Atacama Copper Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

www.atacamacopper.ca

TSX.V: **ACOP**

INTRODUCTION AND PROPOSED TRANSACTION

Atacama Copper Corporation ("Atacama" or the "Company") was incorporated under the Business Corporations Act of British Columbia on April 8, 2020. The Company's head office is in Vancouver, Canada. The principal business of the Company is to identify, explore and evaluate mineral properties in Chile and elsewhere in the Americas. The Company holds 69 mining concession tenement groups through its ownership of the El Cofre and Placeton projects in Chile held through its subsidiaries Aconcagua Minerals SpA ("Aconcagua") and Cobalt Chile SpA ("Cobalt Chile"). The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "ACOP".

On February 9, 2024, the Company completed a reverse takeover transaction with TCP1 Corporation ("TCP1") which resulted in the Company acquiring all of the issued and outstanding common shares of TCP1 in exchange for common shares of Atacama (the "Transaction"). TCP1 is a mineral exploration and development company that owns, through its subsidiary (Criscora, S.A. de C.V.), 100% of the Cristina project ("Cristina") located in Chihuahua State, Mexico, and 100% of the Yecora project ("Yecora") located in Sonora State, Mexico.

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Atacama and its subsidiaries during the relevant reporting period and to the date of this report. The MD&A supplements, but does not form part of, the audited consolidated financial statements of the Company and the notes thereto for the years ended December 31, 2023 and 2022, and, consequently, should be read in conjunction with the aforementioned financial statements and notes thereto. The Company has prepared the audited consolidated financial statements for the years ended December 31, 2023 and 2022 in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB").

ADDITIONAL INFORMATION

Additional information about the Company is available under the Company's profile on SEDAR+ at www.sedarplus.ca and on the Company's website at www.atacamacopper.ca. The Company reports its financial information in Canadian dollars and all monetary amounts set forth herein are expressed in Canadian dollars unless specifically stated otherwise.

In connection with the Transaction with TCP1, the common shares of Atacama were consolidated on a 6:1 basis (the "Share Consolidation"). The Share Consolidation is reflected retrospectively in this MD&A.

Tim Warman, P.Geo., is a qualified person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and has reviewed and approved for inclusion the scientific and technical disclosure in this MD&A. Mr. Warman is the Chief Executive Officer of the Company.

This MD&A is current to April 24, 2024.

FORWARD LOOKING STATEMENTS AND RISK FACTORS

This MD&A contains "forward-looking information" and "forward-looking statements" (collectively "forward-looking statements") within the meaning of applicable Canadian securities legislation. Except for statements of historical fact relating to Atacama, forward-looking information includes, but is not limited to, information with respect to the Company's Business Combination (as defined in this MD&A) with TCP1 Corporation; the Company's future exploration plans and the results thereto for the Company's mineral properties; the Company's ability to raise additional funds, as required; future price of minerals, particularly gold, silver and copper; the estimation of mineral resources; the timing and amount of estimated future exploration; costs of general and administrative and other expenses; success of exploration activities; foreign currency rates and risks; government regulation of mineral exploration and mining operations; environmental risks; and outlook, guidance, and other forecasts.

Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as "expect", "plan", "anticipate", "project", "target", "potential", "schedule", "forecast", "budget", "estimate", "intend" or "believe" and similar expressions or their negative connotations, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made.

Forward-looking statements necessarily involve assumptions, risks and uncertainties, certain of which are beyond the Company's control, including risks associated with or related to: the volatility of metal prices; changes in tax laws; the dangers inherent in exploration, development and mining activities; the uncertainty of mineral resource estimates; title matters; cost or other estimates; actual exploration plans and costs differing materially from the Company's expectations; the ability to obtain and maintain any necessary permits, consents or authorizations required for exploration activities; environmental regulations or hazards and compliance with complex regulations associated with exploration activities; the availability and need for financing and debt activities, including potential restrictions imposed on the Company's operations as a result thereof and the ability to ultimately generate sufficient cash flows; remote operations and the availability of adequate infrastructure; shortages or cost increases in necessary equipment, supplies and labour; the reliance upon contractors and other third parties; the dependence on key personnel and the ability to attract and retain skilled personnel; the risk of an uninsurable or uninsured loss; adverse climate and weather conditions; litigation risk; competition with other mineral exploration and mining companies; community support for the Company's operations; conflicts with small scale miners; failures of information systems or information security threats; compliance with anti-corruption laws, and sanctions or other similar measures. The list is not exhaustive of the factors that may affect Atacama's forward-looking statements.

