



(An exploration stage business)

Coppernico Metals Inc.

Management's Discussion & Analysis  
For the three months ended March 31, 2024

Dated: May 29, 2024

# Coppernico Metals Inc.

## Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2024 (In Canadian dollars, unless otherwise noted)

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### 1. HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2024, AND THE PERIOD UP TO MAY 29, 2024

#### 1.1 Operational highlights

- On April 24, 2024, and March 26, 2024, Coppernico Metals Inc. ("Coppernico" or the "Company") announced that its Peruvian subsidiary, Sombrero Minerales S.A.C., had received all the permits, including the water permit and start of activities permit (together the "Permit"), required for drilling at its Greater Sombrero property located in Ayacucho, Peru. The Permit covers an area of 972.92 hectares, including the "Sombrero Main" target area. The Company is in the process of identifying a drill contractor as it prepares for its inaugural drill program. The groundwork activities that commenced in February are progressing as scheduled and will continue to support final drill target preparation and exploration across new targets. The Company currently holds the environmental permit ("DIA"), enabling the drilling of up to 48 holes to be drilled from 38 drill pads within the Sombrero Main target area.
- On February 20, 2024, the Company announced that it had initiated field work activities on its Greater Sombrero property in the Sombrero Main target area. The current exploration programs are designed to enhance and expand existing targets and advance the Company's understanding of four underexplored but high-priority exploration areas within the currently accessible concessions. The exploration work is being completed concurrently with the final stages of drill permitting for the Sombrero Main target area (subsequently obtained as per above); further details about the drill program are expected to be released in the coming weeks as the Company prepares for its inaugural drill program this year. The Company also announced the appointment of Margarita Cardona as Investor Relations Manager.

#### 1.2 Corporate highlights

- On May 27, 2024, the Company announced that it had filed a technical report on its Greater Sombrero property titled Technical Report on the Sombrero Main/Nioc Project, Ayacucho Department, Peru (the "Technical Report"). The Technical Report was prepared in accordance with Canadian NI 43-101 – Standards of Disclosure for Mineral Projects and has an effective date of April 17, 2024. Concurrently with filing the Technical Report, the Company has filed its first annual information form ("AIF") for the year ended December 31, 2023. The documents are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.coppernicometals.com](http://www.coppernicometals.com).
- On May 16, 2024, the Company closed a \$19.37 million private placement equity financing ("the Offering") which included participation by Teck Resources Limited ("Teck"). As part of the Offering, which consisted of both a non-brokered and brokered portion, the Company issued an aggregate of 38,750,580 units ("Units") at \$0.50 per Unit of which Teck acquired 17,546,580 Units, 9,870,000 Units were issued as part of the non-brokered portion of the Offering, and 11,334,000 Units were sold by a syndicate of agents (the "Agents"). The net proceeds from the 2024 Offering will primarily be used for drilling of the drill permitted Sombrero Main target area at the Company's flagship Greater Sombrero property.

Each Unit issued under the Offering consists of one common share of the Company (a "Share"), one half of a Share purchase warrant (each whole Share purchase warrant, a "Warrant") and one special warrant ("Special Warrant"). Each Warrant will be exercisable to acquire an additional Share at a price of C\$0.75 until May 16, 2026. If the closing price of the Shares on a recognized stock exchange meets or exceeds C\$1.25 for 20 out of any 30 consecutive trading days ending at least four months after the closing date, the Company may accelerate the expiry date of the Warrants to a date that is not less than 30 days from the date when such notice is given. Each Special Warrant will entitle the holder thereof to receive, without payment of any further consideration, and subject to customary adjustment provisions, 0.05 additional Units if the Shares of the Company are not listed on a recognized Canadian stock exchange on or before 5:00 p.m. (ET) on August 14, 2024 and otherwise the Special Warrants will expire on that date.

In connection with the Offering, the Company paid total cash fees of \$690,518.70 and issued 854,640 compensation options collectively to the Agents and other finders, including its financial advisor. Each compensation option entitles the holder thereof to subscribe for one Share at \$0.50 until May 16, 2026.

