marimaca
COPPER CORP.

TSX: MARI

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 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 August 11, 2023, and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and the related notes for the three and six months ended June 30, 2023 and June 30, 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. Since the unaudited condensed interim consolidated financial statements do not include all disclosure required by IFRS for annual statements, they should be read in conjunction with the Company's audited consolidated financial statements as at and for the year ended December 31, 2022, combined with the MD&A for the year ended December 31, 2022. The Financial Statements and MD&A are presented in U.S. dollars. 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 and six months ended June 30, 2023, and the corresponding notes to the Financial Statements which are available on our website at www.marimaca.com and on SEDAR+ at www.sedarplus.ca .

Additional information related to Marimaca Copper, including our Annual Information Form ("AIF"), is available under the Company's profile on SEDAR+ at www.sedarplus.ca 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 ("MRE") for the Marimaca Project in May 2023. The Company's current technical report (the "2023 MRE") for the Marimaca Project is dated May 18, 2023, and is the technical report most recently filed on SEDAR+ at www.sedarplus.ca 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 2023:

- The Company Announced the 2023 updated Mineral Resource Estimate for the Marimaca Project (the "2023 MRE") in May 2023 outlining Measured and Indicated Resources of 200.3mt at 0.45% CuT for 900kt of contained copper and Inferred Resources of 37.3mt at 0.38% CuT for 141kt of contained copper;
- 86% of the Marimaca Oxide Deposit's ("MOD"s) total resource tonnes now contained in the Measured and Indicated categories which significantly de-risks the Marimaca ore body ahead of the planned DFS;
- Announced a C$20 million strategic equity investment from Mitsubishi Corporation ("Mitsubishi") (the "Strategic Investment") to fund the advancement and acceleration of the development of the Marimaca Copper Project. Mitsubishi is a major investor in the Latin American copper industry with a portfolio of existing investments including Escondida, Los Pelambres, Antamina, Los Bronces and Quellaveco. This Strategic Investment closed on July 11, 2023;
- Planned and executed the condemnation and geohydrological drill program for the DFS – 9 drill holes have been completed to date with assays and analysis pending and to be announced to market in due course;
- Completed the four-drill hole exploration program to test the extension of sulphide mineralization below the MOD – all four holes intersected the extension of the upper oxide and mixed/enriched copper mineralization at the MOD and, deeper, similar alteration assemblages to those observed in sulphide drill hole MAD-22 (released December 2022) with intersections of lower grade sulphide mineralization observed (announced on July 27, 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 H2 2023;
- Commenced development of detailed geo-metallurgical model incorporating all geological, mineralogical and metallurgical information to underpin operating assumptions in the DFS;
- Progressed technical baseline studies to support the Project permitting application, which includes chemical and physical stability studies, flora and fauna studies, and hydrology/hydrogeology studies;
- Continued to de-risk the preferred site layout for the DFS, including an ongoing condemnation drilling program, taking into account technical and environmental factors;
- Completion of second annual independent review on the Company's ESG performance assessment, increasing its score from BB to BBB.

Corporate

2023 Mineral Resource Estimate

On May 18, 2023, the Company released an updated Mineral Resource Estimate (the "2023 MRE") for the MOD located in Antofagasta region, Chile. The 2023 MRE incorporated 28,374m of new drilling data completed since the 2022 Mineral Resource Estimate (the "2022 MRE") released in October 2022. The 2023 MRE database consists of 139,164m across 554 drill holes completed since discovery of the MOD in 2016. New drilling data captured in the 2023 MRE was largely targeted at conversion of Inferred Resources to the Measured and Indicated ("M&I") categories.

The 2023 MRE reflected a 44% increase in M&I Resource tonnes to 200Mt at 0.45% CuT for 900kt of contained copper, with an Inferred Resource of 37Mt at 0.38% CuT for 141kt of contained copper.

The 2023 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)*.

Mitsubishi Strategic Investment

On June 21, 2023, Marimaca announced that it had agreed a C$20 million equity investment with Mitsubishi Corporation ("Mitsubishi") via a non-brokered private placement (the "Strategic Investment"). This Strategic Investment closed on July 11, 2023.