The Company's forward-looking statements are based on the applicable assumptions and factors management considers reasonable as of the date hereof, based on the information available to management at such time. These assumptions and factors include, but are not limited to, assumptions and factors related to Atacama's ability to carry on current and future planned exploration operations; the accuracy and reliability of estimates, projections, forecasts, studies and assessments; the availability and cost of inputs; the timely receipt of necessary approvals or permits; the ability to meet current and future obligations; the ability to obtain timely financing on reasonable terms when required; the current and future social, economic and political conditions; and other assumptions and factors generally associated with the mining industry.

The Company's forward-looking statements are based on the opinions and estimates of management and reflect their current expectations regarding future events and operating performance and speak only as of the date hereof. The Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, and actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements. Accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits or liabilities the Company will derive therefrom. For the reasons set forth above, undue reliance should not be placed on forward-looking statements.

Additional risk factors related to the Business Combination with TCP1 Corporation and the Company following that transaction can be viewed in the Company's Filing Statement dated as of February 7, 2024 as filed under the Company's profile on SEDAR+ (www.sedarplus.ca).

OVERVIEW OF SIGNIFICANT EVENTS, REVIEW OF ACTIVITIES AND FINANCING ACTIVITY

In order to better understand the Company's financial results, it is important to gain an appreciation of the significant events, transactions and activities involving mineral property interests that occurred during the year ended December 31, 2023 and to the date of this MD&A. This overview should be read in conjunction with the remainder of this MD&A to appreciate more fully the Company's results and activities for the year ended December 31, 2023.

On March 10, 2023, the Company granted 63,335 five-year stock options to its directors. These stock options have an exercise price of $1.11 each, and will vest in 3 equal instalments on March 10, 2023, 2024 and 2025. The Company also granted 21,665 RSUs to its directors. These RSUs will vest in 3 equal instalments on March 10, 2024, 2025 and 2026.

On June 15, 2023, the Company closed a non-brokered private placement of 261,222 common shares in the capital of the Company at a purchase price of $1.08 per common share for gross proceeds of $282,120. In addition to legal fees of $14,526, a finders' fee consisting of an aggregate cash commission of $5,250 and 4,861 warrants to purchase common shares was paid by the Company in connection with the private placement. Each warrant is exercisable at a price of $1.80 per share for a period of two years from the date of issue. The finder's warrants were valued at $1,174, which was recorded as a share issue cost.

On December 15, 2023, the Company entered into the Business Combination Agreement with TCP1 in respect of the Transaction, which was completed on February 9, 2024, t by way of a business combination involving TCP1 and 1000723052 Ontario Corporation, a newly incorporated wholly owned subsidiary of the Company (the "Business Combination"). Pursuant to the Business Combination, the Company acquired all of the issued and outstanding common shares of TCP1 in exchange for common shares of the Company, resulting in the reverse takeover of the Company by TCP1. To effect the Business Combination, the following transactions occurred:

- the Company consolidated its issued and outstanding shares on a 6 for 1 basis resulting in the number of outstanding common shares being 5,990,081;
- the Company issued a total of 37,916,849 common shares to shareholders of TCP1;
- the Company issued 2,843,823 common shares to holders of "in-the-money" TCP1 stock options;
- the Company issued a total of 1,157,428 common shares in satisfaction of a TCP1 termination agreement to a director of TCP1 that required shares of TCP1 to be issued (for total of $1,250,000); and
- the Company issued 1,157,407 common shares in satisfaction of a success fee of $1,250,000 related to the Business Combination.

Prior to completion of the Business Combination, Atacama completed a private placement of 11,834,159 subscription receipts at a price of $1.08 for gross proceeds of $12,780,892 and issued 92,593 common shares in satisfaction of previously received financing proceeds of $100,000. Following the Business Combination, the resulting company's shares resumed trading on the TSXV under the Atacama symbol "ACOP".

In conjunction with closing the Business Combination, the Company also issued common shares as follows: (i) 46,296 common shares ($50,000) as partial repayment of salary to an officer of the Company; (ii) 61,837 common shares ($66,784) as repayment of salary owed to an officer of the Company; and (iii) 46,297 common shares ($50,000) to repay a loan.

