up to $17.0 million in structured instalments and contingent payments;
- In 2021, drilled 3,120m in 12 re-entry holes as extensions from the bottom of the historic MOD drill holes which was aimed to test the continuation of mineralization below the existing resource pit shell and resulted in the discovery of an extension to the known mineralized envelope;
- In 2021, over 2,770m over 14 shallow holes of reverse circulation ("RC") drilling was completed at Robles with broad zones of mineralization encountered in a new discovery;
- In 2021, completed RC drilling in 17 holes, totalling 4,370m at Mercedes, intersecting significant copper mineralization from surface in a new discovery;
- Extensive mapping and sampling completed at small scale historic underground workings at Mercedes in 2021;
- In 2021, completed 2,690m of RC drilling in 9 holes at Cindy, intersecting significant mineralization in a new discovery, extending the strike length to over 800m;
- In 2021, completed 3,222m of drilling, targeting the sulphide mineralization below the MOD with results highlighting several interesting extensions to known mineralization;
- In Q2 2021, announced the restructuring of the executive management team;
- Completed 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 ($24.5 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 related to share

issue costs. GSII and Greenstone Co-Investment No. 1 (Coro) LP (collectively, “Greenstone”) elected to acquire 4,205,333 Units pursuant to the exercise of preemptive 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

Infill drilling program encompassing 22,500m of drilling combined with a 10,000m re-entry program is currently underway, with access roads and platforms being constructed. This program is expected to continue through Q2 2022 with results being incorporated into an updated Mineral Resource Estimate. Two drill rigs are currently at site and an additional rig is being considered with the first holes expected to be released by the end of March.

The Company is continuing to advance metallurgical test work which will be used to establish the final processing flow sheet design. With the updated Mineral Resource Estimate and results of the Phase V metallurgical testing, the Company is expected to commence its feasibility study toward the end of 2022.

The Company is continuing to evaluate its development plan for the Marimaca Project, focusing on identifying and evaluating permitting risks, completing baseline studies and engaging with water and energy suppliers. The development plan will be used to identify key engineering required to prepare and potentially 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.

4 Marimaca

Location & Mineral Resource Estimate

The Marimaca Project 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
Life of Mine C1 Operating Costs	US$1.22/lb of copper[2]
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%*

The PEA's sensitivities are as follows:

[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.

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.

5 Financial Position Review

Table 4: Selected Annual Financial Information

Selected Annual Financial Information *(In thousands of US dollars)*	**2021**	**2020**	**2019**
Net (loss) income from continuing operations	**$ (17,480)**	$ 3,312	$ (14,543)
(Loss) earnings per share from continuing operations	**(0.20)**	0.05	(0.24)
Loss from discontinued operations	**(1,326)**	(1,293)	-
(Loss) per share from discontinued operations	**(0.02)**	(0.02)	-
Net (loss) income	**(18,806)**	2,019	(14,543)
(Loss) earnings per share	**(0.22)**	0.03	(0.24)
Total assets	**$ 92,797**	$ 69,962	$ 58,060
Total non-current liabilities	**-**	7,607	5,314
Total shareholders' equity	**83,311**	57,194	31,526

The Company is an exploration and development company that currently does not generate revenue. At December 31, 2021, the Company had cash on hand of $26.8 million (December 31, 2020 - $13.9 million), working capital of $29.1 million (December 31, 2020 – $9.1 million), total assets of $92.8 million (December 31, 2020 - $70.0 million), total liabilities of $9.5 million (December 31, 2020 - $12.8 million) and recorded a net loss of $18.8 million for 2021 (2020 – Net income of $2.0 million). Due to the sale of Rayrock in Q1 2022, which is detailed below, the Company recorded current assets classified as held for sale of $11.4 million (2020 – Nil) and current liabilities classified as held for sale of $5.1 million (2020 – Nil) on the statement of financial position as at December 31, 2021.

During 2021, the Company capitalized $9.7 million (2020 - $15.5 million) to exploration and evaluation assets which was comprised of exploration activities, property acquisition costs and property option payments.

Total liabilities of $9.5 million (December 31, 2020 - $12.8 million) included accounts payable and accrued liabilities of $1.4 million (December 31, 2020 - $2.2 million), acquisition debt of $3.0 million (December 31, 2020 – $5.6 million) and liabilities classified as held for sale of $5.0 million (2020 – Nil). 2020 liabilities included a restoration provision of $4.9 million that is included in liabilities classified as held for sale as at December 31, 2021.

