



# FARADAY COPPER

**Faraday Copper Corp.**

**Management Discussion and Analysis**

For the three and nine months ended September 30, 2023 and 2022

Dated: November 5, 2023



## REPORTING PERIOD AND EFFECTIVE DATE

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the three and nine months ended September 30, 2023 and 2022, prepared as of November 5, 2023, should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2022 and 2021 (the "Annual Financial Statements") and the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 and 2022, (the "Interim Financial Statements") and the related notes thereto of Faraday Copper Corp. (formerly CopperBank Resources Corp.) (the "Company" or "Faraday"). The Interim Financial statements have been prepared by management in accordance with International Accounting Standard 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. Other information contained in this document has been prepared by management and is consistent with the information contained in the Interim 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. The nine months ended September 30, 2023 and 2022 are referred to as "YTD 2023" and "YTD 2022", 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.

Additional information is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and at the Company's website at [www.faradaycopper.com](http://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.



### **Year to Date Highlights**

- Reported gold assay results from the Childs Aldwinkle breccia at the Copper Creek Project on October 5, 2023.
- Announced the planned 20,000-metre Phase III drill program commenced on October 12, 2023.
- Commenced a metallurgical program evaluating grind size optimization, gold deportment, and further test work from the near surface mineralization.
- Announced results from a Preliminary Economic Assessment (“PEA”) and an updated Mineral Resource Estimate (“MRE”) for the Copper Creek Project on May 3, 2023 which included:
  - Post-tax net present value (7%) of US\$713 million and internal rate of return of 16%.
  - Updated MRE outlining 4.2 billion pounds of copper Measured and Indicated Mineral Resources, and 628 million pounds of copper Inferred Mineral Resources.
- Acquired a land package for \$13.7 million (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 August 1, 2023, July 12, 2023, May 31, 2023, May 16, 2023, March 14, 2023, February 23, 2023, January 31, 2023 and January 17, 2023.
- Completed the Phase II drill program with all results released, continued baseline environmental data collection, stakeholder mapping, and generative exploration targeting at the Copper Creek Project to provide a pipeline of future targets through ongoing geological mapping and recently reprocessed and newly acquired geophysical data.

### **Upcoming Copper Creek Milestones**

- Ongoing results from the gold assaying program of historical drill core
- Ongoing results from the Phase III drill program
- Metallurgical results from Phase II drill program
- The Company is targeting an updated technical report in the first half of 2025, which will include results from the Phase II and III drill programs, the gold program, and metallurgical studies

### **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 September 30, 2023, 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 ~19 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. In addition, the Company controls ~26,500 acres of grazing leases which partially overlap with the claims and 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 vein 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 present in varying amounts associated with both types of mineralization.

On May 3, 2023, the Company announced the updated MRE (Table 3 & 4) and PEA (Table 1 & 2) for the Copper Creek project, with a technical report titled “Copper Creek Project NI 43-101 Technical Report and Preliminary Economic Assessment” filed on SEDAR on June 13, 2023.



The learnings from the geological and structural model and the results from the Phase I and Phase II drill programs, along with the recently acquired geophysical and air-borne spectral data sets, and economic criteria defined in the PEA base case, have contributed to the framework for the Phase III 20,000-metre diamond drill program, which commenced in the fourth quarter of 2023. The focus of Phase III drilling will be on expanding the mineral resource, improved 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 17 are included in the MRE.

In the Phase II drill program gold assay results confirmed the potential for gold to occur in economic concentrations in certain phases of the mineralization. However, there is insufficient gold assay data to estimate within an MRE therefore a sampling program of historical material is underway. The results from the first breccia assayed for gold, Childs Aldwinkle, have been returned. The Company is continuing the re-assaying of historical material for potential inclusion of gold in future mineral resource updates. Additional areas are expected to include the Copper Prince and Pole breccias and the Keel underground zone.

The Company has commenced a metallurgical program focused on grind size optimization to test viability of coarse particle flotation, gold deportment to concentrate and further test work on near surface mineralization.

The Company is targeting an updated technical report in the first half of 2025, which will include results from the Phase II and III drill programs, the gold program, and metallurgical studies.

