marimaca
COPPER CORP.

TSX: MARI

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 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 March 22, 2024, and should be read in conjunction with the Company's consolidated annual audited financial statements for the years ended December 31, 2023, and 2022 (the "Financial Statements") and related notes thereto which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"). 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 years ended December 31, 2023, and 2022 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.

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1 Overview

Marimaca Copper is a Canadian publicly-listed exploration and development company focused on exploring for and developing new copper deposits in Chile. The Company's shares are traded on the Toronto Stock Exchange ("TSX") under the symbol "MARI".

The Company's principal asset is the Marimaca Project, a copper deposit located in the Antofagasta Region of northern Chile. 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, as the Company moves ahead with the Definitive Feasibility Study ("DFS");
- In May 2023, the Company announced the appointment of José Antonio Merino as Managing Director, Chile, and Interim CFO. Mr. Merino, brings over 15 years of international and in-country experience to the Marimaca team, having served in various senior roles in the natural resource industry across project development, M&A, and corporate finance.
- The Company 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;
- Finalized Phase 6 metallurgical work with a focus on developing the final industrial process design criteria to be used in the Definitive Feasibility Study ("DFS"). The results of this work program were released on November 6, 2023.
- A confirmatory Phase of metallurgy, Phase 7, has been designed and scheduled and will provide final inputs for the DFS, including use of seawater from the source as noted in the water supply option agreement announced in November 2022
- Assigned Ausenco Chile Ltda ("Ausenco") to lead the Marimaca Project Definitive Feasibility Study (the "DFS"), following a competitive bidding process, as announced by the Company on October 30, 2023.
- Appointed Giancarlo Bruno Lagomarsino as Non-Executive Director, on November 1, 2023. Giancarlo, a mechanical engineer by training, is a seasoned mining professional with extensive experience across the mining value chain from maintenance, safety and mine management up to senior operational management positions in some of the most important copper mines in Chile.

- On December 29, 2023, the Company signed a Memorandum of Understanding ("MOU") with Cobres y Metales ("CyM") which acquired 5Q SpA ("5Q") during Q4 2023, whereas Marimaca agreed to amend the deferred payment considerations of the original sale of Rayrock, replacing the previous payment schedule and contingent payments, to a single payment of $7.0 million, subject to actual payment of such amount in full no later than June 30, 2024. No changes apply in the 1.5% net smelter return royalty ("NSR") granted to the Company on certain concessions held by Rayrock.

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 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 were 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.

Appointment of Ausenco

On October 30, 2023, the Company announced the appointment of Ausenco to lead Marimaca Project Definitive Feasibility Study.

Ausenco is a leading multi-national engineering firm with significant experience in Chile, including the current execution of the engineering, procurement and construction contract (“EPC”) for Capstone Copper’s Mantoverde Development Project.

The firm has a wealth of experience and is already familiar with the Marimaca Copper Project (the “Project”) having led the 2020 Preliminary Economic Assessment (the “2020 PEA”) and subsequent trade-off studies for the Project. Ausenco will lead the DFS engineering workstreams as well as serve as lead author for the planned NI 43-101 technical report with its professionals acting as Qualified Persons for core chapters. In addition, Ausenco will also act as the engineering lead for permitting application purposes.

Disposal of Rayrock

On March 3, 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.

Transaction Details

Total Consideration

- Up to $11.0 million in total consideration to Marimaca, payable in accordance with the following payment schedule (subsequently revised by memorandum of understanding with CyM, discussed below):
  - $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 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.

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

(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 was 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 that is complied with 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 consideration included a derivative. Upon initial recognition, management also took into consideration 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.

(d) Memorandum of Understanding with Cobres y Metales

In December 2023, a majority stake in 5Q was acquired by Chilean company Cobres y Metales S.A. ("CyM"). On December 29, 2023, the Company signed a Memorandum of Understanding ("MOU") in which Marimaca agreed to amend the deferred payment considerations of the original sale of Rayrock, replacing the previous payment schedule, included above, and contingent payments, to a single payment of $7.0 million, subject to actual payment of such amount in full no later June 30, 2024. No changes apply in the 1.5% net smelter return royalty ("NSR") granted to the Company on certain concessions held by Rayrock. As a result, the derivative was extinguished and a net receivable of $6.6 million was recorded. This transaction resulted in a net loss of $2.1 million in the year ended December 31, 2023.

