



FARADAY COPPER

Faraday Copper Corp.

(Formerly CopperBank Resources Corp.)

Management Discussion and Analysis

For the years ended December 31, 2022 and 2021

Dated: March 14, 2023



REPORTING PERIOD AND EFFECTIVE DATE

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the year ended December 31, 2022, prepared as of March 14, 2023, should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2021 and the related notes thereto of Faraday Copper Corp. (formerly CopperBank Resources Corp.) (the "Company" or "Faraday"). The financial statements have been prepared by management in accordance with International Accounting Standards, as issued by the International Accounting Standards Board. Other information contained in this document has also, been prepared by management and is consistent with the information contained in the financial statements.

The first, second, third, and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. All amounts are presented in Canadian dollars, the Company's presentation currency, unless otherwise stated.

Certain statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For additional discussion of risk factors, please refer to the Company's Annual Information Form for the year ended December 31, 2022, which is available on SEDAR at www.sedar.com and at the Company's website at www.faradaycopper.com.

DESCRIPTION OF BUSINESS

Faraday was incorporated on October 21, 2014 under the Business Corporations Act (British Columbia). The Company's registered office is located at Suite 2400, 745 Thurlow Street, Vancouver, British Columbia, V6E 0C5. The Company's head office and principal address is located at 250 - 200 Burrard St., Vancouver, British Columbia, V6C 3L6. The Company's shares are traded on the Toronto Stock Exchange ("TSX") under the symbol "FDY", and its principal business is the acquisition and development of resource properties.

On April 20, 2022, the Company formerly approved a name change from CopperBank Resources Corp. to Faraday Copper Corp.

Company Strategy

To create value through the technical advancement and economic viability of our copper projects by:

- Demonstrating leading health, safety, and environmental performance;
- Advancing and optimizing the Company's flagship asset, Copper Creek; and
- Driving awareness and reputation through stakeholder engagements.



Highlights 2022 to Date

- Acquired a ranch for US\$10 million on March 6, 2023, consisting of approximately 6,000 deeded acres (private land) within 32,000 acres of grazing leases as part of a land consolidation strategy around the Copper Creek Project.
- Completed a bought deal financing on February 14, 2023, for a total of 49,999,700 common shares sold at a price of \$0.80 per common share for aggregate gross proceeds to the Company of \$39,999,760.
- Announced results for the Copper Creek Project drill programs on March 14, 2023, February 23, 2023, January 31, 2023, January 17, 2023, October 17, 2022, and September 7, 2022.
- Appointed Arndt Brettschneider to the Board of Directors on November 9, 2022.
- Graduated to the TSX on November 3, 2022.
- Commenced the Phase II, 10,000-meter drilling program at Copper Creek on October 30, 2022.
- Released an updated Mineral Resource Estimate ("MRE") for the Copper Creek Project on July 6, 2022, with 355.1 million tonnes and over 3.9 billion pounds of copper in the Measured and Indicated Mineral Resources category, refer to Table 1.
- Released the Copper Creek Project geological model on May 12, 2022.
- Closed non-brokered equity financing of \$20 million on May 5, 2022, for a total of 25,000,000 common shares sold at a price of \$0.80 per common share.
- Completed rebranding of the Company to Faraday Copper and new directors elected to the Board of Directors on April 19, 2022.
- At Copper Creek, continued to advance the project towards delivery of a Preliminary Economic Assessment ("PEA") in Q2 2023, including the completion of Phase I 6,000-meter drill program, geotechnical and metallurgical studies, baseline environmental data collection, stakeholder mapping, and a generative exploration study to provide a pipeline of future targets.
- At Contact Copper, a strategic review of the project was completed together with field mapping and soil sampling, historic data review, relogging and reinterpretation of over 50 kilometers of historical core, and an airborne geophysical survey. The Company has currently prioritized advancement of the Copper Creek Project.

Upcoming Milestones

- Q2 2023 – Updated MRE and PEA for Copper Creek
- Q4 2023 – Initiate Phase III drill program at Copper Creek

Appointment of Management and Directors

On April 1, 2022, the Company appointed Angela Johnson as Vice President Corporate Development and Sustainability.

