



MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING RESULTS FOR THE THREE MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2021

INTRODUCTION

This management's discussion and analysis ("MD&A") has been prepared based on information available to US Copper Corp. (*formerly Crown Mining Corp.*) (the "Company" or "US Copper") as at April 27, 2022. The MD&A of the operating results and financial condition of the Company for the three month period and year ended December 31, 2021, should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the years ended December 31, 2021 and 2020. The accompanying audited consolidated financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the consolidated financial statements. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Highlights includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. In the event that the Company is able to acquire a suitable mining property, such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of US Copper to fund the capital and operating expenses necessary to achieve the business objectives of US Copper, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this Quarterly Highlights are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.



UPDATE ON COVID-19

As the global pandemic related to the Coronavirus disease 2019 (“**COVID-19**”) continues, US Copper has implemented a plan to protect the health and safety of its stakeholders. The Company has implemented alternative working arrangements for all consultants to work from home and placed physical activities on its mineral properties on care and maintenance.

The Company’s operational activities are particularly affected due to the inability of staff to travel because of the non-essential travel restrictions. Furthermore, suppliers of services to the Company are also similarly affected and this may lead to delays in the provision of data and services to the Company’s operational efforts.

The Company will continue to monitor the COVID-19 related situation and will only fully resume regular activities when there are clear indications that its consultants are able to return to work in a safe environment and in accordance with the advice and requirements provided by all the regulatory authorities from a local to national level.

CORPORATE OVERVIEW AND OUTLOOK

The shares of the Company are listed on the TSX Venture Exchange and trade under the symbol USCU. US Copper is a Canadian-based junior mining and exploration company incorporated under the Canada Business Corporations Act which currently owns a 100% interest of an advanced mining exploration exploration property in California, USA as well as holding a portfolio of exploration stage projects in Ontario, Canada and Nevada, USA.

In 2020, the Company designed two drill programs at both the Superior and Engels deposits of the Moonlight-Superior property to define higher grade starter pits that will improve the economics in our recent Moonlight Preliminary Economic Assessment (PEA). In 2020 and 2021, the Company raised funds to complete a drill program in the summer of 2021 to test its high priority targets as outlined in its August 11, 2020 press release.

On June 1, 2021, the Company began the drill program on the Moonlight-Superior property. The Company was able to complete 7 drill holes of the expanded 10-12 drill hole program before a mandatory evacuation order on the Moonlight-Superior property due to the Dixie forest fire quickly approaching.

Results from all 7 holes met or exceeded expectations including:

1. Verifying 50-year-old historic drill results.
2. Silver and gold credits appear to increase Copper-equivalent grade by approximately 11% (8.2% – 14.4%).
3. Supporting the presence of higher-grade ore within the Superior deposit that can potentially be used to feed the Moonlight plant during early the production years to improve Project economics.

These results from all 7 holes will now be reviewed by an independent engineering firm to determine:

1. A new resource calculation including silver and gold credits.
2. The economic impact of including Superior in our Moonlight mine plan.



Table 1: Summary of drill hole data

DH#	From (ft)	To (Ft)	Interval (ft)	Cu %	Ag opt	Au opt	CuEquiv	Comments
S21-7	594.6	785.0	190.4	0.51	0.121	0.0006	0.556	Hit stope @ 1060'
S21-6 and	190.0	318.0	128.0	0.490	0.106	0.0005	0.530	
	413.0	496.0	83.0	0.43	0.152	0.0009	0.492	
S21-5	103.0	178.0	75.0	0.367	0.126	0.0007	0.417	
S21-4	462.0	556.7	94.7	0.537	0.141	0.0008	0.593	
S21-3	349.9	398.6	48.7	0.478	0.137	0.0008	0.533	Hit stope
S21-2	328.0	402.9	74.9	0.435	0.118	0.0005	0.478	Twin of S29
S21-1	118.0	287.4	169.4	0.514	0.128	0.0006	0.562	Twin of S47

*CuEq = Cu% + ((Au opt*31.1035/10,000) *Au\$/lb/Cu\$/lb)) + ((Ag opt*31.1035/10,000) *Ag\$/lb/Cu\$/lb))

The Company hopes to resume the drill campaign and complete the remaining drill holes as originally planned in Q22022.

The Company plans to continue to focus all its exploration and development activities on its Moonlight-Superior property in California and if conditions are favourable, seek to raise additional funds through a private or public offering of securities or debt as required.

The Company's prospects are tied to the global demand for Copper and the availability of financing to fund ongoing operations. The current price of Copper has been increasing since March of 2020 and is currently still near all-time highs, trading around US\$4.50/lb.

OBJECTIVES AND MILESTONES

The objectives of the Company is to advance the Moonlight-Superior property in California to the production stage.

COMPANY HIGHLIGHTS

- On October 18, 2021 and November 15, 2021, the Company announced the encouraging results of the completed 7 holes of its 2021 drill program.
- On August 23, 2021, the Company optioned the Warren Whiteside property to Western Troy Capital Resources Inc. (“**Western Troy**”) for consideration of 2,500,000 common shares in the capital of Western Troy and certain required exploration expenditures.
- On May 19, 2021, completed a private placement of 10,000,000 units at a price of \$0.20 per unit for gross proceeds of \$2,000,000.
- On March 29, 2021, the shareholders approved the name change to US Copper Corp., which was completed effective April 5, 2021. In addition, effective April 8, 2021, the Company began trading under the name US Copper with a new ticker symbol “USCU”.
- On February 8, 2021, completed a private placement of 5,000,000 units at a price of \$0.10 per unit for gross proceeds of \$500,000.
- On November 19, 2020, completed a private placement of 30,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,500,000.
- On July 27, 2020, completed a private placement of 7,000,000 units at a price of \$0.05 per unit for gross



proceeds of \$350,000.