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's permitting strategy is progressing to plan with the majority of baseline data collection complete, and the Company now moving into the engineering and writeup phase ahead of the planned submission. In parallel, the Company has appointed Ausenco as the engineering firm to lead the DFS, following a competitive bidding process among leading engineering firms with presence in Chile. The DFS will progress in parallel with the Company's permitting workstreams.

The Company's sixth phase of metallurgical test work is now complete and will be an integral component of the supporting data for the DFS. The program was 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. Results of such work program were released by the Company on November 6, 2023. A confirmatory seventh phase of metallurgical test work is underway and is intended to provide final inputs for 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 near MOD targets as Mercedes and Cindy, 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 which has had a 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	CuT	CuS	CuT	CuS
	(kt)	(%)	(%)	(t)	(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.

Mining Property

As of December 31, 2023, all the concessions that make up the Marimaca Project are owned by the Company, without any outstanding mining option pending to be exercised.

5 Financial Position Review

Selected Annual Financial Information *(In thousands of US dollars)*	**2023**	2022	2021
Net (loss) income from continuing operations	**$ (7,113)**	$ (4,848)	$ (17,480)
(Loss) earnings per share from continuing operations	**(0.08)**	(0.06)	(0.20)
Income (loss) from discontinued operations	-	2,687	(1,326)
Earnings (loss) per share from discontinued operations	-	0.03	(0.02)
Net (loss) income	**(7,113)**	(2,161)	18,806
(Loss) earnings per share	**(0.08)**	(0.03)	(0.22)
Total assets	**95,599**	84,825	92,797
Total non-current liabilities	**1,204**	561	9,486
Total shareholders' equity	**94,395**	84,264	83,311

The Company is an exploration and development company that currently does not generate revenue. At December 31, 2023, the Company had cash on hand of $16.7 million (December 31, 2022 - $14.6 million), working capital of $22.5 million (December 31, 2022 – $18.9 million), total assets of $95.6 million (December 31, 2022 - $84.8 million), total liabilities of $1.2 million (December 31, 2022 - $0.6 million) and recorded a net loss of $7.1 million for 2023 (2022 – $2.2 million).

The Company recorded a net receivable of $6.6 million (December 31, 2022 - $8.6 million) associated with the sale of Rayrock, reflecting the Memorandum of Understanding signed between Marimaca and Cobres y Metales ("CyM"), which the Company agreed to amend the deferred payment considerations of the original sale of Rayrock, replacing the previous payment schedule and contingent payments, to a single payment of $7.0 million, due on June 30, 2024. No changes apply in the 1.5% net smelter return royalty ("NSR") granted to the Company on certain concessions held by Rayrock.

During 2023, the Company capitalized $10.1 million (2022 - $21.7 million) to exploration and evaluation assets which was comprised of exploration activities, property acquisition costs and property option payments.

Total liabilities of $1.2 million (December 31, 2022 - $0.6 million) is mainly related to accounts payable and accrued liabilities with a total of $1.1 million, combined with lease liabilities of $0.1 million.

Liquidity

The Company is an exploration and development company that currently does not generate operational revenue. At December 31, 2023, the Company had working capital of $22.5 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 of December 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 December 31, 2023, the Company's fair value of cash, amounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

As at December 31, 2023, the Company held no derivative asset in its consolidated statement of financial position (2022 – $8.6 million), due to the Memorandum of Understanding signed on December 29, 2023 (further detail provided in the Disposal of Rayrock Note (d), above). The extinguishing of the derivative portion of the transaction resulted in a fair value loss during the year ended December 31, 2023, of $2.1 million (2022 - $0.8 million).

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, are the maximum amounts exposed to credit risk. The Company deposits its 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 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 $0.5 million as at December 31, 2023 ($1.2 million as of December 31, 2022). Based on the net exposures as of December 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 $0.1 million, respectively. The Company manages and monitors the currency risk on a regular basis.

As at December 31, 2023, the Company held its cash as follows: 90.9% in U.S. dollars, 0.6% in Canadian dollars and 8.5% in Chilean pesos, with 89.3% of cash held in Canadian banks and 10.7% held in Chilean banks, as at December 31, 2023.

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.