### **Copper Creek PEA Overview**

The 2023 PEA provides a base case low initial capital project that processes approximately 345 million tonnes (“Mt”) of mill feed material from a combined open pit and underground operation. The PEA contemplates a 30,000 tonnes per day (“tpd”) conventional flotation process plant producing high-quality copper and molybdenum concentrates, with silver by-product credits. The PEA captures value from an additional 20 Mt of oxide material sourced from pre-strip mining and processed via a heap leach facility utilizing solvent extraction and electrowinning. The PEA does not incorporate any results from the Phase II drill program, which concluded near the end of the second quarter of 2023.

Payback of initial capital occurs in Year 4, with the post-tax cash flows funding the expansionary capital, which includes the addition of a molybdenum circuit and development of the underground footprint, both of which commence in Year 3.

Expected future mining is by a contractor-operated conventional truck and shovel method at surface and during underground development (pre-production), transitioning to an owner-operated block caving underground method to achieve a base annual mill feed rate of 11.0 Mt (30,000 tpd). Surface mining provides mill feed until Year 11. A four-year open pit ramp down coincides with the underground production ramp-up, achieving steady state production by Year 12 and continuing until Year 29. The PEA base case applied an open pit stockpiling strategy whereby low-grade material mined from the pits will be stockpiled and processed as supplementary mill feed or fed to the mill at the end of the mine life. The low-grade stockpile peaks at 56.5 Mt, 20.0 Mt of which gets processed as supplementary feed between Years 7 and 11 and the remaining 36.5 Mt processed between Years 28 and 32.

The base annual throughput would be primarily of sulphide material, with some transitional material mined from the open pits. Oxide material recovered near surface in the early years of the anticipated mine life will be segregated and processed separately in a heap leach facility, in addition to the 11.0 Mt base annual throughput.

The metrics presented below are based on a PEA that includes an economic analysis of the potential viability of Mineral Resources. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. This PEA is preliminary in nature, includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty the PEA will be realized. See “Qualified Person and NI 43-101” below.



**Table 1: PEA Economic Highlights**

	<b>Unit</b>	<b>Life of Mine</b>
<b>Base Case Economics</b>		
Post-tax NPV <sub>(7%)</sub>	US\$ millions	\$713
Post-tax IRR	%	15.6%
Post-tax Payback Period	Years	4.1
NPV / Initial Capital	Ratio	0.9
Initial Capital	US\$ millions	\$798
Sustaining and Expansion Capital	US\$ millions	\$1,689
Closure and Reclamation	US\$ millions	\$170
<b>Economic Assumptions</b>		
Copper	US\$/pound	\$3.80
Molybdenum	US\$/pound	\$13.00
Silver	US\$/troy ounce	\$20.00
<b>Financial Metrics</b>		
Annual Revenue	US\$ millions	\$428
Annual Operating Costs	US\$ millions	\$210
Annual EBITDA	US\$ millions	\$218
Annual Cash Flow (post-tax)	US\$ millions	\$141

Notes to Table 1:

<sup>a</sup> Averages based on active mining during Years 1 - 29.

<sup>b</sup> EBITDA is a financial performance measure with no standardized definition under IFRS, defined as “earnings before interest, taxes, depreciation and amortization”.

**Table 2: PEA Operating Highlights**

	<b>Unit</b>	<b>Average LOM</b>
<b>Operating Statistics</b>		
Mine Life <sup>a</sup>	Years	32
Tonnes Milled <sup>b</sup>	Million tonnes per annum	10.8
Open Pit Strip Ratio	Ratio	1.2
<b>Payable Production (per year) <sup>c, d</sup></b>		
Copper	Millions of pounds	106
Molybdenum	Millions of pounds	1.4
Silver	Thousands of troy ounces	324.6

Notes to Table 2:

<sup>a</sup> Mine life includes active mining (Year 1 - 29) and final processing of stockpiles (Year 30 - 32)

<sup>b</sup> Tonnes milled is exclusive of oxide and is the average over the 32-year life of mine.

<sup>c</sup> Average annual production considers the period of active mining Years 1 - 29, Year 30 - 32 is processing stockpiles only.

<sup>d</sup> Based on payability in concentrate of 96.5%, 95% and 98.5% for copper, silver, and molybdenum, respectively. Copper cathode payability of 98% is applied.