Pursuant to the Strategic Investment, Mitsubishi subscribed for an aggregate 4,640,371 units ("Units") consisting of one common share (a "Common Share") and one Common Share purchase warrant (a "Warrant") at a price of C$4.31 per Unit. Each Warrant entitles Mitsubishi to purchase one additional Common Share at an exercise price of C$5.60 for a period of 24 months following the closing. Following completion of the Strategic Investment, Mitsubishi now owns approximately 5.0% of Marimaca's issued and outstanding common shares on a non-diluted basis. The Unit subscription price represented an 11% premium to the 20-day volume weighted average price of the Company's common shares on the Toronto Stock Exchange ("TSX") as of June 19, 2023.

Marimaca intends to use the proceeds of the Strategic Investment to progress the Definitive Feasibility Study ("DFS") and permitting workstreams for the Marimaca Copper Project, and for working capital and general corporate purposes. The securities issued pursuant to the Strategic Investment are subject to a statutory 4-month hold period in accordance with applicable Canadian securities laws.

In connection with the Strategic Investment, the Company has granted Mitsubishi the following rights, including:

- For so long as Mitsubishi maintains an ownership interest of at least 2.5%, participation and top-up rights that enable it to maintain its pro rata ownership interest in the Company.
- The right to nominate one member for election to the Company's Board of Directors should Mitsubishi's ownership interest increase to 7.5% or greater.
- The right to appoint two members to an Environmental and Technical Committee formed after completion of the Strategic Investment.

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.

On July 26, 2023, Marimaca and 5Q amended the payment schedule under the sale and purchase agreement, as outlined below.

<u>Transaction Details</u>

Total Consideration

- Up to $11.0 million in total consideration to Marimac, payable in accordance with the following schedule:
  - $150,000 upon signing (received)
  - $350,000 upon approval of the Ivan Rayrock technical permits (received)
  - $1.8 million – $2.1 million payable between September 30, 2023, and December 31, 2023, determined by LME copper price (revised schedule). This payment will be subject to an interest of 12% per annum to be accrued from March 31st, 2023, and compounded monthly.
  - $2.7 million – $3.1 million up to fifteen months after the third payment is made, determined by LME copper price (revised schedule)
  - $4.1 million – $5.2 million up to fifteen months after the fourth payment is made, determined by LME copper price (revised schedule)
- 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

(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.

As at the date of this MD&A, the Company has received $0.5 million in cash payments under the terms of the transaction.

(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 complied 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

Following the release of the 2023 MRE and the Strategic Investment from Mitsubishi, the Company is focused on accelerating its development strategy for the Marimaca Project towards the DFS and permitting submissions.

Several workstreams are ongoing which will support the Project's development milestones. The company is currently well-advanced on the condemnation and geohydrological drill program which is intended to confirm the preferred site layout for the DFS. Geological prospectivity and environmental risks will be analyzed based on the results of the program and the optimal project layout will be determined accordingly. Additionally, the Company's permitting strategy is progressing to plan with the majority of baseline data collection complete, and the Company now moving into the preliminary engineering and writeup phase ahead of the planned submission. In parallel, the Company plans to appoint the lead engineering firm for the planned DFS in the 3rd quarter of 2023. The DFS will progress in parallel with the Company's permitting workstreams.

The Company's sixth phase of metallurgical test work is ongoing and will be an integral component of the supporting data for the DFS. The program is focused on finalizing the base process design criteria and identifying additional enhancements to the Marimaca Project to improve its overall economics and operational risk profile, with a particular focus on optimizing acid consumption and heap leaching conditions. This work will include the development of a detailed geo-metallurgical model, which incorporates the full dataset of geological, mineralogical and metallurgical work completed at the project and will underpin the recovery and operating cost assumptions for the DFS.