Table 4: Contractual Obligation

(In thousands of US dollars)	Total	> 1 year	1 - 3 years	4 - 5 years	More than 5 years
Accounts payable and accrued liabilities	$ **1,076**	$ 1,076	$ -	$ -	$ -
Lease liabilities	**128**	85	43	-	-
Total	$ **1,204**	$ 1,161	$ 43	$ -	$ -

6 Expenditure Review

(In thousands of US dollars)	Three months ended December 31, 2023	2022	Year ended December 31, 2023	2022
Expenses				
Exploration Expenditures	$ -	$ (84)	$ -	$ -
Depreciation and amortization	**24**	11	**54**	46
Legal and filing fees	**76**	81	**259**	257
Salaries and corporate costs	**355**	768	**3,441**	2,579
Share-based compensation	**318**	617	**2,139**	3,938
Operating loss	$ **(773)**	$ (1,393)	$ **(5,893)**	$ (6,820)
Finance income/(expense)	**(96)**	91	**597**	217
Foreign exchange gain/(loss)	**(148)**	753	**49**	976
Change in fair value of derivative and other non-operating expense	**(1,864)**	779	**(1,866)**	779
Gain/(Loss) from continuing operations	$ **(2,881)**	$ 230	$ **(7,113)**	$ (4,848)
Discontinued operations				
Income (loss) from discontinued operations	**-**	(130)	**-**	2,687
Net Income/(Loss)	$ **(2,881)**	$ 100	$ **(7,113)**	$ (2,161)
Items that may be subsequently reclassified to net income:				
Foreign currency translation adjustment	**276**	(779)	**(47)**	(824)
Total comprehensive loss for the period	$ **(2,605)**	$ (679)	$ **(7,160)**	$ (2,985)

Three months ended December 31, 2023 (“Q4 2023”) compared to three months ended December 31, 2022 (“Q4 2022”)

For Q4 2023 the Company recorded a net loss of $2.9 million compared to a net income of $0.1 million in Q4 2022. The loss for the three months ended December 31, 2023, was primarily due to the updated Rayrock receivables following the Memorandum of Understanding ("MOU") signed between Marimaca and Cobres y Metales ("CyM") on December 29, 2023. The Company agreed to amend the deferred payment considerations of the original sale of Rayrock to a single payment of $7.0 million, resulting in a loss of $2.1 million for the three months ended December 31, 2023.

Share-based compensation, related to the vesting of previously granted stock options and restricted shares units (“RSUs”), was $0.3 million in Q4 2023 compared to $0.6 million in Q4 2022, due to lower vesting on stock options and RSUs in Q4 2023 compared to Q4 2022. Salaries and management fees in Q4 2023 of $0.4 million was in line with the same period of 2022.

Salaries and corporate costs decreased to $0.4 million in Q4 2023 compared to $0.8 million in Q4 2022, due to the allocation of general and administrative expenses related to the Company’s Chilean office expenses, to exploration and evaluation assets.

Quarterly Financial Information

(in thousands except per share amounts)[1]	**Q4 2023**	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022 *Restated*	Q1 2022 *Restated*
Cash	**$ 16,692**	$ 18,938	$ 7,801	$ 12,206	$ 14,636	$ 17,777	$ 9,811	$ 14,578
Total assets	**95,599**	97,519	83,340	84,168	84,825	85,298	87,344	87,256
Total liabilities	**1,204**	832	1,129	758	561	972	2,389	1,514
Shareholder's equity	**94,395**	96,687	82,211	83,410	84,264	84,326	84,955	85,742
Net income (loss)	**(2,883)**	(451)	(2,520)	(1,259)	100	(1,422)	(1,440)	601
Basic and diluted (loss) income per share	**$ (0.03)**	$ (0.00)	$ (0.03)	$ (0.01)	$ 0.00	$ (0.02)	$ (0.02)	$ 0.01
Weighted Average Number Shares Outstanding	**92,327**	92,327	88,234	88,226	88,226	88,226	88,209	88,076
Cash used in operating activities	**(501)**	(1,005)	(1,161)	(461)	(75)	(2,035)	8	(904)
Cash used in financing activities	**38**	15,057	-	-	(36)	-	-	(3,000)
Cash provided by (used in) investing activities	**$ (1,714)**	$ (2,892)	$ (3,484)	$ (1,756)	$ (2,621)	$ 9,999	$ (4,676)	$ (8,477)

[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 strategic equity investment of C$20 million ($15.1 million) from Mitsubishi Corporation in Q3 2023, partially offset by exploration expenditures in Q4 2023.

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.