- On April 9, 2024, the Company announced that Mr. Steve Cook, an independent Director, retired from his role and will remain as an advisor to the Company.
- On January 17, 2024, the Company announced that it had closed the third tranche of its non-brokered private equity placement (the "September 2023 Placement"). The September 2023 Placement was initially announced

# Coppernico Metals Inc.

## Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2024 (In Canadian dollars, unless otherwise noted)

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on September 28, 2023, and subsequently, on October 20, 2023, the terms and conditions were amended to a C\$0.15 unit consisting of a common share and a share purchase warrant, exercisable at C\$0.30 until the fifth anniversary of listing the common shares on a recognized stock exchange. In total, the Company issued 15,862,049 units in the September 2023 Placement for total gross proceeds of \$2,379,307. Participation in the placement by insiders of the Company totalled 1,726,017 units for gross proceeds of \$258,903. The funds from the September 2023 Placement were used as intended to complete the required social access agreement and drill permits process and for the restart of surface exploration work at the Sombrero Main target area of the Greater Sombrero property, as well as for general working capital.

- On January 17, 2024, the Company announced that the Company's Board of Directors had appointed Mr. Keenan Jennings, MBA, MSc., as a Board Director effective January 13, 2024. Most recently, Mr. Jennings was Vice President, Metals Exploration at BHP during which time he led and enhanced BHP's global exploration efforts, delivering key discoveries such as the iron oxide copper-gold Oak Dam project in South Australia and the copper porphyry Ocelot project in Arizona, USA. He has over 35 years of experience in global mineral exploration, project evaluation and acquisition/divestiture, mine development and production, plus C-Suite strategy with some of the world's leading mining companies.
- On January 11, 2024, the Company announced the appointment of Stacy Rowa, CPA, as Chief Financial Officer, effective January 1, 2024. Ms. Rowa replaced the former CFO, who resigned effective December 31, 2023. The Company also announced that Mr. Shawn Wallace had retired from his role as Chair of the Board of Directors and as a Board Director of Coppernico to focus on his role as Chief Executive Officer ("CEO") at Torq Resources Inc. and will remain an advisor to the Company. Coppernico's CEO, Ivan Bebek, will serve as interim Chair.

< Refer to section 2.1 for cautionary wording concerning forward-looking statements >

## 2. DATE AND FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis ("MD&A") of Coppernico has been prepared by management to assist the reader to assess material changes in the condensed interim consolidated financial statements and results of operations of the Company as at March 31, 2024, and for the three months periods then ended.

This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company and related notes thereto as at and for the three months ended March 31, 2024 (the "financial statements"). All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and all dollar amounts presented are Canadian dollars unless otherwise stated.

The effective date of this MD&A is May 29, 2024.

### 2.1 Forward-looking statements and risk factors

Certain statements made in this MD&A contain forward-looking information within the meaning of applicable Canadian and United States securities laws ("forward-looking statements"). These forward-looking statements are presented for the purpose of assisting the Company's shareholders and prospective investors in understanding management's intentions and views regarding future outcomes and are inherently uncertain and should not be heavily relied upon. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, identify such forward-looking statements. Specific forward-looking statements in this MD&A may include, but are not limited to: the Company's ability to execute on its exploration and financing plans, the likelihood of discovering resources; the potential for access to and exploration of the Company's projects, permitting timelines; government regulation of mining operations; environmental and climate-related risks; the possible impairment of mining interests; any objectives, expectations, intentions, plans, results, levels of activity, goals or achievements; the timing and amount of estimated exploration expenditures and capital raises for the Company; the liquidity of the common shares in the capital of the Company and other events or conditions that may occur in the future; the Company's intention to grow its business and its operations; the Company's competitive position; changes to government regulation, in particular Peruvian; and the impact of the COVID-19 pandemic on the Company's operations and the economy generally.

The forward-looking statements contained in this MD&A represent the Company's views as of the date hereof. The assumptions related to these plans, estimates, projections, beliefs and opinions may change without notice and in unanticipated ways. Many assumptions may prove to be incorrect, including the Company's budgeting plans, expected costs, assumptions regarding market conditions and other factors upon which the Company has based its expenditure

# Coppernico Metals Inc.

## Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2024 (In Canadian dollars, unless otherwise noted)

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and funding expectations; the Company's ability to obtain or renew the licenses and permits necessary for exploration; the Company's ability to complete and successfully integrate acquisitions; the possible effects of climate change, extreme weather events, water scarcity, and seismic events, and the effectiveness of strategies to deal with these issues; the Company's expectations regarding the future demand for, and supply and price of, precious metals; the Company's ability to recruit and retain qualified personnel; the Company's ability to comply with current and future environmental, safety and other regulatory requirements and to obtain and maintain required regulatory approvals.