During the first six months of 2023 the Company executed the first phase of an exploration diamond 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 completed a 1,220m follow-up diamond exploration drilling campaign across 4 drill holes (announced July 27, 2023). Despite encountering challenging drilling conditions due to localized fault structures, results from the sulphide exploration drilling continue to support the current interpretation of the mineralized system at the MOD. The large-scale nature of the supergene (oxide) mineralized body at Marimaca, and the alteration assemblages and remnant primary sulphide-bearing structures encountered in MAD-22, 25, 26 and 27 continue to provide strong evidence for a sulphide-rich ‘feeder’ system which can be interpreted as the source for the MOD. Planning for the potential next phase of sulphide exploration will incorporate learnings from this first phase campaign, including adjusting the approach to drilling from east to west to allow for easier orientation of the drilling to the deeper target horizons. Potential future sulphide drilling from further to the west is expected to have a longer program lead time due to the need to plan and build new drilling infrastructure rather than using existing eastern drill pads at the MOD (used for the follow-up sulphide program announced on July 27th 2023).

The Company also continues to review 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 Project. 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.

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 location with access to key infrastructure points nearby. High voltage powerlines and national highways are within 14 kilometres of the Project area, and the Project is located 25 kilometres from the port of Mejillones and 45 kilometres from the regional capital of Antofagasta.

In May 2023, the Company released an independent National Instrument 43-101-compliant updated Mineral Resource Estimate (the 2023 MRE) that was based on 554 drill holes for a total of 139,164m drilled between 2016 and 2022. The 2023 MRE was completed by independent consultants NCL Ingeniería y Construcción SpA (“NCL”) and verified by Luis Oviedo of NCL, a qualified person and independent of Marimaca (within the meaning of such terms under NI 43-101).

The 2023 MRE is summarized in the tables below:

Table 1: NI 43-101 2023 Mineral Resource Estimate (reported at a 0.15% CuT cutoff) (Effective Date: May 17,2023)(1)

Mineral Resource Category and Type	Quantity (kt)	CuT (%)	CuS (%)	CuT (t)	CuS (t)
Total Measured	96,954	0.49	0.28	473,912	268,628
Total Indicated	103,358	0.41	0.21	425,797	219,690
Total Measured and Indicated	**200,312**	**0.45**	**0.24**	**899,709**	**488,319**
Total Inferred	**37,289**	**0.38**	**0.15**	**141,252**	**55,802**

* 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 of US$1.51/t with a mining cost adjustment factor of US$0.04/t-10m bench; 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); SX-EW processing cost and selling cost US$0.16/lb Cu; heap leach recovery 76% of CuT; ROM recovery 40% of CuT; and 42°-52° pit slope angle
* 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: 2023 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 [%]
0.40	44.00	0.77	0.44	37.50	0.69	0.38	81.60	0.73	0.41	12.10	0.64	0.24
0.30	60.20	0.65	0.38	55.50	0.58	0.31	115.70	0.62	0.35	18.80	0.54	0.21
0.22	77.80	0.56	0.32	77.00	0.49	0.26	154.90	0.53	0.29	27.20	0.45	0.18
0.20	83.00	0.54	0.31	83.80	0.47	0.25	166.80	0.5	0.28	30.20	0.43	0.17
0.18	88.30	0.52	0.3	91.30	0.44	0.23	179.60	0.48	0.26	33.00	0.41	0.16
0.15	97.00	0.49	0.28	103.40	0.41	0.21	200.30	0.45	0.24	37.30	0.38	0.15
0.10	113.30	0.44	0.24	127.60	0.36	0.18	241.00	0.39	0.21	46.60	0.33	0.13
0.00	146.10	0.35	0.19	178.20	0.27	0.14	324.30	0.31	0.16	72.00	0.24	0.09

* 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 of US$1.51/t with a mining cost adjustment factor of US$0.04/t-10m bench; 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); SX-EW processing cost and selling cost US$0.16/lb Cu; heap leach recovery 76% of CuT; ROM recovery 40% of CuT; and 42°-52° pit slope angle
* 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.

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 May 2022); $0.15 million on the 40-month anniversary, and $1.4 million on the 48-month anniversary (paid April 2023). 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.