	Three months ended December 31,				Year ended December 31,			
(In thousands of US dollars)		2023		2022		2023		2022
Short-term employee benefits	$	427	$	709	$	2,095	$	1,867
Share-based payments		277		453		1,678		3,550
Total	$	704	$	1,162	$	3,773	$	5,417

(1) Includes salary, severance, 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 March 21, 2024, the number of common shares outstanding or issuable to other outstanding securities is as follows:

Common Shares	Number
Outstanding (1)	93,241,923
Stock options (2)	7,615,001
Restricted Shares Units ("RSUs")	1,557,254
Warrants (1)	4,640,371
Total	**107,054,549**

(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 expirie between October 2023 and September 2027.

8 Material Accounting Policy Information

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, 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 International Accounting Standards Board ("IASB") or the IFRS Interpretations Committee ("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.

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 Risk Factors

The Company faces a number of challenges in the development of its project. The risks noted in this MD&A are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. The following is a description of the principal risk factors involving the Company:

Operational Risks

The Company's operations are subject to all the risks normally inherent to the exploration, development and, if any of the Company's properties are placed into commercial production, operation of mineral properties. The Company has implemented comprehensive safety and environmental measures designed to comply with or exceed government regulations and ensure safe, reliable and efficient operations in their phases. Mineral exploration and exploitation involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labor are some of the risks involved in mineral exploration and exploitation activities.

Such risks could result in damage to facilities, personal injury or death, loss of key employees, environmental damage, delays in mining, monetary losses and possible legal liability. Satisfying such liabilities may be very costly and could generate a significant adverse effect on the Company's future cash flow, results of operations and financial condition.

Exploration Risk

Part of the Company's business and its profitability is dependent on the cost and success of its exploration and development programs. Mineral exploration and development involve a high degree of risk and few properties that are explored are ultimately developed into production mines. There is no assurance that, even if commercial quantities of ore are discovered, the properties will be brought into commercial production, or the funds required to exploit mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. Discovery of mineral deposits is dependent upon several factors, including the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent on several factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company. There can be no assurance that the Company's mineral exploration activities will be successful. If such commercial viability is never achieved, the Company may seek to transfer its property interests, realize their value or even be required to abandon its business.

Apart from 2010, when the Company realized mark to market gains for trading securities held, the Company has no history of operating earnings. None of the Company's properties are currently in production and there is no certainty that the Company will succeed in placing any of its properties into production soon, if at all. It could be years, if ever, before the Company receives any revenues from any production of metals.

Estimates of Mineral Resources

There are numerous uncertainties inherent to estimating quantities of mineral resource and mineral reserve estimates and grades of mineralization, including many factors beyond the Company's control. When making determinations about whether to advance a project to development, mineral resources and grades of mineralization must be considered as estimates only. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling which may prove to be unreliable.

The mineral resource estimates contained in this MD&A are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally or commercially exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be significant. The estimates of mineral resources described in this MD&A should not be interpreted as assurances of mine life or of the profitability of future operations.

Foreign Political Risk

The Company's material property is located in Chile and, as such, a substantial portion of the Company's business is exposed to various degrees of political and economic risk and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labor disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, exchange rates, inflation, currency fluctuations, taxation and changes in laws, regulations or policies, as well as Canadian laws and policies that affect foreign trade, investment and taxation.

Evolving Constitutional and Legislative Landscape in Chile

On December 17, 2023, the Chilean citizens rejected a draft Constitution proposed to replace the current text. This draft was the second draft rejected by voters in the last couple of years, the first draft having been rejected in a national referendum held in September 2022. The intent of passing a new Constitution was the result of a period of political and legislative uncertainty in Chile that began in late 2019 with public demonstrations demanding constitutional and social changes. Widescale public demonstrations have not occurred in Chile since the first Constitutional attempt to replace the current Constitution.

New Law on Economic and Environmental Crimes

On August 17th, 2023, Law 21,595 on Economic and Environmental Crimes was enacted in Chile (the "Economic Crimes Law"). This law includes (i) systematization of economic crimes, (ii) creation of new offenses for which companies and individuals are liable, including a whole new category of environmental crimes and (iii) new penalties and an increase in the category of existing penalties applicable to legal entities.

The new Economic Crimes Law categorizes various crimes and other causes of action included in Chilean regulations into four separate categories, with the purpose of establishing a special system for determining more severe penalties and sanctions for individuals involved in these crimes. The four categories can be summarized in offenses against the stock market and banking, which are by statute considered as economic crimes: crimes that will be considered as economic if they are committed in the exercise of an office, function or position within a company or when they result in a financial or other benefit for the company; offenses involving public officials and an individual acting as author or accomplice while in the exercise of an office, function or position within a company or when they result in a financial or other benefit for the company and embezzlement and money laundering offenses, when they are based on a crime considered to be economic.