On March 4, 2022, the Company announced it had entered into a binding agreement to sell certain non-core Rayrock assets, including the Ivan SX-EW Processing Plant and associated mining claims and the associated reclamation liability, to 5Q SpA, a privately-held specialist mineral processing company based in Santiago, Chile, for total consideration of up to US$11.0 million, plus up to US$6.0 million in contingent payments. Details of the transaction are outlined below.

Transaction Details

Total Consideration

- Up to $11.0 million in total consideration to Marimaca
  - US$150,000 upon signing
  - US$350,000 upon approval of the Ivan Rayrock technical permits
  - US$1.8 million – US$2.1 million on the 12-month anniversary of the transaction*, determined by LME copper price
  - US$2.7 million – US$3.1 million on the 18-month anniversary of the transaction*, determined by LME copper price
  - US$4.1 million – US$5.2 million on the 24-month anniversary of the transaction*, determined by LME copper price
- A 1.5% NSR on future production from the Ivan underground ore body

Contingent Payments

- Up to $6.0 million in contingent payments based on potential future stockpile acquisitions to be processed through the Ivan Plant, based on the amount of contained copper in the stockpiles acquired
  - US$1.0m for stockpiles containing 5,000t – 10,000t total copper
  - US$2.0m for stockpiles containing 10,000t – 20,000t total copper
  - US$4.0m for stockpiles containing 20,000t – 30,000t total copper
  - US$6.0m for stockpiles containing >30,000t total copper

The statement of financial position as at December 31, 2021, includes the classification of the assets and liabilities associated with Rayrock as held for sale and included in current assets and/or current liabilities. These amounts have been recorded at their carrying values in accordance with IFRS 5 which states that these should be measured at the lower of carrying value and fair value less costs to sell. All expenses associated with Rayrock have been presented as discontinued operations on the statement of (loss) income and comprehensive (loss) income. The transaction closed on March 21, 2022.

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.

Marimaca 1-23 Claims Acquisition ("Acquisition Debt")

On September 10, 2019, the Company announced that it had entered into arrangements to acquire the remaining 49% of the corporate entity holding the Marimaca 1-23 claims. The transaction was completed in February 2020 with the payment of $6.0 million, resulting in the Company owning 100% of the corporate entity that holds the Marimaca 1-23 claims. The terms of the acquisition provide for certain deferred consideration payments to be made in October 2021 ($3.0 million) (paid) and February 2022 ($3.0 million) (paid).

The sellers retain a 1.5% net smelter return royalty ("NSR") over the 1-23 Claims, with the Company retaining an option to buy-back 1% of the 1.5% NSR for $4.0 million at any time up to 24 months following the commencement of commercial production of the 1-23 Claims, as well as a right of first refusal over the NSR.

Option Payments

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

Table 5: Option Payments

(In thousands of US dollars)	2022	2023	TOTAL
Atahualpa	$ 1,600	-	**$ 1,600**
Olimpo & Cedro	3,550	-	**3,550**
Llanos y Mercedes	275	1,400	**1,675**
Akicy, Emilia & La Esperada	220	600	**820**
Total	**$ 5,645**	**$ 2,000**	**$ 7,645**

La Atómica Claims

The Company acquired 100% of the La Atomica property by paying a total of $6.0 million from 2017 to 2021. A 1.5% NSR is payable on the claims, with the Company retaining an option to purchase 0.5% of the 1.5% NSR for $2.0 million at any time.

Atahualpa Claims

Under the terms of a January 2018 LOI, the Company acquired 100% of the Atahualpa, Tarso, Sierra and Sorpresa claims, which are immediately adjoining the Marimaca Project for a total cash consideration of $6.0 million. A 2% NSR is payable on the claims under the original option agreement. The Company acquired the outstanding 2% NSR on the property for $2.2 million payable from 2019 to 2022. The 41.6 million reflected in the table above is the final payment under the NSR acquisition.

Olimpo y Cedro (formerly called Naguayán)

The Company acquired 100% of the Olimpo y Cedro properties for a total cash consideration of $6.5 million paid from 2018 to 2022. 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. The $3.6 million payment reflected in Table 4 was paid in January 2022.

Llanos y Mercedes

Under the terms of a May 2019 option agreement, the Company may acquire the Llanos y Mercedes properties for a total consideration of $2.0 million payable as follows: $0.05 million upon signing (paid); $0.05 million on the 16-month anniversary (paid); $0.1 million on the 24-month anniversary (paid); $0.125 million on the 28-month anniversary (paid); $0.125 million on the 36-month anniversary; $0.15 million on the 40-month anniversary, and $1.4 million on the 48-month anniversary. In addition, the Llanos and Mercedes claims are subject to a 1% NSR with a buyback option for the NSR of $0.5 million exercisable up to 24 months from the start of commercial production.