All the concessions that make up the Marimaca Project are owned by the Company, without any outstanding mining option pending to be exercised. In terms of the greater Marimaca District, as of June 30, 2023 there were certain concessions held under option agreements. These option agreements were exercised in July 2023, 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 (paid on July 11, 2023). 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 (paid on July 12, 2023). 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 operational revenue. On June 30, 2023, the Company had cash on hand of $7.8 million (December 31, 2022 - $14.6 million), working capital of $11.6 million (December 31, 2022 – $18.9 million), total assets of $83.3 million (December 31, 2022 - $84.8 million), total liabilities of $1.1 million (December 31, 2022 - $0.6 million) and recorded a net loss of $2.4 million for second quarter 2023 (“Q2 2023”) (Q2 2022 – loss of $1.1 million).

The Company recorded a current receivable of $4.9 million (December 31, 2022 - $4.6 million) and a long-term amount receivable of $3.9 million (December 31, 2022 - $3.9 million) associated with the sale of Rayrock, as described above.

During Q2 2023, the Company capitalized $3.5 million (Q2 2022 - $7.5 million) to exploration and evaluation assets which was comprised of exploration activities, property acquisition costs and property option payments.

Total liabilities of $1.1 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 operational revenue. At June 30, 2023, the Company had working capital of $11.6 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 June 30, 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 June 30, 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 a discounted future cash flows using a probability-based valuation model resulting in a fair value adjustment Q2 2023 of $0.6 thousand (Q2 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.

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 $0.6 million as at June 30, 2023 ($1.2 million as of December 31, 2022). Based on the net exposures as of June 30, 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 $0.03 million, respectively. The Company manages and monitors the currency risk on a regular basis.

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 June 30, 2023	2022 (Restated - Note 2(c))	Six months ended June 30, 2023	2022
Expenses				
Exploration Expenditures	$ -	$ -	$ -	$ 55
Depreciation and amortization	**3**	11	**6**	23
Legal and filing fees	**58**	36	**148**	102
Other corporate costs	**731**	190	**1,050**	369
Salaries and management fees	**616**	374	**1,240**	774
Share-based compensation	**1,170**	951	**1,570**	2,635
Operating loss	$ (2,578)	$ (1,562)	$ (4,014)	$ (3,958)
Finance income	**115**	60	**219**	76
Foreign exchange gain	**(58)**	62	**19**	226
Change in fair value of derivative	**1**	-	**(3)**	-
Loss from continuing operations	$ (2,520)	$ (1,440)	$ (3,779)	$ (3,656)
Discontinued operations				
Income (loss) from discontinued operations	-	-	-	2,817
Net loss	$ (2,520)	$ (1,440)	$ (3,779)	$ (839)
Items that may be subsequently reclassified to net income:				
Foreign currency translation adjustment	**148**	(296)	**154**	(152)
Total comprehensive loss for the period	$ (2,372)	$ (1,736)	$ (3,625)	$ (991)

Three months ended June 30, 2023 ("Q2 2023") compared to three months ended June 30, 2022 ("Q2 2022")

For the three months ended June 30, 2023, the Company recorded a net loss of $2.5 million compared to a net loss of $1.4 million in Q2 2022. The increase in the loss is attributable to: (i) higher other corporate costs increased to $0.7 million in Q2 2023 compared to $0.2 million in Q2 2022, due to the fact that general and administrative expenses related to the Company's Chilean office expenses, were allocated to exploration and evaluation assets in Q2 2022.; (ii) higher share-based compensation due to higher vesting on stock options and RSUs in Q2 2023 compared to Q2 2022, combined with higher corporate costs and salaries and management fees.