On February 12, 2024, the Company granted 1,425,000 stock options to acquire common shares at an exercise price of $1.26 per share and granted 700,000 RSUs, to directors, officers, employees and consultants of the Company. On March 20, 2024, 200,000 stock options exercisable at $1.33 per share were granted to an investor relations service provider.

OUTLOOK

Following completion of the Business Combination with TCP1, the Company's initial focus will be a 10,000-metre diamond drilling program at the Cristina project aimed at better delineating and expanding the known higher-grade zones within the Guadalupe vein system to define a robust underground resource. Previous drilling has encountered thick higher-grade zones in every vein system tested to date, and this current round of drilling is aimed at better defining and expanding those zones, beginning with the Guadalupe and Los Ingleses vein systems.

Activities in Chile will be focused on completing negotiations for surface access agreements to conduct planned geophysical surveys across the main alteration zones at Caballo Muerto and Placeton, as well as a follow-up drilling campaign tentatively planned for late 2024 or early 2025. Minimal exploration work is currently planned for the El Cofre Project.

SELECTED ANNUAL FINANCIAL INFORMATION

The following summary financial information has been derived from the financial statements of the Company, which have been prepared in accordance with IFRS. The Company's material accounting policies are outlined in Note 3 to the audited consolidated financial statements of the Company for the fiscal years ended December 31, 2023 and 2022.

		Year Ended December 31,				
		2023		2022		2021
Consolidated Statements of Loss and Comprehensive Loss						
Revenue	$	-	$	-	$	-
Consulting fees		(269,165)		(243,207)		(116,508)
Exploration and evaluation expenses		(185,909)		(715,349)		(64,392)
Management and director fees		(433,005)		(454,133)		(133,333)
Professional fees		(620,879)		(251,179)		(74,298)
Other operating expenses		(378,712)		(630,114)		(211,579)
Impairment loss		(4,618,850)		-		-
Listing expense		-		-		(3,467,420)
Other income (expense)		(26,584)		52,730		7,263
Net loss and comprehensive loss for the year	$	(6,533,104)	$	(2,241,252)	$	(4,060,267)
Loss per share – basic and diluted	$	(1.11)	$	(0.39)	$	(1.14)
Consolidated Statements of Financial Position						
Cash	$	96,420	$	816,249	$	2,898,566
Restricted cash		8,125,743		-		-
Exploration and evaluation assets		4,156,394		8,775,244		8,775,244
Total assets		12,559,152		9,644,470		11,709,575
Accounts payable and accrued liabilities		687,652		99,466		143,228
Loans		102,082		-		-
Subscriptions received in advance		8,354,243		-		-
Total liabilities		9,143,977		99,466		143,228
Equity:						
Share capital		15,745,613		15,484,443		15,484,443
Reserves		505,384		363,279		143,370
Accumulated deficit	$	(12,835,822)	$	(6,302,718)	$	(4,061,466)

A review of the results of operations for the years ended December 31, 2023 and 2022 is presented below in the "Review of Financial Results" section of this MD&A. The Company was listed on the TSXV on September 7, 2021 which resulted in the listing expense of $3,467,420 during the year ended December 31, 2021.

The Company commenced field exploration at the Placeton Project in the third quarter of 2021 which resulted in the increased exploration and evaluation expenses in 2022. 2022 work programs included detailed geological mapping and surface geochemical sampling across approximately 30 km^2 of the total 72.5 km^2 land package that makes up Placeton. Geophysical surveys were also carried out, including a low altitude magnetometry survey using a GeoMagDrone unmanned aerial vehicle over 40 km^2 of the Placeton target, and a single IP line conducted at Caballo Muerto. At the El Cofre Project, the Company commenced, in April 2022, a trenching program on the property following up on previously identified mineralized structures discovered in historical geochemical and mapping surveys of the property, which was completed during the second quarter of 2022.

Exploration activities decreased in 2023 as the Company sought additional funding paths and pursued the transaction with TCP1, which led to increases in other areas such as professional fees. The most significant expense in 2023 was the impairment of El Cofre resulting in $4,618,850 in impairment loss given the lack of planned future activities on El Cofre.