Akicy, Emilia & Esperada

Under the terms of a July 2020 option agreement, the Company may acquire the Cincy 1-10 and Esperada 1-17 (1-5 and 11-15) 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 (paid); $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.

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 (paid); $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.

Under the terms of a December 2020 option agreement, the Company may acquire the 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 (paid). 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.

Liquidity

The Company is an exploration and development company that currently does not generate revenue. At December 31, 2021, the Company had working capital of $23.0 million (December 31, 2020 – $9.1 million), which management believes is 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.

Capital Management

Financial instruments include cash and any contracts that give rise to a financial asset to one party and a financial liability or equity instrument to another party. As at December 31, 2021, the Company's carrying values of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

Credit risk

Credit risk is a risk that a financial loss will be incurred if a counterparty to a transaction does not fulfill its financial obligations as agreed. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies.

Currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency rates in the market. The Company's financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the same as the functional currency of the entity that holds them; foreign exchange gains and losses in these situations impact earnings.

The Company's significant subsidiaries are located in Chile and although their functional currency is the U.S. dollar, they are subject to currency risk because they maintain certain cash, amounts receivable and prepaid and accounts payables and accrued liabilities in Chilean pesos. The parent company is in Canada and its functional currency is the Canadian dollar and also maintains cash and accounts payables and accrued liabilities in Canadian and US dollars.

Total currency exposure from foreign currencies is equivalent to $9.2 million as at December 30, 2021 ($7.2 million as of December 31, 2020). Based on the net exposures as of December 31, 2021, and assuming that all other variables remain constant, a change of 10% in the Canadian dollar and/or Chilean peso against the US dollar would result in a change in the Company's net loss of approximately $1.0 million (December 31, 2020 - $0.8 million). The Company manages and monitors the currency risk on a regular basis by keeping certain accounts to minimum when the currency has a devaluation effect or vice versa.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Cash is the only financial instrument the Company holds that is impacted by interest. There is limited interest rate risk associated with the Company´s cash balance.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances and/or loans as its sole source of cash. The Company manages liquidity risk by maintaining an adequate level of cash to meet its short-term ongoing obligations and reviews its actual expenditures and forecast cash flows on a regular basis and matches the maturity dates of its cash equivalents to capital and operating needs.

Table 6: Contractual Obligations

(In thousands of US dollars)	Total	> 1 year	1 - 3 years	4 - 5 years	More than 5 years
Accounts payable and accrued liabilities	$ **1,408**	$ 1,408	$ -	$ -	$ -
Acquisition debt	**3,000**	3,000	**-**	**-**	-
Option payments	**7,645**	5,645	2,000	-	-
Total	**$ 12,053**	$ 10,053	$ 2,000	$ -	$ -

6 Expenditure Review

Table 7: Expenditures Summary

(In thousands of US dollars)	Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Expenses				
Exploration expenditures	$ **1,309**	$ 924	$ **6,379**	$ 2,185
Care and maintenance costs	**(1,092)**	(997)	**-**	360
Depreciation and amortization	**13**	14	**48**	153
Legal and filing fees	**5**	45	**177**	208
Other corporate costs	**148**	605	**491**	1,206
Salaries and management fees	**825**	235	**2,060**	713
Share-based compensation	**2,136**	554	**8,080**	2,161
Operating loss	**(3,344)**	**(1,380)**	**(17,235)**	**(6,986)**
Finance expense	**(80)**	(286)	**(442)**	(2,498)
Foreign exchange loss (gain)	**(9)**	69	**197**	29
Gain on asset disposal	**-**	-	**-**	12,688
Other expense (income)	**-**	-	**-**	79
(Loss) income from continuing operations	**$ (3,433)**	**$ (1,597)**	**$ (17,480)**	**$ 3,312**
Discontinued operations				
Loss from discontinued operations	**(1,326)**	(1,293)	**(1,326)**	(1,293)
Net (loss) income	**$ (4,759)**	**$ (2,890)**	**$ (18,806)**	**$ 2,019**
Items that may be subsequently reclassified to net income:				
Foreign currency translation adjustment	**305**	(112)	**217**	(209)
Total comprehensive (loss) income for the period	**$ (4,454)**	**$ (1,709)**	**$ (18,589)**	**$ 1,810**

Three months ended December 31, 2021 (“Q4 2021”) compared to three months ended December 31, 2020 (“Q4 2020”)

For the three months ended December 31, 2021, the Company recorded a net loss of $4.8 million compared to a net loss of $2.9 million in Q4 2020. The increase in the loss is attributable to higher exploration costs associated with the Company’s 2021 drilling campaigns, salaries and management fees due to a restructuring which occurred in Q2 2021, share-based compensation expense, partially offset by lower corporate costs and legal expenses.