**Table 3: 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)
<b>Open Pit</b>									
Measured	67.2	0.48	0.008	1.2	0.51	710.5	12.5	2.6	751.1
Indicated	59.9	0.31	0.008	0.6	0.33	412.9	10.1	1.1	440.5
<b>M&amp;I</b>	<b>127.1</b>	<b>0.40</b>	<b>0.008</b>	<b>0.9</b>	<b>0.43</b>	<b>1,123.4</b>	<b>22.6</b>	<b>3.8</b>	<b>1,191.6</b>
Inferred	48.1	0.28	0.006	0.5	0.30	298.4	6.4	0.7	316.0
<b>Underground</b>									
Measured	34.5	0.47	0.011	1.6	0.51	359.8	8.0	1.7	388.0
Indicated	260.3	0.47	0.008	1.2	0.50	2,720.6	43.9	10.0	2,876.8
<b>M&amp;I</b>	<b>294.8</b>	<b>0.47</b>	<b>0.008</b>	<b>1.2</b>	<b>0.50</b>	<b>3,080.4</b>	<b>52.0</b>	<b>11.8</b>	<b>3,264.8</b>
Inferred	35.5	0.42	0.009	0.8	0.45	329.7	7.1	0.9	353.0
<b>Combined</b>									
Measured	101.6	0.48	0.009	1.3	0.51	1,070.3	20.5	4.4	1,139.1
Indicated	320.2	0.44	0.008	1.1	0.47	3,133.5	54.0	11.2	3,317.3
<b>M&amp;I</b>	<b>421.9</b>	<b>0.45</b>	<b>0.008</b>	<b>1.1</b>	<b>0.48</b>	<b>4,203.8</b>	<b>74.6</b>	<b>15.5</b>	<b>4,456.4</b>
Inferred	83.6	0.34	0.007	0.6	0.36	628.2	13.4	1.7	669.0

**Notes to Table 3:**

- The mineral resources in this estimate were prepared in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (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.
- Pit shell constrained resources with reasonable prospectus for eventual economic extraction are stated as contained within estimation domains defined by the following cut-off grades: 0.13% CuEq for oxide material, 0.14% CuEq for transitional material, and 0.13% CuEq for sulphide material. 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/troy ounce (oz), and overall slope angle of 47 degrees based on preliminary geotechnical data. Operating cost assumptions include open pit mining cost of \$2.25/t, processing cost of \$7.60/t for milling transitional and sulphide material, \$4.56/t for oxide processing, general and administrative (G&A) costs of \$1.00/t, and treatment charges and refining charges ("TCRC") and freight costs dependent on product and material type.
- Underground constrained resources with reasonable prospects for economic extraction are stated as contained within estimation domains above 0.31% CuEq CoG. 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 \$7.30/t, processing cost of \$7.60/t, G&A costs of \$1.00/t, and TCRC and freight costs of \$6.50/t. Cave footprint optimization was completed in Geovia's Footprint Finder software and applied a 700 m maximum height of draw.
- Average bulk density assigned by domain is as follows: 2.47 grams per cubic centimetre (g/cm<sup>3</sup>) for all near-surface breccias, 2.60 g/cm<sup>3</sup> for the deeper Mammoth and Keel breccias, porphyry mineralization, and all other areas outside of breccias.
- Variable preliminary 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; and silver recovery of 50% and 40% for sulphide and transitional material, respectively.
- 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, socio-political, 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.

Three domains are recognized within the open pit resource, referred to as Oxide, Transitional, and Sulphide. The underground resources stated in Table 3 are comprised of only sulphide mineralization. The Copper Creek open pit Mineral Resources are reported by domain in Table 4.