Notably, one of the most significant changes posed by the Economic Crimes Law is on corporate criminal liability, as it significantly broadens the list of crimes for which companies can be found liable. Companies can be liable for the various economic crimes and breaches included in the categories described above if the offense was perpetrated in the normal course of business by their officers, employees, directors or third parties that interact with the company, with the sole exemption of having an effective compliance program in place by the company.

Regarding the environmental crimes addressed by the Economic Crimes Law, the new law adds a new title to the Criminal Code, namely "Offenses Against the Environment". There are six new environmental offenses, ranging from offenses that penalize specific conducts (e.g., omission of environmental impact assessment) or that protect certain ecosystems (e.g., extraction of water in areas of temporary reduction or water scarcity) to offenses that penalize general violations against the environment, such as the crime of environmental pollution and the offense of negligent or imprudent pollution.

Pursuant to the Economic Crimes Law, if a crime falls within the category of ‘economic’, a different regime of penalties shall apply. In addition to custodial sentences, economic crimes will entail fines and disqualifications from holding public or management positions (such as director or senior executive) and from contracting with the government as well as confiscation of the proceeds obtained from the crime.

Annual License Fee

According to the Chilean Mining Code, mining concessions are subject to an annual license fee payment per hectare, whose amount may vary depending on the type of mining concession. In December 2023, the Chilean Congress approved a bill that modified Law No. 21,420, which amended the Mining Code as of January 1st, 2024, including, among others, an increase in the amounts of the annual license fee for both the exploration and the exploitation mining concessions.

Uncertain Fiscal Policies Impacting Mining

On August 10, 2023, Law No. 21,591, also known as the Mining Royalty Law, was published in the Official Gazette of Chile, which eliminated the specific mining tax and established a new mining royalty tax. The new royalty tax comprises two main components: an ad valorem component which is only applicable to larger mining operations meeting certain annual sale thresholds and a tax levied on mining operating margins. The new law also established maximum tax burdens on mining businesses.

While the recent changes to mining taxes and royalties in Chile have no immediately measurable impact on the Company’s business, they do highlight the ability of the government to introduce tax and royalty reforms which could materially affect the Company’s business interests in Chile. Other changes could be considered or proposed in the future, including but not limited to increases to mining or income taxes, new royalties, changes to value added taxes or increases or removal of maximum tax limits for mining companies. Such changes in the future could affect the Company’s business, financial condition and results of operations in Chile.

Permits

The Company requires licenses and permits from various governmental authorities to carry out exploration and develop its projects. Obtaining permits can be a complex and time-consuming process. There can be no assurance that the Company will be able to obtain the necessary licenses and permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with its current activities or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or cease of the Company’s activities or in material fines, penalties or other liabilities. In addition, the requirements applicable to retain existing permits and licenses may change or become more challenging over time and there is no guarantee that the Company will have the resources or expertise to meet its obligations under such licenses and permits.

Government Regulation

The Company's activities are subject to various laws on exploration, prospecting, development, production, taxes, labor standards, occupational health, mine safety, waste disposal, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment, historical and archaeological sites and endangered and protected species of plants and animals. Although the Company's activities are generally carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will be enacted or that existing rules and regulations will not be applied in a manner which could limit or restrain the Company's present and future activities, including exploration, development and production. Amendments to current laws and regulations governing the Company's activities or a more demanding implementation thereof could have a substantial adverse effect on the Company.

Environmental Risks

The Company's activities are subject to extensive laws and regulations governing environmental protection and employee health and safety. These laws and regulations address many aspects of the exploration and development of mineral properties, including air and water quality, management of waste, the protection of different species of plant and animal life, the preservation of antiquities and lands and reclamation of lands disturbed by mining operations. Additionally, operators of mineral exploration and development projects may be required to carry out consultations or other similar processes with indigenous communities. These laws and regulations require the Company to acquire and maintain permits and other authorizations for certain activities. There can be no assurance that the Company will be able to acquire such necessary permits or authorizations on a timely basis, if at all.

