marimaca
COPPER CORP.

TSX: MARI

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023 and 2022

This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of Marimaca Copper Corp. ("Marimaca Copper" or the "Company") has been prepared based on information available to the Company as at May 9, 2023, and should be read in conjunction with Marimaca Copper's unaudited condensed interim consolidated financial statements and related notes thereto as at and for the three ended March 31, 2023 (the "Financial Statements"). The Financial Statements and MD&A are presented in U.S. dollars and the Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Standards Board applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. Reference herein of $ is to the United States dollars and C$ is to the Canadian dollar.

Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the "Cautionary Statement on Forward-Looking Information" at the end of this MD&A and to consult Marimaca Copper's Financial Statements for the three months ended March 31, 2023 and the corresponding notes to the Financial Statements which are available on our website at www.marimaca.com and on SEDAR at www.sedar.com.

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

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 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. The Company released an updated Mineral Resource Estimate (the "2022 MRE") for the Marimaca Oxide Deposit (the "MOD" or "Marimaca Project") in October 2022, is dated November 28, 2022 and is the technical report most recently filed on SEDAR at www.sedar.com under the Company's profile.

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 beginning of 2023:

- Detailed geological work including geostatistics, further surface geology, logging and geological interpretation to support the updated 2023 MRE (as defined below) which is expected to be released in May 2023;
- Commenced Phase 6 metallurgical work with a focus on developing the final industrial process design criteria to be used in the Definitive Feasibility Study ("DFS") which is expected to commence during 2023;
- Commenced development of detailed geo-metallurgical model incorporating all geological, mineralogical and metallurgical information to underpin operating assumptions in the DFS;
- Ongoing technical baseline studies to support the permitting application;
- Progressed Marimaca Project layout definition for the DFS taking into account identified geological, technical, and environmental considerations;
- Planned condemnation, geohydrological and geotechnical drill programs for the DFS and mobilised contractors to commence site preparation in early Q2 2023;
- Phase 1 exploration drilling program commenced to test the sulphide discovery hole, MAD-22, with results expected during Q2 2023;
- Completion of second annual independent review on the Company's ESG performance assessment, increasing its score from BB to BBB;
- Filing of a preliminary shelf prospectus; and
- Received and released final assays released from 2022 diamond drilling campaign.

Corporate

2022 Mineral Resource Estimate

On October 13, 2022, the Company released the 2022 MRE for the MOD located in Antofagasta region, Chile. The 2022 MRE demonstrates significant resource growth over the 2019 MRE and marks an important step-change in the scale of the Marimaca Project, supporting a higher production rate than previously suggested.

The 2022 MRE reflected a 98% increase in Measured and Indicated Resource ("M&I") tonnes to 140 million tonnes ("Mt") at 0.48% CuT for 665.5 thousand tonnes ("kt") of contained copper and a 92% increase in Inferred Resource tonnes to 83Mt at 0.39% CuT for 322.9kt of contained copper over the Company's previous 2019 MRE.

The 2022 MRE incorporates 19,580m of approximately 42,000m of drilling (reverse circulation and diamond) completed in 2022 for a total of over 110,000m of drilling completed since 2016. The balance of the 2022 infill drilling program, totalling approximately 22,000m, will be included in a subsequent MRE planned for Q2 2023.

The 2022 MRE was prepared in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards and National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). *(See Marimaca section below)*.

Disposal of Rayrock

On March 4, 2022, the Company announced it had entered into a binding agreement to sell certain non-core assets, including Rayrock, which owns the Ivan SX-EW Processing Plant, 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 $10.9 million, plus up to $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
  - $150,000 upon signing (received)
  - $350,000 upon approval of the Ivan Rayrock technical permits (received)
  - $1.8 million – $2.1 million in March 2023, determined by LME copper price
  - $2.7 million – $3.1 million in December 2023, determined by LME copper price
  - $4.1 million – $5.2 million in September 2024, 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
  - $1.0m for stockpiles containing 5,000t – 10,000t total copper
  - $2.0m for stockpiles containing 10,000t – 20,000t total copper
  - $4.0m for stockpiles containing 20,000t – 30,000t total copper
  - $6.0m for stockpiles containing >30,000t total copper

The Company and 5Q are currently negotiating amendments to the agreement, which may include extensions to the future instalments. Updates to the schedule of payments of future instalments will be provided as part of future disclosures.

(a) Operations to March 21, 2022

The disposition was completed on March 21, 2022, on which date control of Rayrock passed to 5Q. As a result of the loss of control of Rayrock, the Company determined that Rayrock met the criteria as a discontinued operation under IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

For the period from January 1, 2022 to March 21, 2022, the net income from Rayrock is reported as income from discontinued operations. From March 21, 2022 onwards, the results from Rayrock are not reported in the financial statements of Marimaca Copper.