**Table 4: 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	5.9	0.36	0.006	0.9	0.36	47.0	0.8	0.2	47.0
	Transitional	11.0	0.42	0.006	0.8	0.44	101.6	1.5	0.3	106.4
	Sulphide	50.3	0.51	0.009	1.3	0.54	561.9	10.2	2.2	597.7
	<b>Total</b>	<b>67.2</b>	<b>0.48</b>	<b>0.008</b>	<b>1.2</b>	<b>0.51</b>	<b>710.5</b>	<b>12.5</b>	<b>2.6</b>	<b>751.1</b>
Indicated	Oxide	7.1	0.29	0.009	0.6	0.29	45.7	1.4	0.1	45.7
	Transitional	10.8	0.31	0.008	0.6	0.34	74.4	1.8	0.2	80.0
	Sulphide	42.1	0.32	0.007	0.6	0.34	292.8	6.8	0.8	314.8
	<b>Total</b>	<b>59.9</b>	<b>0.31</b>	<b>0.008</b>	<b>0.6</b>	<b>0.33</b>	<b>412.9</b>	<b>10.1</b>	<b>1.1</b>	<b>440.5</b>
M&I	Oxide	13.0	0.32	0.008	0.8	0.32	92.7	2.2	0.3	92.7
	Transitional	21.7	0.37	0.007	0.7	0.39	176.0	3.3	0.5	186.4
	Sulphide	92.3	0.42	0.008	1.0	0.45	854.7	17.0	2.9	912.6
	<b>Total</b>	<b>127.1</b>	<b>0.40</b>	<b>0.008</b>	<b>0.9</b>	<b>0.43</b>	<b>1,123.4</b>	<b>22.6</b>	<b>3.8</b>	<b>1,191.6</b>
Inferred	Oxide	8.1	0.25	0.005	0.4	0.25	44.3	0.8	0.1	44.3
	Transitional	12.6	0.30	0.005	0.4	0.32	84.0	1.3	0.2	88.1
	Sulphide	27.5	0.28	0.007	0.5	0.30	170.2	4.2	0.5	183.7
	<b>Total</b>	<b>48.1</b>	<b>0.28</b>	<b>0.006</b>	<b>0.5</b>	<b>0.30</b>	<b>298.4</b>	<b>6.4</b>	<b>0.7</b>	<b>316.0</b>

Notes to Table 3 & 4:

#### 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 historical MRE and technical study were published in a technical report titled "NI 43-101 Pre-Feasibility Study on the Contact Copper Project" prepared for Enxco 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, which features oxide copper mineralization with grab samples containing up to 12.4% copper.

Currently, the Company has made a strategic decision to focus on advancement of the Copper Creek Project.

#### 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.

	<b>February 2, 2023</b>
	<b>\$</b>
Total proceeds	39,999,760
<b>Expected allocation of net proceeds:</b>	
Underwriter fees and expenses	1,749,988
Ranch acquisition*	13,350,000
Advancement of the Copper Creek project*	19,899,772
General working capital expenses	5,000,000

*Notes:*

\* Compared to amounts previously disclosed in the Management Discussion and Analysis for the year ended December 31, 2022, the expected allocation of net proceeds related to the Ranch acquisition has increased by \$350,000 to reflect final amounts incurred, with a corresponding decrease of \$350,000 related to the Advancement of the Copper Creek Project.

	<b>May 5, 2022</b>
	<b>\$</b>
Total proceeds	20,000,000
<b>Expected allocation of proceeds:</b>	
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.

## 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 results are not seasonal in nature and have been mainly related to the amount of exploration activities in each quarter. The Company's quarterly performance in the latest eight quarters is as follows:

	<b>Q3 2023</b>	<b>Q2 2023</b>	<b>Q1 2023</b>	<b>Q4 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net loss	<b>2,550,024</b>	5,497,051	7,167,959	5,211,558
Loss per share	<b>0.01</b>	0.03	0.05	0.04
	<b>Q3 2022</b>	<b>Q2 2022</b>	<b>Q1 2022</b>	<b>Q4 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net loss	5,490,614	6,603,853	4,025,997	3,608,891
Loss per share	0.04	0.06	0.04	0.04

### Loss per Share - Basic and Diluted

The Company's quarterly historical results are not subject to seasonality. The loss during the quarter ended September 30, 2023, was less than average primarily due to timing of exploration expenditures, reduced general and administration costs, and lower share-based compensation expenditures.





**Performance Summary**

	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022
				\$	\$
<b>Operating expenses</b>					
Amortization		33,943	7,128	87,984	24,253
Consulting and management fees	(a)	23,600	78,545	224,600	500,048
Exploration and evaluation expenses	(b)	1,625,138	3,225,339	11,034,502	9,429,353
General and administration	(c)	352,130	846,595	1,551,880	1,772,439
Professional fees		26,904	66,508	497,271	351,803
Promotion, advertisement, shareholder relations		27,501	34,956	234,146	134,981
Share-based compensation	(d)	576,957	1,316,484	1,885,728	3,935,349
Travel		61,476	26,756	251,795	108,917
		<b>(2,727,649)</b>	<b>(5,602,311)</b>	<b>(15,767,906)</b>	<b>(16,257,143)</b>
<b>Other income</b>					
Government grant income		-	-	-	10,000
Interest income		177,625	111,697	552,872	126,679
		<b>177,625</b>	<b>111,697</b>	<b>552,872</b>	<b>136,679</b>
<b>Loss for the period</b>		<b>(2,550,024)</b>	<b>(5,490,614)</b>	<b>(15,215,034)</b>	<b>(16,120,464)</b>

Notes:

Certain comparative amounts were restated due to a change in accounting policy, refer "Change in Accounting Policy" section.