There are also laws and regulations prescribing reclamation activities on some mining properties. Environmental legislation in many countries, including Chile, is evolving and the trend has been toward stricter standards and enforcement, higher fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and greater responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. There can be no assurance that the Company has been or will be always in complete compliance with current and future environmental, health and safety laws and the status of permits will not significantly adversely affect the Company's business, results of future operations or financial condition. It is possible that future changes in these laws or regulations could have a serious adverse impact on some portion of the Company's business, causing the Company to re-evaluate those activities at that time. The Company's compliance with environmental laws and regulations also entails uncertain costs, material fluctuations of which could unfavorably affect the Company's financial condition.

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids with acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. The Company may be liable for environmental contamination and natural resource damages relating to the properties that it currently owns or operates or at which environmental contamination occurred while or before it owned or operated the properties.

Management

The success of the Company will largely depend upon the performance of its officers, consultants and employees. Locating and successfully developing mineral deposits depends on several factors, including the technical skill of the exploration personnel involved. The success of the Company is largely dependent on the performance of its key individuals. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have an important adverse impact upon the Company's success.

Conflicts of Interest

Some directors and officers of the Company are or may become associated with other natural resource companies, which may give rise to conflicts of interest. In accordance with the Business Corporations Act (British Columbia), directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. Some directors and officers of the Company are subject to either other full-time employment or other business or time restrictions and, accordingly, the Company will not be the only business enterprise of these directors and officers.

Infrastructure

Development and exploration activities depend on adequate infrastructure, including reliable roads and water and power sources. The Company's inability to secure adequate water and power resources, as well as other events outside of its control, such as unusual weather, sabotage and government or other interference in the maintenance or provision of such infrastructure, could negatively affect the Company's development, future operations and financial condition.

Insurance

The Company's activities are subject to the risks normally inherent to the mining industry, including, but not limited, to environmental hazards, floods, fire, periodic or seasonal hazardous climate and weather conditions, unexpected rock formations, industrial accidents and metallurgical and other processing problems. These risks could result in damage to, or destruction of, mineral properties, personal injury, environmental damage, delays in development and production, increased costs, monetary losses and possible legal liability. The Company may become subject to liability which it cannot insure or may choose not to insure because of high premium costs or other reasons. Where it is considered practical to do so, the Company maintains insurance against risks in the operation of its business in amounts which the Company believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. The Company cannot provide any assurance that such insurance will continue to be available, be available at economically acceptable premiums or be adequate to cover any resulting liability. In some cases, coverage is not available or considered too expensive in relation to the perceived risk.

Competition

The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it competes with other mining companies, many of which may have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Competition in exploration, development and construction resources at all levels has, in the past, been very intense and has particularly affected the availability of a skilled workforce and equipment.

Foreign Operations

The Company’s properties are currently located in Chile and, therefore, a substantial portion of the Company’s business is exposed to various degrees of political, economic and other risks and uncertainties. The Company’s operations and investments may be affected by regional political and economic developments, expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labor disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, exchange rates, inflation, price control, exchange control, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

The Company is Subject to Certain Risks as an Emerging-Market Issuer

The Company is also aware that emerging-market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the emerging markets are more susceptible to destabilization resulting from domestic and international developments. Economic instability in Latin American and emerging-market countries has been historically caused by many different factors, including but not limited to, the following: (i) high interest rates, (ii) changes in currency values, (iii) high levels of inflation, (iv) exchange controls, (v) wage and price controls, (vi) changes in economic or tax policies, (vii) the imposition of trade barriers, (viii) internal security issues, (ix) renegotiation, cancellation or forced modification of existing contracts and (x) political factors, including political instability and sudden or arbitrary changes to laws. As a result, (a) legal and regulatory framework in the foreign jurisdiction may increase the likelihood that laws will not be enforced and judgements will not be upheld; (b) legislation may be subject to conflicting interpretations; (c) application of and amendments to legislation could adversely affect a company's mining rights or make it more difficult or expensive to develop projects and continue mining; (d) corruption, bribery, civil unrest and economic uncertainty may negatively impact and disrupt business operations; (e) lack of certainty with respect to foreign legal systems, corruption and other factors may be inconsistent with the rule of law and (f) unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure, could adversely affect a company's business.