At the Company's annual and special meeting, held on April 19, 2022, Gianni Kovacevic, Giulio Bonifacio and Tony Ricci did not stand for re-election to the Board of Directors. In addition, shareholders elected Katherine Arnold, Randy Engel, Robert Doyle and Audra Walsh to serve on the Board of Directors.

On April 25, 2022, the Company appointed Stacey Pavlova as Vice President Investor Relations and Communications.

On November 9, 2022, the Company appointed Arndt Brettschneider to the Board of Directors.

Share Capital Transactions

During year ended December 31, 2022, the Company had the following share capital transactions:

- On May 5, 2022, the Company closed a private placement and issued 25,000,000 common shares at a price of \$0.80 per share for gross proceeds of \$20,000,000.
- During the year ended December 31, 2022, the Company issued 1,200,000 common shares pursuant to the exercise of 1,200,000 stock options with exercise prices varying from \$0.23 to \$0.40. The Company received gross proceeds of \$380,125 and reallocated \$307,447 from the Company's options reserve into share capital.
- During the year ended December 31, 2022, the Company issued an aggregate of 288,683 common shares net of withholding tax in settlement of 427,333 RSUs. The total grant date fair value of the vested RSUs was \$188,213. A total of 70,566 common shares were withheld in lieu of withholding taxes in the amount of \$96,710. The fair value of common shares issued was \$204,836.



USE OF PROCEEDS

On February 14, 2023, the Company closed a bought deal financing and issued 49,999,700 common shares at a price of \$0.80 per share for gross proceeds of \$39,999,760. On May 5, 2022, the Company closed a non-brokered private placement of common shares for aggregate gross proceeds of C\$20,000,000 at a price of C\$0.80 per common share, together (the "Offerings").

The Company intends to use the gross proceeds from the Offerings to advance the Company's Copper Creek and Contact Copper exploration projects, as well as for general working capital purposes, as estimated below.

	February 2, 2023
Total proceeds	\$ 39,999,760
Expected allocation of net proceeds:	
Underwriter fees and expenses	1,749,988
Ranch Acquisition	13,000,000
Advancement of the Copper Creek Project	20,249,772
General working capital expenses	5,000,000
	May 5, 2022
	\$
Total proceeds	20,000,000
Expected allocation of proceeds:	
Copper Creek expenditures	16,250,000
Contact Copper expenditures	1,000,000
General working capital expenses	2,750,000

Considering the current uncertainty as to the general market and competitive conditions, the Company continues to maintain its fiscally responsible approach to its mineral exploration activities. In particular, the Company continues to evaluate market conditions on an ongoing basis, with the goal of, among other things: (i) identifying the appropriate time to initiate certain business objectives, and (ii) exploring potential alternative, viable opportunities to further develop and expand the Company's business.

As such, the Company notes that there may be circumstances where, for sound business reasons, the Company may be required to reallocate funds, including due to demands for shifting focus or investment in mining exploration and/or development activities, requirements for accelerating, increasing, reducing, or eliminating initiatives in response to changes in market, regulations and/or developments in the mining sector generally and in the price of copper, unexpected setbacks, and strategic opportunities, such as partnerships, strategic partners, joint ventures, mergers, acquisitions, and other opportunities.

QUALIFIED PERSONS

The scientific and technical information contained in this MD&A has been reviewed and approved by Thomas Bissig, P. Geo, VP Exploration and Zach Allwright, P. Eng., VP Projects and Evaluations, both a "Qualified Person" as defined under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

RESOURCE PROPERTIES

As of December 31, 2022, the Company had two resource properties in the United States:



Copper Creek Project

The project is a 100% owned, large copper deposit, located ~80 road km northeast of Tucson, Arizona, and ~25 km northeast of San Manuel, Arizona. The resource area is ~3 km in length and is open in all directions. The property consists of ~65 square km of private land, patented and un-patented mining claims, and state prospecting permits. The area is in a mining friendly and politically stable jurisdiction with extensive infrastructure including power, rail, water, roads, and access to skilled personnel.