Inherent in the forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to control or accurately predict, that may cause the actual results, performance or achievements of the Company, or developments in the Company's business or in its industry, to differ materially and adversely from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this MD&A include, but are not limited to: risks in investigating, optioning or otherwise acquiring interests in mineral projects of merit followed by the high risk of exploration failure, risks in our ability to secure governmental permits and a social license to explore the projects, risks that the financial markets will lose their appetite to finance junior resources issuers; fluctuations in the current and projected prices for precious and base metals; technical risks and hazards associated with mineral exploration including environmental hazards, potential unintended releases of contaminants, industrial accidents, unusual or unexpected geological or structural formations, pressures, cave-ins and flooding; the uncertainty in the process of estimation and valuation of any mineral resources that may be discovered, changes in tax, title and mining laws and regulations impacting exploration activities; the risk of the Company's mineral properties being subject to unknown prior unregistered agreements, transfers or claims and other defects in title; general opposition to mining activities and attendant legal and litigation risks; statutory and regulatory compliance; insurance and uninsurable risks; the Company's limited business history and history of losses and negative cash flow, which will continue into the foreseeable future; our inability to pay dividends, the continued involvement of our key management team and our ability to secure the specialized skill and knowledge necessary to operate in the mining industry; relations with and potential demands and claims by local communities and non-governmental organizations, including indigenous populations and affected local communities with whom we are required to pursue local community surface access agreements in order to explore; the expenses and other requirements of being a public company; risks associated with the significant resources required to maintain regulatory compliance as a public company; the effectiveness of the Company's internal control over financial reporting; cybersecurity risks; risks relating to the Company's public perception; general business, economic, competitive, political and social uncertainties; and public health crises and other uninsurable risks. While we have sought to provide a list of the principal risks, these are the known risks and hence cannot be. This is not an exhaustive list of the risks and other factors that may affect any of the Company's forward-looking statements as there are likely also unknown risks. Additional information relating to the Company and its operations is available on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.coppernicometals.com](http://www.coppernicometals.com). These documents are for supplemental information purposes only and not incorporated by reference in this MD&A.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management of the Company to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

The Company's management periodically reviews information reflected in forward-looking statements. The Company has and continues to disclose in its MD&A and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

### 3. DESCRIPTION OF THE BUSINESS

Coppernico is assembling a world-class exploration portfolio in South America and is seeking to create significant value for its shareholders through exploration and potential discovery. The Company's primary asset is its Greater Sombrero copper-gold district-scale property in southern Peru. The Greater Sombrero property covers approximately 102,700 hectares in which it holds direct and indirect interests through a combination of staking and option agreements. The Sombrero Main/Nioc project area hosts what are currently the highest priority and most advanced "Main" and "Nioc" exploration target areas and covers approximately 16,300 hectares within the Greater Sombrero property. The Sombrero Main target area is fully permitted for drilling. While the Greater Sombrero property is the Company's current

# Coppernico Metals Inc.

## Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2024 (In Canadian dollars, unless otherwise noted)

focus, the Company continues to consider how to optimize its portfolio and potential projects pipeline, contained within the greater Sombrero property, both through the right sizing of its greater Sombrero property footprint by relinquishing less prospective areas, and the review of additional premium projects in South America for potential acquisition.

Coppernico is a public company and an unlisted reporting issuer in British Columbia, Alberta and Ontario and as a result of the Offering, has the obligation and has commenced the process to seek a listing on a recognized stock exchange in order to avoid certain penalty provisions granted to investors who participated in the Offering.

As at the date of this MD&A, the corporate organization structure includes: one wholly owned subsidiary in Peru, Sombrero Minerales S.A.C; a 50% owned Peruvian service company, Universal Mineral Services Peru S.A.C. ("UMS Peru"); and a 25% owned Canadian service company, Universal Mineral Services Ltd. ("UMS Canada"). The arrangements that support the investment in UMS Canada and UMS Peru are described in Note 6 to the financial statements.