REVIEW OF FINANCIAL RESULTS

This review of the results of operations should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2023 and 2022 along with other public disclosure documents of the Company.

For the year ended December 31, 2023, the Company reported a net loss of $6,533,104 compared to a net loss of $2,241,252 for the year ended December 31, 2022. The commentary that follows provides additional details on the Company's reported net losses for the years ended December 31, 2023 and 2022.

Exploration and Evaluation Assets

The Company capitalizes costs incurred acquiring exploration and evaluation assets (mineral projects) and any required licenses related thereto with a term of more than one year.

Placeton Project:

Aconcagua holds the rights to the Placeton Project which consists of the Placeton, Caballo Muerto and Los Naranjos projects. Altogether, the Placeton Project is comprised of thirty-nine mining concession tenement groups. The Aconcagua mineral claims are subject to a 2% net smelter royalty ("NSR") held by Durus Copper SPA ("Durus"), a company owned by the Company's VP Business Development as described in Note 6 of the audited consolidated financial statements for the year ended December 31, 2023.

El Cofre Project:

Cobalt Chile holds the rights to the El Cofre Project, which represents 100% interest in thirty mining concession tenement groups. Ten tenements were allowed to expire in 2023. Twenty-seven of the Cobalt Chile mining concession tenement groups are subject to a 2% NSR held directly by the Company's VP Business Development as described in Note 6 of the audited consolidated financial statements for year ended December 31, 2023.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

As at December 31, 2023, the carrying value of the exploration and evaluation assets was $4,156,394 (December 31, 2022 - $8,775,244). The exploration and evaluation assets are tested for impairment annually or when events or changes in circumstances indicate that the carrying amount may not be recoverable. During the year ended December 31, 2023, management performed its annual impairment test and recorded an impairment of $4,618,850 on its El Cofre Project, as described earlier in this MD&A, as the Company has only limited future plans to carry out exploration activities on its El Cofre project.

Exploration and evaluation ("E&E") expenditures are expensed to profit and loss as incurred; these are discussed in more detail below.

Expenses

Exploration and evaluation expenditures

The Company's E&E expenditures totalled $185,909 for the year ended December 31, 2023, compared to $715,349 for the year ended December 31, 2022. The Company's E&E expenses for its Placeton Project were as follows:

	Year ended December 31, 2023	2022
Camp	$ (71)	$ 24,803
Claim, licences and permits	73,429	95,118
Equipment rentals	-	14,040
Fuel	-	12,844
Geology and geophysics	273	171,545
Geologists	3,193	22,219
Insurance	-	185
Legal	25,100	39,333
Property management	14,663	491
Subcontractors	-	577
Travel and accommodation	(225)	19,242
	$ 116,362	$ 400,397

The Company is working to negotiate longer-term access agreements with the surface rights owners to allow access for a future drilling program at Placeton and Caballo Muerto. Part of this process is a court procedure whereby a provincial judge will review and decide whether to approve or reject all submitted easement applications. On April 19th, 2023, a judge in the 1st Civil Court of Vallenar, Chile, rejected the Company's request for an easement to allow access for exploration work, including drilling, on a portion of the Company's Placeton project. The Company believes the judge's decision is contrary to Chilean mining law and filed an appeal with the Copiapó Court of Appeals on July 7, 2023. The matter remains pending as of the date of this MD&A. Access to the remainder of the Placeton project, including the Caballo Muerto project, is currently being negotiated with a separate surface rights owner.

The Company's E&E expenses for its El Cofre were as follows:

	Year ended December 31, 2023	2022
Camp	$ 3,095	$ 13,964
Claim, licences and permits	37,583	70,604
Geology and geophysics	273	52,216
Geologists	3,659	102,965
Insurance	-	3,647
Legal	750	11,380
Property management	23,934	26,493
Subcontractors	253	9,483
Travel and accommodation	-	24,200
	$ 69,547	$ 314,952

The Company is assessing the exploration results and reviewing several options to advance or monetize the El Cofre project including a potential sale or joint venture of the asset. No exploration work is currently planned.

During the year ended December 31, 2023, the Company's primary focus was maintaining the mineral claims in good standing while only minimal other programs were carried out as compared to the more active programs in 2022 as described earlier in this MD&A.