The property is in the heart of the prolific southwestern porphyry copper region of North America at the projected intersection of a major northwest belt of copper deposits (Ray, Miami/Globe, Superior/Resolution, Johnson Camp) and a major east-northeast belt of deposits (San Manuel/Kalamazoo, Silver Bell, Lakeshore, Safford, Morenci).

The property hosts an Early Halo style porphyry copper deposit with high-grade, near-surface, breccia-hosted mineralization. Both mineralization types include historical copper/molybdenum mineral resources prepared in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) standards. Silver and gold are also present in varying amounts associated with both types of mineralization.

On May 12, 2022, the Company announced the completion of a geological model for the Copper Creek breccia and Early Halo style porphyry copper-molybdenum deposit, which provided the foundation for an updated MRE. On July 6, 2022, the Company announced the completion of an updated MRE for the Copper Creek project, with a technical report titled “NI 43-101 Technical Report Mineral Resource Estimate Copper Creek Project, Arizona” and filed on SEDAR on August 18, 2022.

The learnings from the geological model and the results from the Phase I drilling provided the framework for the Phase II 10,000-meter diamond drill program, which commenced on October 30, 2022. The focus will be on expanding the mineral resource, better delineation of high-grade mineralized zones, and reconnaissance drilling on new targets.

With extensive historical exploration, over 200,000 metres of drilling and modest past production, significant exploration upside remains. There are over 400 known breccia occurrences mapped at surface, of which only 35 have been drilled and 14 are included in the MRE.

Table 1: Combined Open Pit and Underground Mineral Resources Estimate, Copper Creek Project

Category	Tonnes (Mt)	Grade				Contained Metal			
		Cu (%)	Mo (%)	Ag (g/t)	CuEq (%)	Cu (Mlbs)	Mo (Mlbs)	Ag (Moz)	CuEq (Mlbs)
Open Pit (OP)									
Measured	38.9	0.68	0.010	1.8	0.72	584.2	8.7	2.2	614.6
Indicated	45.7	0.44	0.007	0.9	0.46	446.4	7.2	1.3	467.8
M&I	84.6	0.55	0.009	1.3	0.58	1,030.6	16.0	3.6	1,082.5
Inferred	29.3	0.35	0.004	0.8	0.36	224.6	2.9	0.8	233.0
Underground (UG)									
Measured	26.1	0.50	0.012	1.5	0.54	288.7	7.0	1.3	312.7
Indicated	244.4	0.48	0.007	1.2	0.51	2,587.8	39.9	9.7	2,731.1
M&I	270.5	0.48	0.008	1.3	0.51	2,876.5	46.9	11.0	3,043.8
Inferred	45.6	0.41	0.009	0.9	0.44	410.3	9.2	1.3	440.5
Total (OP + UG)									
Measured	65.1	0.61	0.011	1.7	0.65	872.9	15.7	3.5	927.3
Indicated	290.0	0.47	0.007	1.2	0.50	3,034.2	47.2	11.0	3,199.0
M&I	355.1	0.50	0.008	1.3	0.53	3,907.1	62.9	14.5	4,126.3
Inferred	75.0	0.38	0.007	0.8	0.41	634.9	12.0	2.0	673.5

Notes to Table 1:

- The Mineral Resources in this estimate were calculated using the CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines (CIM, 2014) prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
- All dollar amounts are presented in U.S. dollars.
- Pit shell constrained resources with reasonable prospects for eventual economic extraction (“RPEEE”) are stated as contained within estimation domains above 0.23% CuEq cut-off grade. Pit shells are based on an assumed copper price of \$3.80/lb, assumed molybdenum price of \$13.00/lb, assumed silver price of \$20.00/oz and overall slope angle of 47 degrees based on preliminary geotechnical data. Operating cost assumptions include mining cost of \$2.25/tonne (“t”), processing cost of \$7.95/t, General & Administrative (“G&A”) costs of \$1.25/t, and Treatment Charges and Refining Charges (“TCRC”) and Freight costs of \$6.50/t.