Exploration costs increased to $1.3 million when compared to the comparable period of $0.9 million, as the Company initiated a robust drill program to test the MOD deep extension and the wider regional Marimaca district, as described in Section 4.

Share-based compensation, related to the vesting of previously granted stock options and restricted shares units (“RSUs”) was $2.1 million for Q4 2021 and $0.6 million for Q4 2020. The increase is due to the granting of stock options and RSUs in Q4 2021 along with vesting of these new grants and previously granted rights.

Salaries and management fees increased from $0.2 million in Q4 2020 to $0.8 million in Q4 2021, due to the changes and the associated costs in the executive management team along with 2021 bonus accruals.

Discontinued operations included the care and maintenance costs of the Ivan plant, which was sold as part of the divestiture of Rayrock, as explained in Section 5 above.

Table 8: Selected Quarterly Financial Information

(in 000's except per share amounts)[1]	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Cash and cash equivalents	**$ 26,786**	$ 36,376	$ 41,069	$ 44,614
Total assets	**92,797**	97,747	101,345	103,397
Total liabilities	**9,486**	12,226	12,015	12,416
Shareholder's equity	**83,311**	85,521	89,330	90,982
Net (loss) income	**(4,759)**	(3,994)	(6,661)	(3,392)
Basic and diluted (loss) income per share	**$ (0.05)**	$ (0.05)	$ (0.08)	$ (0.04)
Weighted Average Number Shares Outstanding[2]	**88,002**	87,930	87,871	87,737
Cash (used in) operating activities	**(1,985)**	(2,456)	(6,304)	(3,569)
Cash provided by (used in) financing activities	**(3,108)**	(120)	36,638	29,016
Cash (used in) investing activities	**$ (4,591)**	$ (1,063)	$ (4,083)	$ (1,863)
(in 000's except per share amounts)[1]	**Q4 2020**	Q3 2020	Q2 2020	Q1 2020
Cash and cash equivalents	$ 13,852	$ 2,784	$ 2,077	$ 2,169
Total assets	69,962	56,811	55,248	62,821
Total liabilities	12,768	18,923	16,127	34,212
Shareholder's equity	57,194	37,888	39,121	28,609
Net (loss) income	**(2,890)**	(2,550)	10,437	(2,978)
Basic and diluted (loss) income per share	$ (0.04)	$ (0.04)	$ 0.16	$ (0.05)
Weighted Average Number Shares Outstanding[2]	73,641	64,358	64,358	64,358
Cash provided by (used in) operating activities	1,030	(3,483)	(1,120)	(2,240)
Cash provided by (used in) financing activities	15,250	2,000	2,000	28
Cash (used in) Provided by investing activities	$ (2,035)	$ (802)	$ (877)	$ (781)

(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 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 previous wholly-owned subsidiary; and (iii) the level of exploration/development and/or care & maintenance activities which are 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; and (ii) 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.

Year ended December 31, 2021 ("2021") compared to year ended December 31, 2020 ("2020")

For the twelve months ended December 31, 2021, the Company recorded a net loss of $18.8 million compared to net income of $2.0 million for 2020. The loss is attributable to higher exploration expenditures, salaries and management fees and share-based compensation, as discussed below.

Exploration costs increased to $6.4 million in 2021 compared to $2.2 million in 2020, as the Company initiated a robust drill program to test the MOD deep extension and the wider regional Marimaca district, as described above in Section 4.

Salaries and management fees increased from $0.7 million in 2020 to $2.1 million in 2021, due to the changes and the associated costs in the executive management team, redundancies/severance costs and year end accrued bonuses.

Share-based compensation was $8.1 million in 2021 compared to $2.2 million in 2020. The increase is due to stock options and RSUs granted in late 2020 and 2021. Share-based compensation is related to the vesting of stock options and RSUs in the period.

Finance fees decreased to $0.4 million in 2021 from $2.5 million in 2020, due to the repayment of an outstanding working capital loan In December 2020 and the divestiture of a previously wholly-owned subsidiary.

In 2020, the Company recorded a gain on asset disposal of $12.7 million associated with the divestiture of a previously wholly-owned subsidiary.

Related Party Disclosure

Key Management Personnel

In accordance with IAS 24 – Related party disclosures, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive or non-executive) of the Company.