Investors may have Difficulty in Enforcing their Legal Rights as Against the Subsidiaries of the Company and Certain of the Officers and Directors of the Company, as they are Located Outside of Canada

The Company’s subsidiaries are organized under the laws of foreign jurisdictions and several of the Company's directors, management personnel and advisors are in foreign jurisdictions. Since the Company's material assets and several of its directors, management personnel and experts are located outside of Canada, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Company or its directors, officers and advisors, any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or otherwise. Similarly, in the event a dispute arises from the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

The Company's Operations Rely on the Availability of Local Labor and Equipment

The Company's operations rely on the availability of local labor, local and outside contractors and equipment when required to carry out exploration and development activities. The Company relies upon the performance of outside consultants and contractors for drilling, geological and technical expertise. The loss of access to existing consultants and contractors or an inability to hire suitably qualified consultants, contractors or personnel to address new areas of need, would significantly impact the Company's ability to carry out the exploration and development activities.

Additional Funding and Dilution

As the Company does not currently generate income from operations, the only sources of future funds presently available to the Company are the sale of assets, additional equity capital or the entering into joint venture arrangements or other strategic alliances, such as earn-in arrangements or the grant of royalties in respect of specific properties. There can be no assurance that the Company will be able to conclude any financing, on favorable terms or at all. The failure to obtain financing could have a serious adverse effect on the Company's existing activities, future operations and financial condition.

If the Company raises additional capital through equity financings (including through the issuance of common shares pursuant to the exercise of warrants or other convertible securities), it could result in substantial dilution to existing shareholders. In addition, certain shareholders of the Company have pre-emptive rights to participate in future equity financing of the Company. Pursuant to a subscription agreement dated August 3, 2018, between the Company and Tembo Capital, Tembo Capital has a pre-emptive right to participate in future equity financing of the Company on a pro rata basis. As of the date of this report, Tembo Capital has the right to participate in future equity financing on a 10.92% basis. Pursuant to an Investor Rights Agreement dated December 19th, 2019, between the Company and Greenstone, Greenstone has a pre-emptive right to participate in future equity financing of the Company. As of the date of this report, the Greenstone Entities own 27.44% of the Company's issued and outstanding common shares in the aggregate. When considering together the common shares owned by the Greenstone Entities and the common shares owned directly by the limited partners of Greenstone Resources L.P., the Greenstone Entities have the right to participate in future equity financings on a 49.85% basis. Pursuant to a subscription agreement dated June 20, 2023, between the Company and Mitsubishi Corporation, Mitsubishi Corporation has a pre-emptive right to participate in future equity financing of the Company on a pro rata basis. As of the date of this report, Mitsubishi Corporation has the right to participate in future equity financing on a 4.98% basis.

If and to the extent that any common shares are issued to Tembo Capital or the Greenstone Entities or Mitsubishi Corp pursuant to the exercise of pre-emptive rights, investors will suffer dilution to their voting power and the market price of the Company's common shares may be adversely affected. Because the pre-emptive rights of the Greenstone Entities are calculated with reference to common shares owned by the limited partners of Greenstone Resources L.P. (as well as common shares owned by the Greenstone Entities), the aggregate ownership interest of the Greenstone Entities in the Company may increase if they exercise their pre-emptive rights in full.

Commodity Prices

The viability and profitability of the Company's business will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, forward sales by producers, production, industrial demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are, in turn, influenced by changes in international investment patterns, monetary systems and political developments. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production from the Company's properties to be impracticable. The effects of these factors on the price of base and precious metals and, therefore, the viability of the Company's exploration projects, cannot be accurately predicted and, thus, the price of base and precious metals may have a significant influence on the market price of the Company's shares and the value of its projects. If the Company advances any of its projects to commercial production, the Company's future revenues and earnings, if any, could be affected by fluctuations in prices of mineral commodities and, to a lesser extent, other commodities such as fuel and other consumable items.

No History of Dividends

The Company has never paid a dividend on its common shares and does not expect to do so in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Company's board of directors and will depend upon the capital requirements of the Company, results of future operations and such other factors as the Company's board of directors considers relevant. Accordingly, it is likely that investors will not receive any return on their investment in the common shares other than possible capital gains.

Foreign Currency Risk

A substantial portion of the Company's expenses are now incurred in foreign currencies and are expected to continue doing so. The Company's business will be subject to risks typical of an international business, including, but not limited to, differing tax structures, regulations and restrictions and general foreign exchange rate volatility. Fluctuations in the exchange rate between the Canadian dollar and such other currencies may have a material effect on the Company's business, financial condition and results of operations and could result in downward price pressure for our products in or losses from currency exchange rate fluctuations. The Company does not actively hedge against foreign currency fluctuations.