(b) Gain on sale of Rayrock

Management determined the fair value of the NSR based on the discounted future cash flows using a probability-based valuation model. The significant assumptions used by management to value the NSR were the mineral resources applicable to the NSR, the production levels, timing of production, the discount rate and long-term consensus copper prices. Management estimates mineral resources based on information compiled and reviewed by management's experts.

The NSR is recorded as an exploration and evaluation asset on the Company's statement of financial position.

(c) Derivative

Under the terms of the sale agreement, the final values of the cash amounts for the third, fourth and fifth instalments are dependent on average copper prices using LME data. As such, management concluded that the cash consideration included a derivative. Upon initial recognition, management also took into account the fair value of the future instalments using a discounted cash valuation approach.

Management determined the fair value of the derivative based on the discounted future cash flows using a probability-based valuation model. The significant assumptions used by management to value the derivative asset were the discount rate, timing of future instalments and copper price forward curve.

3 Outlook

In 2023, with the release of the final drill results of the 2022 infill drilling campaign, the Company has shifted its exploration focus to sulphide targets and accelerated its development strategy for the Marimaca Project.

The Company is currently completing an updated Mineral Resource Estimate (the "2023 MRE"), which is expected to be released in Q2 2023, and which will include an additional approximate 22,000m of drilling completed in the second half of 2022. It is expected that the updated MRE will convert a significant portion of the Inferred Resources included in the 2022 MRE to the Measured and Indicated categories. The 2023 MRE will be used as the basis for the Definitive Feasibility Study ("DFS"), which will be commenced in H2 2023.

Focusing on the shift to development, the Company has commenced its sixth phase of metallurgical test work which is focused on finalizing the base process design criteria for the DFS and identifying additional optimization opportunities to improve the Marimaca Project's overall economics and operational risk profile. This work will include the development of a detailed geo-metallurgical model, which will incorporate all the geological, mineralogical and metallurgical work completed at the project and will underpin the recovery and operating cost assumptions for the DFS.

In parallel, the Company continues to accelerate its permitting strategy to reduce the overall timeline to first copper production. During Q1, the Company completed additional technical baseline data collection and appointed engineering partners to assess the technical documentation required for the eventual submission of its environmental declaration. This work has included progressing the project layout definition, taking into account technical and environmental considerations. Towards the end of Q2 2023, the Company expects to move into the engineering work required to support its future environmental declaration.

Additionally, during Q1 the Company has completed the first phase of an exploration drilling program to assess the sulphide potential at the project. In December 2022, the Company announced the assay results from a diamond drill hole MAD-22 which intersected high-grade primary sulphide mineralization down-dip of oxide mineralization at the MOD. The Company has completed approximately 1,200 metres of diamond drilling and first results are expected during Q2 2023. Based on the results of the first phase, the Company expects to complete a second phase of approximately 1,500 metres across an initial strike of 500 metres.

The Company also continues to contemplate its strategy with respect to its regional exploration portfolio. Desktop work has been completed on its various assets including the Mercedes and Cindy targets, as well as the Sierra de Medina area. Sierra de Medina, in particular, has become a high priority for the Company given its proximity to Antofagasta Minerals significant new copper discovery, Cachorro. The Company will continue to assess its options for financing regional exploration given the renewed interest in copper exploration in the market.

Finally, the Company continues to engage with potential financing partners as it looks towards the eventual development of the MOD. The Company will continue these discussions in parallel with its development workstreams with the objective of providing a clear path to financing when the DFS is completed.

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 October 2022, the Company released an independent National Instrument 43-101 compliant updated Mineral Resource Estimate, the 2022 MRE, that was based on 385 reverse circulation holes (“RC”) and 39 diamond holes (“DD”) for a total of 110,790m drilled between 2016 and 2022 and was completed at a range of cut-off grades by independent consultants NCL Ingeniería y Construcción SpA (“NCL”). The 2022 MRE comprises 140 million tonnes, with an average grade of 0.48% total copper within the Measured & Indicated Categories of mineral resources (approximately 665Kt of contained copper), and 83 million tonnes with an average grade of 0.39% total copper within the Inferred Category of mineral resources (approximately 323kt of contained copper).