Table 4: Selected Quarterly Financial Information

(in thousands except per share amounts) [1]		Q2 2023		Q1 2023		Q4 2022		Q3 2022
Cash	**$**	**7,801**	$	12,206	$	14,636	$	17,777
Total assets		**83,340**		84,168		84,825		85,298
Total liabilities		**1,129**		748		561		972
Shareholder's equity		**82,211**		83,410		84,264		84,326
Net income (loss)		**148**		(1,259)		100		(1,422)
Basic and diluted (loss) income per share	**$**	**(0.03)**	$	(0.01)	$	(0.01)	$	(0.02)
Weighted Average Number Shares Outstanding		**88,234**		88,226		88,226		88,226
Cash used in operating activities		**(1,162)**		(461)		(75)		(2,035)
Cash used in financing activities		**-**		-		(36)		-
Cash provided by (used in) investing activities	**$**	**(3,484)**	$	(1,756)	$	(2,621)	$	9,999
(in thousands except per share amounts)(1)		Q2 2022 *Restated*		Q1 2022 *Restated*		Q4 2021		Q3 2021
Cash	$	9,811	$	14,578	$	26,786	$	36,376
Total assets		87,344		86,980		92,797		97,747
Total liabilities		2,389		1,514		9,486		12,226
Shareholder's equity		84,955		85,466		83,311		85,521
Net income (loss)		(1,440)		601		(4,759)		(3,994)
Basic and diluted loss per share	$	(0.02)	$	0.01	$	(0.05)	$	(0.05)
Weighted Average Number Shares Outstanding		88,209		88,076		88,002		87,930
Cash used in operating activities		8		(904)		(10,745)		(2,456)
Cash provided by (used in) financing activities		-		(3,000)		33,410		(120)
Cash used in investing activities	$	(4,684)	$	(8,469)	$	(9,738)	$	(1,063)

[1] Sum of all quarters may not add up to yearly total due to rounding.

The Company does not generate operational 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

(In thousands of US dollars)	Three months ended June 30, 2023	2022	Six months ended June 30, 2023	2022
Short-term employee benefits	$ 636	$ 346	$ 1,169	$ 812
Share-based payments	899	878	1,240	2,481
Total	**$ 1,535**	**$ 1,224**	**$ 2,409**	**$ 3,293**

(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 10, 2023, the number of common shares outstanding or issuable to other outstanding securities is as follows:

Common Shares	Number
Outstanding (1)	92,881,650
Stock options (2)	7,879,636
Restricted Shares Units ("RSUs")	698,054
Warrants (1)	4,640,371
Total	**106,099,711**

(1) On June 21, 2023, Marimaca announced an equity investment with Mitsubishi Corporation ("Mitsubishi"), closed on July 11, 2023. Pursuant to the Strategic Investment, Mitsubishi subscribed for an aggregate 4,640,371 units ("Units") consisting of one common share (a "Common Share") and one Common Share purchase warrant (a "Warrant") at a price of C$4.31 per Unit. Each Warrant entitles Mitsubishi to purchase one additional Common Share at an exercise price of C$5.60 for a period of 24 months following the closing.

(2) 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 June 30, 2023.

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, 2023. 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.

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.

Restatement of previously issued interim financial statements

The Company identified that exploration expenditures incurred and expensed during Q1 2022, should have been capitalized. Those expenses were capitalized to exploration and evaluation assets only during Q2 2022. As a result, net result for Q1 2022, was understated and net result for Q2 2022 was overstated. There was no impact on the 2022 annual financial statements.

The relevant comparative information has been restated in these condensed interim consolidated financial statements to reflect capitalization of expenditures in the correct comparative period. A summary of the requisite adjustments to the financial statements for Q1 2022, and the Q2 2022 2022, are set forth in the table below:

		Three months ended March 31, 2022		Three months ended June 30, 2022
Comprehensive income (loss) (as previously reported)	$	(2,065)	$	1,076
Exploration investments recognized to statement of loss	$	2,812	$	(2,812)
Comprehensive income (loss) (Restated)	**$**	**747**	**$**	**(1,736)**
Income (loss) per share (as previously reported)	$	(0.02)	$	0.02
Income (loss) per share (Restated)	**$**	**0.01**	**$**	**(0.02)**

		Thee months ended March 31, 2022
Net cash used in operating activities (as previously reported)	$	(3,716)
Net cash used in operating activities (restated)	**$**	**(904)**
Cash used in investing activities (as previously reported)	$	(5,665)
Cash used in investing activities (restated)	**$**	**(8,477)**

		As at March 31, 2022 (as previously reported)		As at March 31, 2022 (as restated)
Total assets	$	84,444	$	87,256
Deficit		(139,251)		(136,439)
Total liabilities and equity		84,444		87,256

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 June 30, 2023, 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, 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 June 30, 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 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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