marimaca
COPPER CORP.

TSX: MARI

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2022

This Management's Discussion and Analysis ("MD&A") of financial position and results of operations of Marimaca Copper Corp. ("Marimaca Copper" or the "Company") has been prepared based upon information available to Marimaca Copper as at August 12, 2022 and should be read in conjunction with the Company's unaudited condensed consolidated financial statements and related notes as at and for the three and six months ended June 30, 2022 and 2021 (the "Financial Statements"). The Financial Statements and this 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 Accounting Standards Board ("IASB") applicable to the preparation of condensed interim financial statements, including IAS 34, Interim Financial Reporting.

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 and six months ended June 30, 2022 and 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.

Contents

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 trade 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 2022:

- Disposal of Minera Rayrock Limitada ("Rayrock"), an indirect wholly-owned subsidiary, for up to $17.0 million in structured instalments and contingent payments;
- Advanced the 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"), with over 29,000m drilled to date;
- Identification of several new exploration targets across the broader Marimaca district, including, Mercedes East, Mititus and Santos;
- Completed the Phase V metallurgical test work which confirmed the understanding of the MOD's metallurgical performance;
- Adoption of Sustainability Commitments and Stakeholder Engagement Standards for the Company;
- Approval and adoption of the Warrant Incentive Program;
- Commenced technical baseline studies to support the permitting application, which includes chemical/physical stability studies and hydrology/hydrogeology studies; and
- Establishment of the Environmental, Social and Governance ("ESG") and a standalone Nominations and Governance committees.

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

The Company is currently focused on interpretations of the drill data completed to June 30, 2022, with the intention of preparing an interim Mineral Resource Estimate by the end of September 2022. Following the completion of all drilling, which is expected in August 2022, the Company will incorporate this additional information into a final Mineral Resource Estimate, which is expected to be completed and released in early 2023.

Following the completion of the interim Mineral Resource Estimate, the Company will commence detailed engineering and additional environmental activities with the objective to prepare its environmental declaration, which is a key component of obtaining environmental and sectoral permits in Chile.

The Company is advancing discussions with suppliers of water and power for the Marimaca Project.

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

[1] Assumes mining fleet is financed through a lease to own contract structure to minimize upfront capital cost.

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:

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.

[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.

5 Financial Position Review

The Company is an exploration and development company that currently does not generate revenue from its assets. At June 30, 2022, the Company had $9.8 million in cash (December 31, 2021 - $26.8 million), working capital of $8.7 million (December 31, 2021 – $29.1 million), total assets of $87.3 million (December 31, 2021 - $92.8 million), total liabilities of $2.4 million (December 31, 2021 - $9.5 million) and recorded a net loss of $0.8 million for the six months ended June 30, 2022 (2021 – Net loss of $10.1 million).

During the three months ended June 30, 2022, the Company capitalized $13.3 million to exploration and evaluation assets, of which $5.3 million related to property option payments.

Total liabilities of $2.4 million (December 31, 2021 - $9.5 million) comprised solely accounts payable and accrued liabilities.

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 cash 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.

<u>Transaction Details</u>

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 transaction closed on March 21, 2022. The statement of financial position as at December 31, 2021, included 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 were 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 and comprehensive loss for the three and six months ended June 30, 2022 and 2021.

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

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 $12.2 million which is payable as follows: (i) $6.0 million upon signing of the definitive agreements; (ii) $3.2 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. As at June 30, 2022, all payments have been made by the Company.

Commitments and Option Payments

The following table shows the contractual obligations of the Company including property options payments as at August 12, 2022:

Table 4: Option Payments

(In thousands of US dollars)	2022	2023	TOTAL
Llanos and Mercedes	150	1,400	**1,550**
Akicy, Emilia & La Esperada	220	600	**820**
Total	**$ 370**	**$ 2,000**	**$ 2,370**

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.

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.

Llanos/Mercedes

Under the terms of a May 2019 option agreement, the Company may acquire the Llanos/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 (paid); $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 (paid) 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.

6 Expenditure Review

Table 5: Expenditures Summary

(In thousands of US dollars)	Three months ended June 30, 2022	2021	Six months ended June 30 2022	2021
Expenses				
Exploration expenditures	**$ (2,812)**	$ 1,993	**$ 55**	$ 3,293
Depreciation and amortization	**11**	2	**23**	5
Legal and filing fees	**36**	83	**102**	142
Other corporate costs	**190**	136	**369**	333
Salaries and management fees	**374**	368	**774**	621
Share-based compensation	**951**	3,707	**2,635**	4,704
Operating income (loss)	**1,250**	(6,289)	**(3,958)**	(9,098)
Finance income (expense)	**60**	(27)	**76**	(143)
Foreign exchange gain (loss)	**62**	(40)	**226**	(36)
Gain on sale of Rayrock	**-**	-	**2,990**	-
Income (loss) from continuing operations	**$ 1,372**	$ (6,356)	**$ (666)**	$ (9,277)
Discontinued operations				
Loss from discontinued operations	**-**	(305)	**(173)**	(776)
Net income (loss)	**$ 1,372**	$ (6,661)	**$ (839)**	$ (10,053)
Items that may be subsequently reclassified to net income:				
Foreign currency translation adjustment	**(296)**	711	**(152)**	968
Total comprehensive income (loss) for the period	**$ 1,076**	$ (5,950)	**$ (991)**	$ (9,085)