Other operating expenses

The Company's other operating expenses for the years ended December 31, 2023 and 2022 were as follows:

	Year ended December 31,	
	2023	**2022**
Consulting fees	$ 269,165	$ 243,207
IVA expense	2,877	54,127
General and administrative	93,999	58,090
Management and director fees	433,005	454,133
Professional fees	620,879	251,179
Share-based compensation	140,931	219,909
Shareholder communications	83,212	178,110
Travel	57,693	119,878
	$ 1,701,761	$ 1,578,633

The Company's other operating expenses were generally consistent for the year ended December 31, 2023 compared to 2022 with an increase in professional fees related to the transaction with TCP1 as described earlier in this MD&A.

Other income (expenses)

The Company's other income (expenses) for the years ended December 31, 2023 and 2022 were as follows:

	Year ended December 31,	
	2023	**2022**
Impairment loss	$ (4,618,850)	$ -
Foreign exchange	(24,502)	13,387
Gain on settlement of accounts payable	-	39,343
Interest expense	(2,082)	-
	$ (4,645,434)	$ 52,730

The most significant other expense incurred during the year ended December 31, 2023 related to the impairment of El Cofre in the amount of $4,618,850 as described earlier in this MD&A.

SUMMARY OF QUARTERLY RESULTS AND FOURTH QUARTER (UNAUDITED)

The information presented below highlights the Company's unaudited quarterly results for the past eight quarters.

Three months ended:	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Revenue	$ -	$ -	$ -	$ -
E&E expenses	(6,704)	(26,992)	(19,551)	(132,662)
Other operating expenses	(715,783)	(294,451)	(317,000)	(374,527)
Impairment loss	(4,618,850)	-	-	-
Other income (expenses)	(1,121)	(19,674)	(5,934)	145
Net loss for the period	(5,342,458)	(341,117)	(342,485)	(507,044)
Basic and diluted loss per share	(0.89)	(0.06)	(0.06)	(0.09)

Three months ended:	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Revenue	$ -	$ -	$ -	$ -
E&E expenses	(79,669)	(119,603)	(134,989)	(381,088)
Other operating expenses	(445,807)	(383,377)	(335,517)	(413,932)
Other income (expenses)	103,629	16,320	(54,446)	(12,773)
Net loss for the period	(421,847)	(486,660)	(524,952)	(807,793)
Basic and diluted loss per share	(0.07)	(0.08)	(0.09)	(0.14)

The Company's operating expenses have broadly remained consistent over the past eight quarters, primarily related to corporate overheads, salaries and consulting fees. Operating expenses increased during the three months ended December 31, 2023 (the "Fourth Quarter") primarily due to professional fees incurred for the TCP1 transaction. As noted elsewhere in this MD&A, the Fourth Quarter also saw an impairment charge of $4,618,850, related to the carrying value to the El Cofre mineral property.

ADDITONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's expenses and mineral property costs is provided earlier in this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2023, the Company had cash of $96,420 compared to cash of $816,249 at December 31, 2022. The Company had a working capital deficit of $741,219 on December 31, 2023 compared to positive working capital of $769,760 at December 31, 2022. The Company's working capital position was remediated in February 2024 when financings for gross proceeds of $12,780,892 closed, concurrent with the closing of the transaction with TCP1.

Working capital is defined as current assets minus current liabilities. Working capital calculations or changes are not measures of financial performance, nor do they have standardized meanings, under IFRS. Readers are cautioned that this calculation may differ among companies and analysts and therefore may not be directly comparable. Management believes that disclosure of the Company's working capital is of value to assess the available capital resources of the Company at a reporting period end.

As at December 31, 2023, the Company's cash was held at Bank of Montreal, a major chartered bank in Canada, and one bank in Chile. Management is not aware of any liquidity issues associated with any of the banks in which funds have been deposited.

The Company had no long-term debt obligations or off-balance sheet arrangements as at December 31, 2023.

To date, the capital requirements of the Company have been met by equity or loan proceeds. As described in Note 1 to the audited consolidated financial statements of the Company for the year ended December 31, 2023, the Company has incurred cumulative losses of $12,835,822 and will continue to incur losses and utilize cash for operating activities in the development of its business. The Company's ability to continue as a going concern is dependent upon obtaining additional financing. While the Company completed the raise of additional funds in February 2024, the Company will require additional financing to secure its longer-term work programs and advance its mineral exploration projects.