The 2022 MRE is summarized in the table below:

Table 1: NI 43-101 2022 Mineral Resource Estimate (Effective Date: October 13th, 2022)(1)

Mineral Resource Category and Type	Quantity (kt)	CuT (%)	CuS (%)	CuT (t)	CuS (t)
Total Measured	47,051	0.54	0.36	253,157	167,614
Total Indicated	92,516	0.45	0.26	412,375	244,200
Total Measured & Indicated	**139,567**	**0.48**	**0.30**	**665,531**	**411,814**
Total Inferred	**82,678**	**0.39**	**0.16**	**322,910**	**128,416**

Pit shell constrained resources with demonstrated reasonable prospects for eventual economic extraction (RPEEE) are generated using series of Lerchs-Grossmann pit shell optimizations completed by NCL

• CuT means total copper and CuS means acid soluble copper. Technical and economic parameters include: copper price US$4.00/lb; base mining cost US$1.51/t ($1.76/t average); Heap Leach ("HL") processing cost US$5.94/t (incl. G&A); Run-of-Mine ("ROM") processing cost US$1.65/t (incl. G&A); selling cost US$0.16/lb Cu; HL recovery 76% of CuT; ROM recovery 40% of CuT; and 42°-52° pit slope angle

• With the economic parameters stated above, the Cut-Off grade of the Mineral Resource Estimate is approximately 0.15% CuT and a strip ratio of 1:1 has been estimated by NCL.

• An external dilution factor was not considered during this resource estimation. Internal dilution within a 5 m x 5 m x 5 m is considered and the use of small loading equipment is foreseen for adequate selectivity. Assumes 100% mining recovery.

• Quantities and grades in a mineral resource estimate are rounded to an appropriate number of significant figures to reflect that they are approximations.

• Mineral resources which are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration.

(1) Amounts in table may not foot due to rounding.

Table 2: 2022 Mineral Resource Estimate Sensitivity(1)

Cut-off grade (%CuT)	Measured			Indicated			Measured + Indicated			Inferred		
	Quantity kt	CuT [%]	CuS [%]	Quantity kt	CuT [%]	CuS [%]	Quantity kt	CuT [%]	CuS [%]	Quantity kt	CuT [%]	CuS [%]
0.4	24,607	0.79	0.53	37,550	0.72	0.44	62,158	0.74	0.48	27,222	0.68	0.25
0.3	32,157	0.68	0.46	54,563	0.6	0.37	86,720	0.63	0.4	41,422	0.56	0.22
0.25	36,837	0.63	0.42	65,910	0.55	0.33	102,746	0.58	0.36	52,332	0.5	0.2
0.22	40,000	0.6	0.4	73,517	0.51	0.31	113,517	0.54	0.34	60,431	0.47	0.19
0.2	42,206	0.58	0.39	78,880	0.49	0.3	121,086	0.52	0.33	66,256	0.44	0.18
0.19	43,281	0.57	0.38	81,684	0.48	0.29	124,965	0.51	0.32	69,408	0.43	0.17
0.18	44,291	0.56	0.37	84,610	0.47	0.28	128,900	0.5	0.31	72,670	0.42	0.17
0.15	47,051	0.54	0.36	92,516	0.45	0.26	139,567	0.48	0.3	82,678	0.39	0.16
0.1	50,536	0.51	0.34	100,946	0.42	0.25	151,482	0.45	0.28	96,064	0.35	0.14
0.05	57,125	0.46	0.3	119,653	0.36	0.21	176,777	0.39	0.24	123,552	0.29	0.11
0	61,333	0.43	0.28	129,985	0.34	0.2	191,318	0.37	0.22	134,056	0.27	0.11

• Pit shell constrained resources with demonstrated reasonable prospects for eventual economic extraction (RPEEE) are generated using series of Lerchs-Grossmann pit shell optimizations completed by NCL

• CuT means total copper and CuS means acid soluble copper. Technical and economic parameters include: copper price US$4.00/lb; base mining cost US$1.51/t ($1.76/t average); Heap Leach ("HL") processing cost US$5.94/t (incl. G&A); Run-of-Mine ("ROM") processing cost US$1.65/t (incl. G&A); selling cost US$0.16/lb Cu; HL recovery 76% of CuT; ROM recovery 40% of CuT; and 42°-52° pit slope angle

• With the economic parameters stated above, the Cut-Off grade of the Mineral Resource Estimate is approximately 0.15% CuT and a strip ratio of 1:1 has been estimated by NCL.

• An external dilution factor was not considered during this resource estimation. Internal dilution within a 5 m x 5 m x 5 m is considered and the use of small loading equipment is foreseen for adequate selectivity. Assumes 100% mining recovery.

• Quantities and grades in a mineral resource estimate are rounded to an appropriate number of significant figures to reflect that they are approximations.
• Mineral resources which are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration
(1) Amounts in table may not foot due to rounding.