### 4. DISCUSSION OF OPERATIONS

#### 4.1 Three months ended March 31, 2024, and 2023 (Q1 2024 vs. Q1 2023)

During the three months ended March 31, 2024, the Company reported a loss of \$1,234,582 compared to a loss of \$1,038,733 for the same period in 2023. Significant variances within operating expenses resulted in a combined \$195,849 increase in the current period's loss, and are explained as follows:

- Exploration and evaluation in Q1 2024 increased to \$811,248 from \$347,185 in Q1 2023 as the Company focused on securing final drill permits and finalizing drill targeting for its pending drill program during the current first quarter of 2024 after obtaining social access in November 2023.
- Fees, salaries and other employee benefits decreased to \$207,182 from \$277,715 in Q1 2023, due to an overall decrease in administrative support actioned in 2023, when the Company was minimizing costs while it worked towards gaining access at its Greater Sombrero property. Now that access has been achieved and there are plans to initiate a drill program in the Sombrero Main target area, the Company will look to supplement its team, both administrative and technical, with contractors where possible to maintain flexibility and avoid taking on obligated fixed costs.
- Legal and professional fees in Q1 2024 almost doubled over Q1 2023, increasing from \$33,602 to \$60,967, due to the preparation for listing the Company's common shares on a recognized Canadian stock exchange.
- Project investigation costs in Q1 2024 decreased to \$5,511 from \$226,928 in Q1 2023, reflecting the shift of the Company's focus away from seeking additional opportunities for Coppernico's portfolio to exploration activities at the Greater Sombrero property as aforementioned.

#### 4.2 Summary of quarterly results

Three months ended	Loss for the period	Comprehensive loss	Loss per share
<b>March 31, 2024</b>	<b>\$ 1,234,582</b>	<b>\$ 1,096,312</b>	<b>\$ 0.01</b>
December 31, 2023	1,146,808	1,276,395	0.01
September 30, 2023	804,229	672,004	0.01
June 30, 2023	681,248	803,360	0.01
March 31, 2023	1,038,733	1,042,480	0.01
December 31, 2022	1,008,508	1,081,427	0.01
September 30, 2022	979,944	605,225	0.01
June 30, 2022	1,108,862	945,203	0.01

During the last eight quarters, the Company has incurred losses and comprehensive losses. These losses result from: the Company's expenditure on its exploration and evaluation properties to prepare for drilling at the Sombrero Main target area and to keep the Greater Sombrero property concessions in good standing; project investigation costs as the Company looks to add additional projects to its portfolio; salaries and other employee benefits and professional fees all of which are required to be compliant as a public company; and to promote the Company's activities in the

# Coppernico Metals Inc.

## Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2024 (In Canadian dollars, unless otherwise noted)

market. These expenses are monitored and controlled by management and fluctuate depending on the level of activities and the corresponding funding available to the Company to pursue opportunities.

In addition to the above, the Company recognized impairment charges of \$57,583 in the quarter ended December 31, 2023 to write off its investment in UMS Peru, \$238,425 in Q4 2022 and \$100,320 in Q2 2022, which related to the termination of options that the Company had over certain mineral properties, causing somewhat unusual changes in the respective quarterly results.

### 4.3 Summary of project costs

During the three months ended March 31, 2024, the Company had mineral property additions of \$158,409, which primarily related to the scheduled annual payments on the Aceros and Mollecruz options at the Greater Sombrero property.

		<b>Greater Sombrero property</b>
<b>Balance as at December 31, 2022</b>	<b>\$</b>	<b>6,662,647</b>
Mineral property additions		181,619
Currency translation adjustment		(155,647)
<b>Balance as at December 31, 2023</b>	<b>\$</b>	<b>6,688,619</b>
Mineral property additions		<b>158,409</b>
Currency translation adjustment		<b>160,381</b>
<b>Balance as at March 31, 2024</b>	<b>\$</b>	<b>7,007,409</b>

The Company also incurred exploration and evaluation costs on its Greater Sombrero property as follows:

<b>Exploration and evaluation costs</b>	<b>Three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Surface exploration	\$ 213,653	\$ -
Concession holding	403,488	131,759
Community and environmental	114,518	3,883
Project support	79,589	211,543
<b>Total for the periods</b>	<b>\$ 811,248</b>	<b>347,185</b>

### 4.4 Future operations and community involvement

Within the last six months of the date of this MD&A, the Company has achieved four key milestones, being the completion of the social access agreement, securing of the final drill permits, recommencement of surface exploration, and raising sufficient capital to pursue its business objective of exploring the Greater Sombrero property and, more specifically, drilling the Sombrero Main target area.