The impact of global events could adversely impact the Company's ability to carry out its plans and raise capital. The ability to raise additional financing for future activities beyond those contemplated by the aforementioned financing activity may be impaired, or such financing may not be available on favourable terms, due to conditions beyond the control of the Company, such as uncertainty in the capital markets, depressed commodity prices or country risk factors. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals. Key management compensation paid to officers and directors of the Company during the year ended December 31, 2023 and 2022 is as follows:

	Year ended December 31,	
	2023	**2022**
Management and director fees	$ 433,005	$ 454,133
Share-based compensation	140,931	216,354
Total consideration received	$ 573,936	$ 670,487

Other related party transactions:

During the year ended December 31, 2023, the Company incurred a total of $30,731 (2022 - $46,235) in exploration and evaluation expenses from a company controlled by a former director and the Company's current VP Business Development.

During the year ended December 31, 2023, the Company incurred a total of $51,000 (2022 - $102,000) in professional fees for accounting and compliance services from a company related to the former CFO.

Due to related parties:

As at December 31, 2023, the Company owed $Nil (2022 - $6,879) to related parties. The amount is included in accounts payable and accrued liabilities. The related party amounts owing are non-interest bearing, unsecured, and have no terms of repayment, but is payable on demand.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The Company evaluates its estimates on an ongoing basis and bases them on various assumptions that are believed to be reasonable under the circumstances. The Company's estimates are used for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results are likely to differ from these estimates. Should the Company be unable to meet its ongoing obligations, the realizable value of its assets may decline materially from current estimates.

The accounting policy estimates and judgments described below are considered by management to be essential to the understanding and reasoning used in the preparation of the Company's consolidated financial statements and the uncertainties that could have a bearing on its financial results. Further details, and a description of certain other areas of estimation and judgment, can be found at Note 4 in the Company's audited consolidated financial statements for the year ended December 31, 2023.

Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Going concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. As disclosed in Note 1 of the audited consolidated financial statements for the year ended December 31, 2023, the Company has incurred cumulative losses of $12,835,822. The ability of the Company to continue as a going concern is dependent upon obtaining additional financing to meet its ongoing operational needs and while the Company has successfully raised funds in the past, including in February 2024, there is no certainty that it will be able to do so successfully in the future. Factors that the Company evaluates include forecasts, the ability to reduce expenditures if required, and indications of shareholder support.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of the mineral property interests themselves. Judgment is required in assessing indicators of impairment and there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its mineral property interests or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

CHANGES IN ACCOUNTING STANDARDS

The Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the Company's consolidated financial statements.

The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 to the audited consolidated financial statements for the year ended December 31, 2023 regarding material accounting policy information in certain instances in line with the amendments.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

At December 31, 2023, the Company's financial instruments consist of cash, restricted cash, GST receivables, loans, subscriptions received in advance and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short terms to maturity or capacity for prompt liquidation and the interest rates being charged or earned on these amounts.

The Company's financial instruments have been classified as follows under IFRS:

- Cash: amortized cost.
- Restricted cash: amortized cost.
- GST receivables: amortized cost.
- Loans: amortized cost.
- Subscriptions received in advance: amortized cost.
- Accounts payable and accrued liabilities: amortized cost.

The types of financial risk exposure and the way in which such exposure is managed by the Company is described in more detail below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and GST receivable due from the Government of Canada. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company believes its credit risk with respect to GST receivable is minimal.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At December 31, 2023, the Company had a working capital deficiency of $741,219 which was resolved with the closing of the Company's financing in February 2024 as discussed earlier in this MD&A.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institution is subject to floating rates of interest. The interest rate risk on cash is not considered significant.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities, denominated in Chilean Pesos. A 10% fluctuation between the Canadian dollar against the Chilean Peso would have a nominal impact on profit or loss.

Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company’s earnings due to movements in individual equity prices or general movements in the level of the stock market.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at the date of this MD&A, the following common shares, stock options, restricted share units (“RSUs”) and share purchase warrants were outstanding:

Common shares:	61,146,770	
Common share purchase options:	3,337,786	exercisable between $1.11 - $2.52 per option.
RSUs:	748,333	
Common share purchase warrants	1,581,523	exercisable between $1.08 - $3.60 per warrant