Certain concessions that make up the Marimaca Project are under option agreements as follows:

Llanos and Mercedes ("Ll&M")

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

Certain concessions that make up the greater Marimaca District are under option agreements as follows:

Akicy

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 clause to buy a 0.5% NSR for $0.5 million exercisable at any time.

Emilia

Under the terms of an August 2020 option agreement, the Company may acquire the Emilia 1-10 properties for a total consideration of $0.5 million payable as follows: $0.01 million upon signing (paid); $0.08 million on the 12-month anniversary (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 clause to buy a 0.5% NSR for $0.5 million exercisable at any time.

5 Financial Position Review

The Company is an exploration and development company that currently does not generate revenue. At March 31, 2023, the Company had cash on hand of $12.2 million (December 31, 2022 - $14.6 million), working capital of $16.3 million (December 31, 2022 – $18.9 million), total assets of $84.2 million (December 31, 2022 - $84.8 million), total liabilities of $0.8 million (December 31, 2022 - $0.6 million) and recorded a net loss of $1.3 million for first quarter 2023 ("Q1 2023") (Q1 2022 – loss of $2.2 million).

The Company has a current derivative receivable of $4.6 million (December 31, 2022 - $4.6 million) and a long-term derivative receivable of $3.9 million (December 31, 2022 - $3.9 million) associated with the sale of Rayrock, as described above.

During Q1 2023, the Company capitalized $1.8 million (Q1 2022 - $5.8 million) to exploration and evaluation assets which consisted of exploration activities, property acquisition costs and property option payments. Exploration and evaluation assets also include $1.0 million related to the Rayrock NSR.

Total liabilities of $0.8 million (December 31, 2022 - $0.6 million) is entirely related to accounts payable and accrued liabilities.

Liquidity

The Company is an exploration and development company that currently does not generate revenue. At March 31, 2023, the Company had working capital of $16.3 million (December 31, 2022 – $18.9 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

The capital managed by the Company includes the components of shareholders' equity as described in the consolidated statements of shareholders' equity. The Company is not subject to externally imposed capital requirements.

The Company's objectives of capital management are to create long-term value and economic returns for its shareholders. It does this by seeking to maximize the availability of finance to fund the growth and development of its mining properties, and to support the working capital required to maintain its ability to continue as a going concern. The Company manages its capital structure and adjusts it for changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its cost of capital while maintaining an acceptable level of risk. To maintain or adjust its capital structure, the Company considers all sources of finance reasonably available to it, including but not limited to issuance of new capital, issuance of new debt and the sale of assets in whole or in part, including mineral property interests. The Company's overall strategy with respect to management of capital as March 31, 2023 remains fundamentally unchanged from the year ended December 31, 2022.

Financial Instruments

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 March 31, 2023, the Company's carrying values of cash, amounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

The fair value of the derivative asset related to the Rayrock sale was estimated based on discounted future cash flows using a probability-based valuation model resulting in a fair value adjustment during the three months ended March 31, 2023 of $4.0 thousand (Q1 2022 - Nil). The model is updated quarterly for the Company's credit spread, copper price forward curve and/or consensus copper prices and estimate of future payment dates.

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 accounts receivable. The Company deposits cash with high credit quality financial institutions as determined by rating agencies.

As at March 31, 2023, the Company held its cash as follows: 87.9% in U.S. dollars, 6.5% in Canadian dollars and 5.6% in Chilean pesos with 90.2% of cash held in Canadian banks and 9.8% held in Chilean banks as at March 31, 2023.

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 $0.9 million as at March 31, 2023 ($1.4 million as of December 31, 2022). Based on the net exposures as of March 31, 2023, 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 $0.05 million and $0.04 million, respectively. 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 has relied on 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.

6 Expenditure Review

Table 3: Expenditures Summary

(In thousands of US dollars)	Three months ended March 31, 2023	2022
Expenses		
Exploration expenditures	$ -	$ 2,867
Depreciation and amortization	**3**	12
Legal and filing fees	**90**	66
Other corporate costs	**319**	179
Salaries and management fees	**624**	400
Share-based compensation	**400**	1,684
Operating loss	**(1,436)**	(5,208)
Finance income	**104**	16
Foreign exchange gain	**77**	164
Change in fair value of derivative	**(4)**	-
Loss from continuing operations	**$ (1,259)**	$ (5,028)
Discontinued operations		
Income (loss) from discontinued operations	**-**	2,817
Net loss	**$ (1,259)**	$ (2,211)
Items that may be subsequently reclassified to net income:		
Foreign currency translation adjustment	**5**	146
Total comprehensive loss for the period	**$ (1,254)**	$ (2,065)

Three months ended March 31, 2023 ("Q1 2023") compared to three months ended March 31, 2022 ("Q1 2022")

For the three months ended March 31, 2023, the Company recorded a net loss of $1.3 million compared to a net loss of $2.2 million in Q1 2022. The decrease in the loss is attributable to: (i) lower exploration expenditures, as all exploration in Q1 2023 were capitalized as opposed to expensed in Q1 2022; (ii) lower share-based compensation as fewer stock options and RSUs were granted in Q1 2023 compared to Q1 2022; partially offset by higher corporate costs and salaries and management fees.