Table 9: Related Party Costs

	Three months ended December 31,		Year ended December 31,	
(In thousands of US dollars)	2021	2020	2021	2020
Short-term employee benefits	$ 747	$ 459	$ 1,571	$ 1,130
Share-based payments	3,457	635	8,056	2,157
Total	**$ 4,204**	**$ 1,094**	**$ 9,627**	**$ 3,287**

(1) Includes salary, benefits and short-term accrued incentives/other bonuses earned in the period.

(2) Represents the expense of stock options and restricted share units during the period.

7 Other Assets

Ivan Plant

Purchased in June 2017, the Ivan Plant is not currently operational. As detailed in Section 5 above, the Ivan plant is part of Rayrock and was sold subsequent to year end. The Ivan plant, along with Rayrock's assets and liabilities, including a reclamation liability, are recorded as current assets and/or current liabilities classified as held for sale in the Company's statement of financial position as at December 31, 2021. Loss from discontinued operations for 2021 totalled $1.3 million (2020 - $1,.3 million), which included all care & maintenance costs and unrealized foreign exchange gains.

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's mineralization starts 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.

8 Outstanding Share Data Authorized and Issued

As at March 25, 2022, the number of common shares outstanding or issuable pursuant to other outstanding securities is as follows:

Common Shares	Number
Outstanding	88,118,082
Stock options	7,569,329
Restricted Shares Units ("RSUs")	410,554
Warrants	11,069,054
Broker warrants	88,873
Total	**107,255,892**

(1) Stock Options have exercise prices ranging from C$1.25 to C$5.00 and expiries between April 2022 and December 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 2020, the Company adopted a new incentive plan (the "Omnibus Plan") which allows for the issuance of stock options and restricted share units ("RSUs") and replaced the Company's old stock option plan. The maximum number of common shares of the Company available for issuance under the Omnibus Plan will not exceed 10% of the Company's issued and outstanding common shares, less the number of common shares subject to grants of stock options under the Company's previous plan.

During the three and twelve months ended December 31, 2021, the Company granted 1.3 million stock options (Q4 2020 – Nil) and 4.7 million stock options (2020 – 2.6 million), respectively. The stock options have a weighted average exercise price of C$4.65 per stock option (2020 – C$2.87) and a weighted average life of 5 years (2020 – 5 years).

The Company recorded share-based compensation of $2.1 million (Q4 2020 - $0.6 million) and $8.1 million (2020 - $2.2 million) in the three and twelve months ended December 31, 2021, respectively, which included stock options and RSUs vested in the periods.

During 2021, 0.4 million stock options were exercised (2020 – 0.1 million), generating proceeds of $0.2 million (2020 - $0.1 million).

RSUs

During the three and twelve months ended December 31, 2021, the Company granted 0.2 million RSUs (Q4 2020 – Nil) and 0.4 million RSUs (2020 – Nil) under its Omnibus Plan. The fair value of the RSUs, which is determined with reference to the trading price of the Company's common shares immediately preceding the date of issuance, was determined to be C$0.6 million (Q4 2020 – Nil) and C$1.7 million in 2021 (2020 – Nil).

Warrants

In March 2021, the Company issued 6.8 million Warrants in connection with the completion of the private placement described in Section 2 above. The Warrants were valued using the Black-Scholes option pricing model using the following assumptions: risk-free rate – 0.24%; expected life – 1.75 years; volatility – 61%; dividend yield – 0%, resulting in a fair value attributable to the warrants of C$8.9 million ($7.1 million).

During the year ended December 31, 2021, the Company issued 0.3 million common shares (2020 – Nil) upon the exercise of Warrants for total cash proceeds of $1.1 million (2020 – Nil).

9 Critical Accounting Estimates

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, 2021.

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.

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 Not Yet Adopted by the Company

IAS 16, Property, Plant and Equipment

The IASB issued an amendment to IAS 16, Property, Plant and Equipment to prohibit the deducting from property, plant and equipment amounts received from selling items produced while preparing an asset for its intended use. Instead, sales proceeds and its related costs must be recognized in profit or loss. The amendment will require companies to distinguish between costs associated with producing and selling items before the item of property, plant and equipment is available for use and costs associated with making the item of property, plant and equipment available for its intended use. The amendment is effective for annual periods beginning on or after January 1, 2022. The adoption of this standard is not expected to have a material impact on the Company’s financial statements.

IAS 1, Presentation of Financial Statements

The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity’s right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. An assessment will be performed prior to the effective date of January 1, 2023 to determine the impact to the Company's financial statements.

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, 2021, 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, 2021 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, 2021, 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 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;
- the potential impact of the Russia/Ukraine war on the Company's and/or its operations, the mining industry and/or the currency and commodity 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 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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