Having recently completed the Offering, the Company intends to finalize preparations for its inaugural drill program, which will consist of a minimum of 3,000 metres of diamond core drilling, with the goal of drill testing several of the individual prospects that have been identified at surface in the Sombrero Main target area. Additional metres will be completed dependent on and guided by the results of the initial drill testing.

Coppernico continues to enhance its ESG initiatives through the creation of jobs and additional social and sustainable agricultural programs in Peru. The Company continues to work with neighbouring communities with the goal of achieving social access to additional highly prospective exploration targets.

In order to optimize the Company's mineral exploration portfolio, management continues to rationalize its Greater Sombrero property land package and regularly reviews additional premium exploration projects in South America.

# Coppernico Metals Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations  
for the three months ended March 31, 2024 (In Canadian dollars, unless otherwise noted)

## 5. FINANCIAL POSITION, LIQUIDITY, AND CAPITAL RESOURCES

### 5.1 Financial position and liquidity

	<b>March 31, 2024</b>	December 31, 2023
Working capital (deficit) surplus	\$ (731,799)	\$ 198,483
Cash	242,165	1,170,801
Mineral property interests	7,007,409	6,688,619
Current liabilities	1,280,715	1,282,542

	<b>Three months ended March 31</b>	
	<b>2024</b>	2023
Cash used in operating activities	\$ (844,996)	\$ (836,434)
Cash used in investing activities	(165,134)	(156,713)
Cash provided by financing activities	80,032	2,102,736

The Company's primary source of liquidity is equity issuances. The funds are primarily used to finance working capital, undertake its exploration activities and to make certain annual payments to ensure that all the Company's mineral properties remain in good standing. The Company has a working capital deficit of \$731,799 as at March 31, 2024 (December 31, 2023 - working capital surplus of \$198,483), which includes cash of \$242,165 (December 31, 2023 - \$1,170,801), that is entirely unrestricted.

As at March 31, 2024, the Company has commitments under the social access agreement to incur certain expenditures and support the community with specified initiatives, for which an accrual has been recorded on the statement of financial position. Additionally, the Company has certain commitments related to the office premises it occupies on a shared basis under the UMS Canada lease obligation disclosed in Note 6 of the financial statements.

As at March 31, 2024, the Company has total current liabilities of \$1,280,715, which include current accounts payable and accrued liabilities, and are due to be paid within 12 months. In addition, the Company has recorded non-current accrued liabilities related to 2023 concession penalty fees and Q1 2024 validity fees associated with its Greater Sombrero property totaling \$504,224 which are due by June 30, 2025, if the Company chooses to maintain the full land package.

During the three months ended March 31, 2024, the Company used cash of \$844,996 in operating activities which is in line with the \$836,434 used during the three months ended March 31, 2023.

During the three months ended March 31, 2024, the Company used cash in investing activities of \$165,134 which is comparable to the \$156,713 used in the same period of 2023. Cash used in both periods was primarily related to mineral property additions resulting from its scheduled option payments that were translated at the applicable exchange rates into Canadian dollars.

During the three months ended March 31, 2024, the Company received cash from financing activities of \$80,032 whereas \$2,102,736 was received in the three months ended March 31, 2023. During 2024, the Company completed the third and final tranche of September 2023 Placement and repaid Director promissory notes in the amount of \$52,354, including capital and interest, compared to the funds that were received in 2023 in relation to the financing.

The Company has incurred operating losses to date and does not generate operating revenue to support its activities. With no source of operating revenue, there is no assurance that sufficient funding will be available to conduct continued acquisition and exploration of mineral properties. Although the Company has had success raising capital in the past and completed a private placement for \$19.37 million on May 16, 2024, the ability to continue as a going concern remains dependent upon Coppernico's ability to obtain the financing necessary to continue to fund its mineral properties, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions create a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

As of the date of this MD&A, the Company currently projects 12-month expenditures of approximately \$1.6 million to cover general corporate compliance and overhead costs, \$1.1 million for corporate communications and marketing, and \$2.3 million for project related costs to keep its Greater Sombrero property, permits and community relationships in good standing assuming the full land package is maintained. The projected compliance and overhead costs consider