- *Underground constrained resources with RPEEE are stated as contained within estimation domains above 0.31% CuEq cut-off grade. Underground bulk mining footprints are based on an assumed copper price of \$3.80/lb, assumed molybdenum price of \$13.00/lb, assumed silver price of \$20.00/oz, underground mining cost of \$9.25/t, processing cost of \$7.00/t, G&A costs of \$1.25/t, and TCRC and Freight costs of \$6.50/t.*
- *Average bulk density assigned by domain: 2.33 g/cm³ for all near-surface breccias; 2.40 g/cm³ for the Mammoth breccia; 2.56 g/cm³ for the Keel breccia, porphyry mineralization and all other areas outside of breccias.*
- *Variable metallurgical recovery by metal and domain are considered for CuEq, as follows: copper recovery of 92%, 85% and 60% within sulphide, transitional and oxide material, respectively; molybdenum recovery of 78% and 68% for sulphide and transitional material, respectively; silver recovery of 50% and 40% for sulphide and transitional material, respectively.*
- *CuEq is calculated by domain based on the above variable recovery. For example, sulphide CuEq = [(Cu grade/100 *0.92 Cu recovery *2204.62 *3.8 Cu price) + (Mo grade/100 *0.78 Mo recovery *2204.62 *13 Mo price) + (Ag grade*0.50 Ag recovery*20 Ag price/31.10348)] / (0.92 Cu recovery *2204.62 *3.8)*100.*
- *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources will be converted into Mineral Reserves in the future. The estimate of Mineral Resources may be materially affected by environmental permitting, legal, title, taxation, sociopolitical, marketing or other relevant issues.*
- *All quantities are rounded to the appropriate number of significant figures; consequently, sums may not add up due to rounding.*

The near-surface mineralized breccias were subjected to partial in-situ oxidization that transformed part of the sulphides into secondary copper oxides. Three domains are recognized within the open pit resource, referred to as Oxide, Mixed, and Sulphide. The underground resources stated in Table 1 are comprised of only sulphide mineralization. The Copper Creek open pit Mineral Resources are reported by domain in Table 2.

Table 2: Open Pit Mineral Resources Estimate by Domain, Copper Creek Project

Category	Domain	Tonnes (Mt)	Grade				Contained Metal			
			Cu (%)	Mo (%)	Ag (g/t)	CuEq (%)	Cu (Mlbs)	Mo (Mlbs)	Ag (Moz)	CuEq (Mlbs)
Measured	Oxide	2.5	0.51	0.005	1.38	0.51	28.0	0.3	0.1	28.0
	Mixed	5.8	0.59	0.005	1.24	0.61	75.1	0.6	0.2	77.3
	Sulphide	30.7	0.71	0.012	1.93	0.75	481.0	7.9	1.9	509.3
	Total	38.9	0.68	0.010	1.79	0.72	584.2	8.7	2.2	614.6
Indicated	Oxide	5.7	0.38	0.007	1.17	0.38	48.3	0.9	0.2	48.3
	Mixed	8.6	0.46	0.007	1.03	0.48	86.5	1.4	0.3	91.0
	Sulphide	31.3	0.45	0.007	0.84	0.48	311.7	5.0	0.8	328.5
	Total	45.7	0.44	0.007	0.91	0.46	446.4	7.2	1.3	467.8
M&I	Oxide	8.2	0.42	0.006	1.23	0.42	76.3	1.1	0.3	76.3
	Mixed	14.3	0.51	0.006	1.11	0.53	161.6	2.0	0.5	168.3
	Sulphide	62.0	0.58	0.009	1.38	0.61	792.7	12.8	2.7	837.8
	Total	84.6	0.55	0.009	1.32	0.58	1,030.6	16.0	3.6	1,082.5
Inferred	Oxide	5.6	0.29	0.004	0.73	0.29	35.5	0.5	0.1	35.5
	Mixed	8.3	0.31	0.005	0.82	0.33	57.1	0.8	0.2	59.9
	Sulphide	15.5	0.39	0.004	0.86	0.40	132.0	1.5	0.4	137.6
	Total	29.3	0.35	0.004	0.82	0.36	224.6	2.9	0.8	233.0

Notes: Refer to the Notes to Table 1.