- Consulting and management fees are lower during the three and nine months ended September 30 2023, primarily due to a decrease in advisory fees associated with the Company's strategy.
- Exploration and evaluation expenses are lower during the three months ended September 30, 2023, primarily due to the timing of drilling being completed in 2023 compared to 2022, and Contact being placed on care and maintenance at the end of 2022. Exploration and evaluation expenses are higher during the nine months ended September 30, 2023, primarily due to increased drilling activities and costs associated with the PEA, partly offset by less expenditures on Contact.
- General and administration costs are lower during the three and nine months ended September 30 2023, primarily due to lower payroll costs as personnel spent more time working on site and timing of various corporate activities.
- Share-based compensation expenses are lower during the three and nine months ended September 30, 2023, primarily due to the number of units vesting in the respective periods and fluctuations in the Company's share price, which is a significant driver of the expense calculation.

**SOURCES AND USES OF CASH**

During the nine months ended September 30, 2023, cash used in operating activities was \$14,935,139 (2022 - \$11,591,766), cash used in investing activities was \$13,768,540 (2022 - \$823,573), and cash provided by financing activities was \$39,443,854 (2022 - \$20,290,126).

Cash used in investing activities was primarily related to the acquisition of the Mercer Ranch on March 7, 2023.

**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 September 30, 2023, the Company had cash and cash equivalents of \$19,954,475 (December 31, 2022 - \$9,535,039) and a net working capital balance of \$18,755,414 (December 31, 2022 - \$6,642,161). 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 February 14, 2023, the Company completed an equity-based financing for net proceeds of \$38,437,854 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 three and nine months ended September 30, 2023 and 2022:

### Key Management Personnel

During the three and nine months ended September 30, 2023, the Company incurred the following transactions with key management personnel, including the Chief Executive Officer, Chief Financial Officer, Vice President Studies & Evaluations, and Vice President of Exploration; as well as the directors of the Company.

A summary of the Company's related party transactions is as follows:

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
	\$	\$	\$	\$
Director fees	42,000	72,000	126,000	72,000
Salaries and other compensation	500,447	868,506	2,111,683	1,383,505
Share-based payments	418,664	1,031,442	1,287,767	2,532,555
	961,111	1,971,948	3,525,450	3,988,060

As at September 30, 2023, amount due to related parties comprised of amounts owed to key management members and directors totaling \$625,201 (December 31, 2022 - \$775,480). 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 of repayment.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at September 30, 2023 or at the date of this MD&A.

## PROPOSED TRANSACTIONS

The Company has no undisclosed proposed transactions as at September 30, 2023 or at the date of this MD&A.

## CHANGE IN ACCOUNTING POLICY

Effective January 1, 2023, the Company changed its accounting policy of capitalizing all exploration and evaluation expenditures in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources*. The Company believes that expensing post-acquisition exploration and evaluation costs as incurred provides more reliable and relevant financial information to the users of its financial statements and aligns its policy with the jurisdiction of the resource properties, its significant investors, and the accounting policies of its peers. Under the new policy, the cost of acquiring prospective properties and exploration rights continues to be capitalized. Exploration and evaluation costs, subsequent to acquisition, are expensed until it has been established that a resource property is technically feasible and commercially viable, and a mine development decision has been made by the Company. Thereafter, the Company will capitalize expenditures subsequently incurred to develop the mine, prior to the start of mining operations.

The Company has applied accounting policies consistent with the accounting policies for the year ended December 31, 2022 for all the periods presented except for the change in the accounting policy of capitalizing all exploration and evaluation expenditures.