# Coppernico Metals Inc.

## Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2024 (In Canadian dollars, unless otherwise noted)

heightened professional fees and filing fees anticipated in relation to seeking a listing on a Canadian stock exchange and would be expected to level off once the listing is complete. The Company is also planning to broaden its corporate communications and marketing programs to facilitate brand awareness and investor outreach while the Company ramps up activity, both in relation to the planned listing but also with the anticipated news flow from its inaugural drill program at the Sombrero Main target area. In addition to the expenditures noted above, expenditures will be incurred in order to undertake exploration activities, the amount of which is dependent on the size and extent of the planned exploration program which for the next 12 months is budgeted to include 8,000 metres of drilling for an all-in cost of approximately \$6.6 million. The estimated cost of drilling includes all direct and ancillary costs and on-going budgets will be adjusted subject to actual experience once drilling commences. While the much unexplored Greater Sombrero property presents a portfolio of projects within itself, the Company projects expenditures of approximately \$0.1 million to continue seeking additional project opportunities for Coppernico's portfolio for future exploration. As of the date of this MD&A, the Company forecasts that the funds from the Offering are more than sufficient to cover its 12 month working capital needs described above.

### 5.2 Capital resources

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company, like virtually all junior explorers, relies on equity financings to fund its activities. During the three months ended March 31, 2024, the Company completed one equity offering as summarized below.

On January 17, 2024, the Company closed a third and final tranche of the September 2023 Placement in which the Company issued an additional 898,333 units for gross proceeds of \$134,750 bringing the total units issued to 15,862,049 for gross proceeds of \$2,379,307.35. The funds from the September 2023 Placement were intended to be, and have been, used to complete the required social access agreement and drill permits process and, once complete, for the restart of surface exploration work at the Sombrero Main target area within the Greater Sombrero property, as well as for general working capital. A summary of the proceeds and use of funds is as follows:

<b>September 2023 Placement</b>	<b>Number of common shares</b>	<b>Source/Use of Proceeds</b>
Units issued at \$0.15 per unit	15,862,049	\$ 2,379,307
Share issuance costs		(24,002)
Net proceeds		\$ 2,355,305
<b>Actual use of proceeds</b>		
Greater Sombrero property expenditures		(1,447,750)
General working capital		(539,411)
Expenditures on project investigation		(125,979)
Proceeds remaining at March 31, 2024		\$ 242,165

### 6. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements. Earn-in arrangements are not viewed as off-balance sheet arrangements, and there are no other commitments held by the Company at the balance sheet date other than the commitment disclosed in Note 6 to the financial statements.

### 7. PROPOSED TRANSACTIONS

As at March 31, 2024, and as at the date of this MD&A, the Company had no proposed transactions.

### 8. RELATED PARTY TRANSACTIONS

Related party transactions are those with entities over which the Company has control or significant influence, or with key management personnel, being persons having the authority and responsibility for planning, directing, and controlling the Company. A summary of the Company's related party transactions for the three months ended March 31, 2024, and 2023, is as follows:

#### 8.1 UMS Canada and UMS Peru

All transactions with UMS Canada and UMS Peru have occurred in the normal course of operations. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.



# Copperrico Metals Inc.

## Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2024 (In Canadian dollars, unless otherwise noted)

	Three months ended March 31,	
	2024	2023
Exploration and evaluation	\$ 81,146	\$ 92,764
Project investigation	4,125	127,864
Marketing and investor relations	22,428	24,742
General and administration	159,331	225,422
<b>Total transactions for the periods</b>	<b>\$ 267,030</b>	<b>\$ 470,792</b>

As at March 31, 2024, \$233,787 (December 31, 2023 - \$130,388) was included in accounts payable and accrued liabilities and \$108,117 (December 31, 2023 - \$114,712) in prepaid expenses and deposits relating to transactions with UMS Canada. Including the original deposit of \$150,000 advanced to UMS Canada for working capital purposes, the Company had a net deposit balance of \$24,330 with UMS Canada as at March 31, 2024.

As at December 31, 2023, and remaining at March 31, 2024, the Company had a working capital deposit with UMS Peru in the amount of US\$11,800; however, the amount was written down to \$nil as at December 31, 2023, as it is not expected to be recovered and there has been no change as of March 31, 2024.