Historical Reports

A historical MRE was published in a technical report titled “Copper Creek 2012 Mineral Resource Update, Pinal County, Arizona, U.S., Technical Report” prepared for Redhawk Resources Inc. (“Redhawk”) by Independent Mining Consultants Inc., dated and filed by Redhawk on SEDAR on June 25, 2012.

A technical report titled “Preliminary Economic Assessment 25,000 TPD Mill with an Underground Mine for Development of the Copper Creek Resource” prepared for Redhawk by SGS Metcon/KD Engineering, Tucson Arizona, dated and filed by Redhawk on SEDAR on October 28, 2013.

Contact Copper Project

The project is a 100% owned, copper oxide project located in Elko County, Nevada. The project is located west of the town of Contact, Nevada. U.S. Highway 93 traverses the east side of the project along with a 138 KV transmission line, between the towns of Wells and Jackpot, Nevada. The property consists of approximately 2,650 acres in 155 patented claims and 3,285 acres in 219 unpatented claims.



Copper mineralization occurs as an intrusive-related deposit within a granodiorite batholith and is observed in quartz veins within structural zones and in the surrounding intrusion. The copper content is highest in the quartz veins, particularly where chalcocite is present, but grades outward into granodiorite where copper minerals occur in quartz veinlets, fracture coatings and disseminations. Mineralization is in the form of tenorite, chrysocolla and cuprite, and lesser chalcocite and covellite. In addition, skarn mineralization potential exists at the contact of the granodiorite to the Paleozoic sedimentary rocks.

The historic MRE and technical study were published in a technical report titled "NI 43-101 Pre-Feasibility Study on the Contact Copper Project" prepared for Enexco International Ltd. by Hard Rock Consultants LLC, published October 1, 2013.

There is expected to be exploration upside with several targets that have not been drill tested including Copper Ridge. The Copper Ridge zone features oxide copper mineralization with grab samples containing up to 12.4% copper.

The Company has made a strategic decision to focus on advancement of the Copper Creek Project at this time.

SUMMARY OF QUARTERLY RESULTS

All the Company's resource properties are in the exploration stage. The Company has not had revenue from inception and does not expect to have revenue in the near future. The Company's operating result are not seasonal in nature and have been mainly related to the amount of exploration activities in such quarter. The Company's quarterly performance in the latest eight quarters is as follows:

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
	\$	\$	\$	\$
Net loss	1,385,773	2,265,275	2,896,801	1,529,035
Loss per share	0.01	0.02	0.02	0.01

	Q4 2021	Q3 2021	Q2 2021	Q1 2021
	\$	\$	\$	\$
Net loss	3,608,891	1,036,301	452,998	378,364
Loss per share	0.04	0.01	0.01	0.00

Loss per Share - Basic and Diluted

The Company's quarterly historical results are not subject to seasonality. The loss during the quarter ended December 31, 2022, was higher than average as the Company recorded non-cash share-based compensation of \$4,547,341, related to the vesting of stock options and RSUs during the year ended December 31, 2022.

Performance Summary

	Notes	2022	2021
		\$	\$
Operating expenses			
Amortization		55,629	15,280
Consulting and management fees	(a)	520,804	655,815
General and administration	(b)	2,103,465	206,355
Professional fees	(c)	608,982	172,176
Promotion, advertisement, shareholder relations		179,844	331,346
Share-based compensation	(d)	4,547,341	4,123,045
Travel		273,384	34,938
		8,289,449	5,538,955
Other expenses (income)			
Gain from settlement of convertible debenture		-	(19,730)
Government grant income		(10,000)	-
Interest expense (income)		(202,565)	20,939
Recovery of resource properties		-	(63,610)
Total other expenses (income)		(212,565)	(62,401)
Net loss		8,076,884	5,476,554



- a) Consulting and management fees are lower during 2022, primarily due to the former CEO and CFO of the Company having consulting arrangements with the Company during 2021, offset by higher activity levels of the Company.
- b) General and administration costs are higher during 2022, primarily due to the Company's employment agreements for CEO, CFO, VPs and other employees, as well as due to overall higher activity levels of the Company.
- c) Professional fees are higher during 2022, primarily due to legal, tax, and accounting fees associated with the increased activity levels of the Company, including base shelf prospectus filing fees, renaming of the Company, and TSX listing.
- d) Share-based compensation expenses are higher during 2022, primarily due to the change in the value of the Company's share price, which is a significant driver of the expense, and increased personnel levels.