The Company has applied the change in accounting policy on a retrospective basis and has therefore restated its 2022 comparatives as follows:



**Consolidated Statements of Financial Position**

<b>As at December 31, 2022</b>	As previously reported	Adjustment	Restated
	\$	\$	\$
Non-current assets			
Resource properties	20,497,040	(15,541,712)	4,955,328
Shareholders' equity			
Accumulated other comprehensive income	4,751,864	(577,166)	4,174,698
Deficit	(41,995,660)	(14,964,546)	(56,960,206)

<b>As at January 1, 2022</b>	As previously reported	Adjustment	Restated
	\$	\$	\$
Non-current assets			
Resource properties	6,664,736	(1,709,408)	4,955,328
Shareholders' equity			
Deficit	(50,101,011)	(1,709,408)	(51,810,419)

**Consolidated Statements of Loss and Comprehensive Loss**

<b>For the three months ended September 30, 2022</b>	As previously reported	Adjustment	Restated
	\$	\$	\$
Exploration and evaluation expense	-	3,225,339	3,225,339
Currency translation adjustment	1,617,569	199,901	1,817,470

<b>For the nine months ended September 30, 2022</b>	As previously reported	Adjustment	Restated
	\$	\$	\$
Exploration and evaluation expense	-	9,429,353	9,429,353
Currency translation adjustment	1,563,982	199,496	1,763,478

**Consolidated Statements of Cash Flows**

<b>For the nine months ended September 30, 2022</b>	As previously reported	Adjustment	Restated
	\$	\$	\$
Cash used in operating activities	(2,393,473)	(9,198,293)	(11,591,766)
Cash used in investing activities	(9,963,314)	9,139,741	(823,573)



**Consolidated Statements of Changes in Shareholders' Equity**

	As previously reported	Adjustment	Restated
	\$	\$	\$
Balance, December 31, 2021	10,502,488	-	10,502,488
Share-based compensation	3,935,349	-	3,935,349
Shares issued for equity placement	20,000,000	-	20,000,000
Shares issued for options exercise	320,126	-	320,126
Change in accounting policy	-	(1,709,408)	(1,709,408)
Currency translation adjustment	1,563,982	199,496	1,763,478
Net loss for the period	(6,691,111)	(9,429,353)	(16,120,464)
Balance, September 30, 2022	29,630,834	(10,939,265)	18,691,569
Share-based compensation	611,993	-	611,993
Shares issued for options exercise	59,999	-	59,999
Settlement of RSUs	(96,710)	-	(96,710)
Currency translation adjustment	142,164	(776,662)	(634,498)
Net loss for the period	(1,385,773)	(3,825,785)	(5,211,558)
Balance, December 31, 2022	29,168,420	(15,747,625)	13,420,795

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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 nine months September 30, 2023.

**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 September 30, 2023, the Company had cash equivalents of \$19,278,064 in term deposits (December 31, 2022 - \$7,774,324) that are redeemable within 90 days and bear interest up to 5.2% (September 30, 2022 - 3.65%). Interest income on term deposits during the three and nine months ended September 30, 2023 was \$177,625 and \$552,872, respectively (2022 - \$111,697 and \$126,679, respectively).

**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 in order to meet short-term business requirements, after taking into account 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 amounts from related parties. The Company's accounts payable and accrued liabilities and is due within 90 days of September 30, 2023 and due to related parties has no specific terms of repayment.

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 arrangements. There is no assurance that the necessary financing will be available in a timely manner.

**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 September 30, 2023, 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.

A summary of the Company's financial assets and liabilities that are denominated in US dollar is as follows:

	September 30, 2023		December 31, 2022	
	US\$	\$	US\$	\$
Cash	2,665,852	3,529,588	3,272,112	4,431,748
Accounts payable and accrued liabilities	(419,289)	(555,139)	(1,238,253)	(1,677,090)
	<b>2,246,563</b>	<b>2,974,449</b>	2,033,859	2,754,658

As at September 30, 2023, a 5% change in the US dollar against the Canadian dollar would result in a \$148,722 impact to the Company.

## FINANCIAL INSTRUMENTS

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 outstanding 175,969,891 common shares, 2,752,576 restricted stock units, 12,500,000 warrants and 12,189,000 stock options.

## RISK FACTORS

For a detailed listing of the risk factors faced by the Company, please refer to the Company's MD&A for the years ended December 31, 2022 and 2021.

## NON-IFRS AND OTHER FINANCIAL MEASURES

This MD&A makes reference to certain financial measures, including non-IFRS measures that are forward-looking, non-GAAP ratios and supplementary financial measures. Management uses these financial measures for purposes of comparison to prior periods and development of future projections and earnings growth prospects. This information is used by management to measure the profitability of ongoing operations and in analyzing our business performance and trends. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.



## **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 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 mine life for Copper Creek, the expected production during active mining, the expected construction timing, the low operating cost profile, the expected high-performance metallurgical recoveries, the anticipated exploration upside 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.