The Company May be Involved in Legal Proceedings

All industries, including the mining industry, are subject to legal claims, with and without merit. Legal proceedings may arise from time to time in the ordinary course of the Company's business. Such litigation may be brought from time to time in the future against the Company. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. The Company is not currently subject to material litigation nor has the Company received an indication that any material claims are forthcoming. However, due to the inherent uncertainty of the litigation process, the Company could become involved in material legal claims or other proceedings with other parties in the future. The results of litigation or any other proceedings cannot be predicted with certainty. The cost of defending such claims may divert from management's time and effort and if the Company is incapable of resolving such disputes favorably, the resulting litigation could have a significant adverse impact on the Company's financial condition, cash flow and results from operations.

Community Relations and Social License to Operate

The Company's relationship with the communities living in the regions where it operates are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain non-governmental organizations ("NGOs"), some of which oppose to globalization and resource development, are often vocal critics of the mining industry and its practices, including the use of cyanide and other hazardous substances in processing activities. Adverse publicity generated by such NGOs or others related to extractive industries generally or the Company's operations specifically, could have a negative effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk. The Company has implemented community relations initiatives within its areas of influence in Chile, in order to anticipate and manage social issues that may arise in connection with its project.

Price Volatility of Publicly Traded Securities

In recent years, the securities market in Canada has experienced a high level of price and volume volatility and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Company's common shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

Climate Change, Natural and Other Disasters

The Company's financial and/or operating performance could be adversely affected by climate change and the impact of natural or other disasters, such as earthquakes, fires, floods, epidemics or pandemics. Those occurrences could lead to volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions and other factors relevant to the Company.

Development of mining operations are energy-intensive and result in a carbon footprint either directly or through the purchase of fossil-fuel based electricity. As such, the Company is impacted by current and emerging policy and regulation relating to greenhouse gas emission levels, energy efficiency and reporting of climate-change related risks.

A number of governments have introduced or are moving to introduce climate change legislation and treaties at international, national, state/provincial and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. These or future measures could require the Company to reduce its direct emissions or energy use or to incur significant costs for emissions permits or taxes or have these costs or taxes passed on by electricity utilities which supply the Company's operations. The cost of compliance with environmental regulation and changes in environmental regulation have the potential to result in increased cost of operations. The Company could also incur significant costs associated with capital equipment, emission monitoring and reporting and other obligations to comply with applicable requirements.

Global climate change could exacerbate several of the threats faced by the Company's business, including the frequency and severity of weather-related events, resource shortages, changes in rainfall and storm patterns and intensities, water shortages, rising water levels and changing temperatures which can disrupt operations, damage infrastructure or properties, create financial risk or otherwise have a major adverse effect on financial position or liquidity. These threats may result in substantial costs to respond during the event, to recover from the event and possibly to modify existing or future infrastructure requirements to prevent recurrence. Global climate change also results in regulatory risks, which creates economic and regulatory uncertainty.

During exploration, development and production of mineral properties, certain risks and, in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to insure such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company's common shares.

Evolving Corporate Governance and Public Disclosure Regulations

The Company is subject to changing rules and regulations promulgated by several Canadian governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSX and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity making compliance more difficult and uncertain. The Company's efforts to comply with these and other new and existing rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

10 Disclosure

Internal Control over Financial Reporting and Disclosure Controls

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company´s disclosure controls and procedures. As of December 31, 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 control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of consolidated financial statements in compliance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS;
- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on the consolidated 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 the Company's internal controls over financial reporting during the year ended December 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 December 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.

11 Cautionary Statement on Forward Looking Information

Certain information provided in this MD&A and any documents incorporated by reference herein may constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information in this MD&A and any documents incorporated by reference herein includes but is not limited to information with respect to:

- the Company's expected production from, and the further potential of, the Company's properties;
- the future price of minerals, particularly copper;
- estimations of mineral reserves and mineral resources;
- conclusions of economic evaluation;
- the realization of mineral reserve estimates;
- the timing and amount of estimated future production;
- costs of production;
- capital expenditures;
- success of exploration activities;
- mining or processing issues;
- currency exchange rates;
- government regulation of mining operations; and
- environmental and permitting 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, including uncertainties relating to regulatory procedure and timing for permitting reviews;
· 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 future or existing global and regional conflicts, including developments or escalation in the Russia/Ukraine war and Israel/Hamas conflict 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 MD&A.

Statements regarding the Company's planned DFS on the Project are also forward-looking information and may not be realized. 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.