CASH FLOW

During the year ended December 31, 2022, cash used in operating activities was \$2,992,891 (2021 - \$1,402,434), cash used in investing activities was \$13,045,393 (2021 - \$1,107,437), and cash provided by financing activities was \$20,253,415 (2021 - \$6,680,042).

Cash used in investing activities was primarily related to expenditures at the Copper Creek project, including Phase I and Phase II drilling programs, assaying and metallurgical test work, and geotechnical work.

LIQUIDITY, CAPITAL RESOURCES, AND GOING CONCERN

The Company is a resource exploration stage company and does not generate any revenue and has been mainly relying on equity-based financing to fund its operations. As at December 31, 2022, the Company had a net working capital of \$6,642,161 (December 31, 2021 - \$3,581,323). The Company will need to raise additional funding to finance its day-to-day operations and to enable the Company to achieve its long-term business objectives. On May 5, 2022, the Company closed a \$20,000,000 private placement. Subsequent to December 31, 2022, the Company completed an equity-based financing of \$39,999,760 to fund its operations.

The Company will require additional financing either through equity or debt financing, sale of assets, joint venture arrangements, or a combination thereof to meet its administrative costs and to continue to explore and develop its resource properties. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. As such, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

RELATED PARTY TRANSACTIONS

The Company has entered into the following related party transactions during the years ended December 31, 2022:

(a) Purchase of Goods and Services

During the year ended December 31, 2022, the Company was charged \$21,436 and \$11,949 for environmental consulting and advisory services by Next Plan, LLC, and geological consulting services by GeoAqua Consultants Limited, respectively. Katherine Arnold is a member of Next Plan, LLC, and GeoAqua Consultants Limited is a company owned by Alan Wilson, both current directors of the Company.

(b) Key Management Personnel

During the year ended December 31, 2022, the company incurred the following transactions with key management personnel, being the Chief Executive Officer, Chief Financial Officer, Vice President Studies & Evaluations, and Vice President of Exploration; as well as the directors of the Company:

	2022	2021
	\$	\$
Consulting and management fees ⁽¹⁾	11,949	652,541
Director fees	114,000	-
Salaries and other compensation ⁽¹⁾	1,925,757	-
Share-based payments	2,532,555	3,191,454
Total	4,584,261	3,843,995

⁽¹⁾ During the year ended December 31, 2022, amounts capitalized from compensation for related parties totaled \$974,694 (December 31, 2022 - \$97,562).



As at December 31, 2022, amount due to related parties comprised of amounts owing to key management members and directors totaling \$775,480 (December 31, 2021 - \$163,916). Due to related parties has the same terms as the Company's accounts payable and accrued liabilities, which is unsecured and non-interest-bearing and with no specific terms.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at December 31, 2022 or at the date of this MD&A.

PROPOSED TRANSACTIONS

The Company has no undisclosed proposed transactions as at December 31, 2022 or at the date of this MD&A.

SIGNIFICANT ACCOUNTING POLICIES

The Company has not changed its accounting policies since its prior year ended December 31, 2021 and has applied accounting policies consistently for all periods presented.

FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to several financial and market risks, including credit, interest rate, and liquidity risks. The Company may, or may not, establish from time-to-time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale, and pattern of cash flow of its operations would warrant such hedging activities. There was no change in the management of the financial risks compared to the recent year ended December 31, 2022.