### 8.2 Key management compensation

The Company provided the following compensation to key management and Board members, being its four executives, of which one is a director, and six non-executive directors:

	Three months ended March 31,	
	2024	2023
Fees, salaries and other employee benefits provided to executives	\$ 186,727	\$ 297,180
Fees, salaries and other employee benefits to non-executive directors	27,087	38,836
	<b>\$ 213,814</b>	<b>\$ 336,016</b>

As at March 31, 2024, the Company had an outstanding accounts payable balance with key management personnel of \$156,441 which primarily related to the approved 2022 short-term compensation awarded, but not paid, by the Board in the first quarter of 2023 (December 31, 2023 - \$115,101).

During the three months ended March 31, 2024, the Company repaid to five Board Directors of the Company a total of \$52,354 in relation to amounts loaned in 2023 under an unsecured promissory note arrangement, plus accrued interest. In accordance with the promissory notes, on January 29, 2024, the lending Directors were issued a total of 120,000 common share purchase warrants exercisable for a three-year period at \$0.15 per common share.

Subsequent to March 31, 2024, a Board Director of the Company loaned \$120,000 to the Company under an unsecured promissory note arrangement at an annualized simple interest rate of 12% and with the intention of being repaid by the Company on the earlier of May 31, 2024, or two days following a financing of at least \$1,000,000. The funds were loaned on May 9, 2024 and repaid in full on May 17, 2024.

### 9. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

In preparing the Company's financial statements, the Company applied the significant accounting estimates and judgements disclosed in Note 3 of its audited consolidated financial statements for the year ended December 31, 2023.

# Coppernico Metals Inc.

## Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2024 (In Canadian dollars, unless otherwise noted)

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### 10. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has reviewed new and revised accounting pronouncements that are effective for periods after December 31, 2023, and noted that these did not have an impact on the financial statements of the Company.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards as they are not applicable to the Company's financial statements.

### 11. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at March 31, 2024, the Company's financial instruments consist of cash, amounts receivable, deposits, as well as accounts payable and accrued liabilities, which are classified as and measured at amortized cost. The fair values of the current financial instruments approximate their carrying values due to their short-term nature.

The Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk and currency risk. Details of the primary risks that the Company is exposed to are laid out in Note 11 to the Company's financial statements.

### 12. OTHER REQUIRED DISCLOSURE

#### 12.1 Capital structure

The Company is authorized to issue an unlimited number of common shares without par value. As at the dates shown in the table, the Company had the following outstanding securities:

	March 31, 2024	Date of this MD&A
Common shares	138,487,602	177,238,182
Share purchase warrants	15,982,049	36,211,978
Special warrants	-	38,750,580

Special Warrants were issued in connection with the May 16, 2024 Offering and each Special Warrant will entitle the holder thereof to receive, without payment of any further consideration, and subject to customary adjustment provisions, 0.05 additional Units if the Shares of the Company are not listed on a recognized Canadian stock exchange on or before 5:00 p.m. (ET) on August 14, 2024 and otherwise the Special Warrants will expire on that date.

On May 22, 2024, the Company adopted a new Long-Term Incentive Plan ("LTI Plan") with the objective of encouraging additional share ownership by its employees, officers and directors. The LTI plan provides for the awarding of share options, performance share units, restricted share units and deferred share units. The LTI Plan limits the number of shares reserved for issuance under the LTI Plan, together with all other security-based compensation arrangements of the Company to 10% of the issued and outstanding shares. To date, there have been no equity-based awards granted under the LTI Plan.

#### 12.2 Disclosure controls and procedures

As defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, disclosure controls and procedures require that controls and other procedures be designed to provide reasonable assurance that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out therein.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, have evaluated the design of the Company's disclosure controls and procedures and the design of internal controls over financial reporting as required by Canadian securities laws, and have concluded that such procedures are adequate to ensure accurate and complete disclosures in public filings.

## **Coppernico Metals Inc.**

### **Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2024 (In Canadian dollars, unless otherwise noted)**

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There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca) under Coppernico Metal Inc.'s profile.

On behalf of the Board of Directors

*"Ivan Bebek"*

**Ivan Bebek**

President, Chief Executive Officer, and Director

May 29, 2024