Exploration costs decreased to nil when compared to the comparable period of $2.9 million, as the Company capitalized all the exploration expenses in Q1 2023 related to the Marimaca Project.

Other corporate costs include general & administrative expenses of $0.2 million related to the Company's Chilean office expenses which previously had been allocated to exploration and capitalized to exploration and evaluation assets.

Salaries and management fees increased from $0.4 million in Q1 2022 to $0.6 million in Q1 2023, due to bonuses payments and an increase in headcount.

Share-based compensation, related to the vesting of previously granted stock options and restricted shares units ("RSUs") was $0.4 million for Q1 2023 and $1.7 million for Q1 2022. The decrease is due to fewer grants of stock options and RSUs in Q1 2022 and Q1 2023.

Table 4: Selected Quarterly Financial Information

(in 000's except per share amounts)[1]		Q1 2023		Q4 2022		Q3 2022		Q2 2022
Cash	**$**	**12,206**	$	14,636	$	17,777	$	9,811
Total assets		**84,168**		84,825		85,298		87,344
Total liabilities		**758**		561		972		2,389
Shareholder's equity		**83,410**		84,264		84,326		84,955
Net (loss) income		**(1,259)**		100		(1,422)		1,372
Basic and diluted (loss) income per share	**$**	**(0.01)**	$	(0.00)	$	(0.02)	$	0.02
Weighted Average Number Shares Outstanding		**88,226**		88,226		88,226		88,209
Cash used in operating activities		**(461)**		(75)		(2,035)		2,820
Cash used in financing activities		**-**		(36)		-		-
Cash provided by (used in) investing activities	**$**	**(1,756)**	$	(2,621)	$	9,999	$	(7,488)
(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	$	(0.03)	$	(0.05)	$	(0.05)	$	(0.08)
Weighted Average Number Shares Outstanding		88,076		88,002		87,930		87,871
Cash used in operating activities		(3,716)		(10,745)		(2,456)		(6,304)
Cash provided by (used in) financing activities		(3,000)		33,410		(120)		36,638
Cash used in investing activities	$	(5,665)	$	(9,738)	$	(1,063)	$	(4,083)

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

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 4 are generally due to (i) the availability of cash to fund operations; (ii) the completion of any debt or equity financings in the period; 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 are due to the sale of the Osisko NSR for proceeds of $15.5 million in Q3 2022 partially offset by exploration expenditures and option payments.

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 5: Related Party Costs

		Three months ended March 31,		
(In thousands of US dollars)		2023		2022
Short-term employee benefits	$	532	$	458
Share-based payments		341		1,603
Total	**$**	**873**	**$**	**2,061**

[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 May 9, 2023, the number of common shares outstanding or issuable to other outstanding securities is as follows:

Common Shares	Number
Outstanding	88,226,303
Stock options	7,380,644
Restricted Shares Units ("RSUs")	410,554
Total	**96,017,501**

[1] Stock Options have exercise prices ranging from C$1.25 to C$5.00 and expiries between May 2023 and September 2027.

8 Critical Accounting Estimates

Estimates, judgements and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the financial statements.

a) Impairment of exploration and evaluation 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, 2022.

b) 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.

c) Fair value of derivative

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. Management uses its judgement to select a method of valuation and makes estimates of specific model inputs that are based on conditions existing at the end of each reporting period. Refer to Note 5 of the Company's Financial Statements for further details on the methods and assumptions associated with the measurement of the derivative contained within the contract for the cash consideration of the Rayrock transaction.

New and Amended Standards Not Yet Adopted by the Company

Certain pronouncements were issued by the IASB or IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted but are not expected to have a material impact on the Company's financial statements.

IFRS 10, Consolidated Financial Statements and IAS 28, Investments in Associates and Joint Ventures

IFRS 10 and IAS 28 were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

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. The amendment is effective for annual periods beginning on or after January 1, 2024. The adoption of this amendment is not expected to have a significant impact on 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 December 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 months ended March 31, 2023 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 March 31, 2023, 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 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 Company, purchase orders placed by the Company 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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