CREDIT RISK

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and cash equivalents. The Company mitigates its exposure to credit loss associated with cash and cash equivalents by placing its cash and cash equivalents in major financial institutions. As at December 31, 2022, the Company had cash equivalents of \$7,774,324 in term deposits (December 31, 2021 - \$2,300) that are redeemable within 30 days and bear interest up to 4.25%. Interest income on term deposits during the year ended December 31, 2022 was \$202,565 (2021 - \$nil).

LIQUIDITY RISK

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company reviews its working capital position regularly to ensure there is sufficient capital to meet short-term business requirements, after considering the Company's holdings of cash. The Company's cash is invested in business accounts, which are available on demand. The Company manages its liquidity risk mainly through raising funds from private placements and from related parties.

The Company's operating cash requirements are continuously monitored and adjusted as input variables change. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint venture arrangements. There is no assurance that the necessary financing will be available in a timely manner or at a reasonable cost.

INTEREST RATE RISK

Interest rate risk is the risk that the Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. As of December 31, 2022, the Company did not have debt instruments exposed to variable interest rate. The risk is not significant.



FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value of the Company's assets and liabilities will fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As of December 31, 2022 and 2021, the Company's exposure to foreign currency risk on its financial instruments is as follows:

	December 31, 2022		December 31, 2021	
	US\$	\$	US\$	\$
Cash	3,272,112	4,431,748	8,614	10,967
Accounts payable and accrued liabilities	(1,238,253)	(1,677,090)	-	-
Net financial liabilities	2,033,859	2,754,658	8,614	10,967

A 5% change in the U.S. dollar against the Canadian dollar at December 31, 2022 would result in an a \$137,733 impact to the Company.

FAIR VALUE

Financial assets and liabilities that are recognized on the statement of financial position at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, other receivables, accounts payable and accrued liabilities, and due to related parties, which are classified as financial assets and liabilities held at amortized cost, respectively. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 175,244,321 common shares outstanding.

RISK FACTORS

The principal activity of the Company is mineral exploration which is inherently risky. There is intensive government legislation from local, state, provincial, federal, municipal and aboriginal governments, surrounding the exploration for and production of minerals from our and any mining operations. Exploration and development is capital intensive and the Company currently has no source of income. Only the skills of its management and staff in mineral exploration and exploration financing serve to mitigate these risks.

For additional discussion of risk factors, please refer to the Company's Annual Information Form for the year ended December 31, 2022, which is available on SEDAR at www.sedar.com and at the Company's website at www.faradaycopper.com.



FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute “forward-looking statements”. These statements relate to future events or the Company’s future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. Information concerning the interpretation of drill results, mineral resource and reserve estimates and capital cost estimates may also be deemed as forward-looking statements as such information constitutes a prediction of what mineralization might be found to be present and how much capital will be required if and when a project is actually developed. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be relied upon. In particular this MD&A contains forward looking statements pertaining to the expected timing of its updated workplan and strategy for the Contact Copper project and the Copper Creek project, the expected timing for the commencement of certain phases of the Company’s drilling programs at Copper Creek and Contact Copper, the expected timing of the updated PEA, MRE and NI 43-101 technical reports and the intended use of proceeds from the Company’s private placement offering. These statements speak only as of the date of this MD&A. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- permitting and licensing risks;
- public health risks;
- negative cash flow;
- liquidity and financing risks;
- funding risk;
- exploration costs;
- uninsurable risks;
- conflicts of interest;
- government policy changes;
- ownership risks;
- community relations;
- market conditions;
- stress in the global economy;

- current global financial condition;
- exchange rate and currency risks;
- commodity prices;
- dilution risk;
- general business and economic conditions;
- the supply and demand for, deliveries of, and the level and volatility of prices of copper or other mineral commodities under exploration;
- the availability of financing for the Company’s exploration and development projects on reasonable terms;
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the ability to attract and retain skilled staff;
- market competition;
- The accuracy of our resource estimate (including, with respect to size, grade and recoverability) and the geological, operational and price assumptions on which it is based; and
- tax benefits and tax rates.

These forward-looking statements involve risks and uncertainties relating to, among other things, risks related to international operations, actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, as well as those factors discussed in the section “Risk Factors”. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors discussed in the section. The Company cautions that the foregoing list of important factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.