Three months ended June 30, 2022 (“Q2 2022”) compared to three months ended June 30, 2021 (“Q2 2021”)

For the three months ended June 30, 2022, the Company recorded a net income of $1.4 million compared to a net loss of $6.7 million in Q2 2021. The net income recorded in Q2 2022 was the result of capitalizing exploration expenses incurred in Q1 2022. The decrease in the loss is attributable to the capitalizing of exploration expenses associated with the Marimaca Project in Q2 2022 whereas exploration activities in Q2 2021 related to regional exploration and a decrease in share-based compensation.

Exploration expenditures in Q2 2022 represent the capitalization of previously expensed expenditures. In Q2 2021, exploration activities were associated with regional targets that do not yet have defined resources.

Share-based compensation, related to the vesting of previously granted stock options and restricted shares units (“RSUs”) was $1.0 million for Q2 2022 compared to $3.7 million in Q2 2021. The decrease is due to the timing of vesting provisions in the associated grants.

Salaries and management fees remained in line with comparable period at $0.4 million.

Loss from Rayrock totalled $Nil in Q2 2022 compared to $0.3 million in Q2 2021 as Rayrock was disposed of on March 21, 2022.

Table 6: Selected Quarterly Financial Information

(in 000's except per share amounts)[1]		Q1 2022		Q4 2021		Q3 2021		Q2 2021
Cash	**$**	**14,578**	$	26,786	$	36,376	$	41,069
Total assets		**84,444**		92,797		97,747		101,345
Total liabilities		**1,514**		9,486		12,226		12,015
Shareholder's equity		**82,930**		83,311		85,521		89,330
Net loss		**(2,211)**		(4,759)		(3,994)		(6,661)
Basic and diluted loss per share	**$**	**(0.02)**	$	(0.05)	$	(0.05)	$	(0.08)
Weighted Average Number Shares Outstanding[2]		**88,076**		88,002		87,930		87,871
Cash used in operating activities		**(3,716)**		(10,745)		(2,456)		(6,304)
Cash (used in) provided by financing activities		**(3,000)**		33,410		(120)		36,638
Cash used in investing activities[3]		**(5,665)**	$	(9,738)	$	(1,063)	$	(4,083)
(in 000's except per share amounts)[1]		Q1 2021		Q4 2020		Q3 2020		Q2 2020
Cash and cash equivalents	$	44,614	$	13,852	$	2,784	$	2,077
Total assets		103,397		69,962		56,811		55,248
Total liabilities		12,416		12,768		18,923		16,127
Shareholder's equity		90,982		57,194		37,888		39,121
Net (loss) income		(3,392)		(2,890)		(2,550)		10,437
Basic and diluted (loss) income per share	$	(0.04)	$	(0.04)	$	(0.04)	$	0.16
Weighted Average Number Shares Outstanding[2]		87,737		73,641		64,358		64,358
Cash (used in) provided by operating activities		(3,569)		1,030		(3,483)		(1,120)
Cash provided by financing activities		29,016		15,250		2,000		2,000
Cash used in investing activities	$	(1,863)	$	(2,035)	$	(802)	$	(877)

(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.

(3) Cash used in investing activities includes exploration expenditures capitalized and property option payments.

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 previous wholly-owned subsidiary; 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 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. The reduction in total assets and total liabilities in Q1 2022 was due to the disposition of Rayrock.

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 June 30,				Six months ended June 30,		
(In thousands of US dollars)		**2022**		2021		**2022**		2021
Short-term employee benefits	**$**	**346**	$	418	**$**	**812**	$	851
Share-based payments		**878**		3,406		**2,481**		4,680
Total	**$**	**1,224**	**$**	**3,824**	**$**	**3,293**	**$**	**5,531**

(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 Outstanding Share Data Authorized and Issued

As at August 12, 2022, the number of common shares outstanding or issuable pursuant to other outstanding securities is as follows:

Common Shares	Number
Outstanding	88,028,036
Stock options	7,273,977
Restricted Shares Units ("RSUs")	410,554
Warrants	11,069,054
Broker warrants	88,873
Total	**106,870,494**

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

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 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 six months ended June 30, 2022, no stock options or RSUs were granted (Q2 2021 – 3.5 million and 2021 – 3.7 million, respectively) under the Omnibus Plan.

During the three and six months ended June 30, 2022, the Company recorded $1.0 million (Q2 2021 - $3.7 million) and $2.6 million (2021 - $4.7 million) in share-based compensation associated with the vesting of previously granted stock options and RSUs.

8 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 June 30, 2022.

Share-based compensation

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

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

New and Amended Standards Adopted by the Company

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, with earlier application permitted. The Company is currently assessing the impact of IAS 16 but does not believe it will have a material impact on the 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.

9 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 March 31, 2022, 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 three and six months ended June 30, 2022 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 June 301, 2022, 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.

10 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;
- 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 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.

marimaca

COPPER CORP.