- On April 27, 2020, completed a private placement of 6,100,000 units at a price of \$0.025 per unit for gross proceeds of \$152,500.
- Completed a PEA regarding the Company’s Moonlight Copper Project. PEA highlights included (using a US\$3.15 copper price):
 - Pre-tax Net Present Value (NPV): US\$ 237M at 8% discount rate
 - Pre-Tax Internal Rate of Return (IRR): 16.4%
 - Pre-tax Payback Period: 4.8 years
 - After-tax NPV of US\$179M and after tax IRR of 14.6% for the base case

OVERALL PERFORMANCE

The Company does not currently have a producing property. Recovery of the cost of mining assets is subject to the discovery of economically recoverable reserves, the ability to obtain the financing required to pursue the exploration and development of its properties, and profitable future production or the proceeds from the sale of its properties. The Company must periodically obtain new funds in order to pursue its activities. While it has always succeeded in doing so to date, it is not possible to predict whether financing efforts will be successful and management cannot provide assurance that it will be able to obtain the required financing.

RESULTS OF OPERATIONS

SELECTED ANNUAL INFORMATION

The following tables summarize selected annual financial data of the Company for three most recent years ended December 31, 2021, 2020 and 2019:

Year ended December 31,	2021	2020	2019
	\$	\$	\$
Revenue	Nil	Nil	Nil
Operating Expenses	2,410,928	541,534	346,118
Net Loss	2,410,928	541,534	346,118
Loss Per Share	\$0.02	\$0.01	\$0.01
Total Assets	2,701,313	1,639,372	7,201
Liabilities	37,563	66,685	52,868
Total Dividends Paid	Nil	Nil	Nil

SELECTED QUARTERLY INFORMATION

The following tables summarize selected quarterly financial data of the Company for the eight most recent quarters ended:

	Q4 Dec 2021	Q3 Sep 2021	Q2 Jun 2021	Q1 Mar 2021
	\$	\$	\$	\$
Expenses	328,993	553,088	1,052,668	476,179
Net loss	(328,993)	(553,088)	(1,052,668)	(476,179)
Net loss per share (basic and diluted) \$	(0.00)	(0.00)	(0.01)	(0.01)



	Q4 Dec 2020	Q3 Sep 2020	Q2 Jun 2020	Q1 Mar 2020
	\$	\$	\$	\$
Expenses	217,210	234,051	50,642	39,631
Net loss	(217,210)	(234,051)	(50,642)	(39,631)
Net loss per share (basic and diluted) \$	(0.00)	(0.00)	(0.00)	(0.00)

OPERATIONAL REVIEW & RESULTS OF OPERATIONS

THREE MONTH PERIOD ENDED DECEMBER 31, 2021

Net loss for the three month period ended December 31, 2021 was \$328,993 as compared to a loss of \$217,210 in 2020. The increase in net loss is attributable to an increase in exploration and evaluation expenditures to \$189,391 for the three month period ended December 31, 2021 compared to \$30,755 in 2020. These expenses had been mainly care and maintenance of the claims due to the Company preserving cash as it waits for the price of Copper to move higher. These costs are expected to be higher in the upcoming quarters as the Company is planning a drilling program for the summer of 2022.

The Company's management and consulting fees for the three month period ended December 31, 2021 were \$15,000 as compared to \$9,250 in 2020. These costs are expected to be consistent in the upcoming quarters.

The Company's Investors relations, promotion and travel expenses for the three month period ended December 31, 2021 was \$45,816 compared to \$14,611 in 2020. These fees are expected to increase significantly in the upcoming quarters as the Company looks to rebrand its marketing strategy and promote its drilling program over the summer of 2022.

The Company incurred share based payments expense of \$80,000 (2020 - \$150,000) for the three month period ended December 31, 2021. Stock-based compensation expenses are booked based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued and the underlying assumptions used in the model.

YEAR ENDED DECEMBER 31, 2021

Net loss for the year ended December 31, 2021 was \$2,410,928 as compared to \$541,534 in 2020. The increase in net loss is attributable to an increase in exploration and evaluation expenditures to \$1,487,332 for the year ended December 31, 2021 compared to \$157,803 in 2020. The increase is as a result of a summer drilling program that was completed in 2021. These costs are expected to be consistent in the upcoming year as the Company is planning another drilling program for the summer of 2022.

The Company's Investors relations, promotion and travel expenses for the year ended December 31, 2021 was \$489,558 compared to \$63,737 in 2020. These fees increased as a result of the Company marketing itself to build stock awareness to help it to be able to raise additional equity for exploration. Such activities included holding its AGM, changing its name and rebranding the Company's presentation, website and promotional material for the new name and listing on the OTC Markets Group's OTCQB Marketplace. These fees are expected to be lower in the upcoming year by approximately half as the Company continues to rebrand its marketing strategy and promote its drilling program over the summer of 2022.

The Company's management and consulting fees for the year ended December 31, 2021 were \$63,166 as compared to \$54,250 in 2020. The Company's professional fees for the year ended December 31, 2021 were



\$43,000 as compared to \$20,012 in 2020 due to the increased accounting activity for the Company. The Company's office, general and administration expense for the year ended December 31, 2021 was \$127,872 compared to \$22,732 in 2020. All these costs increased as a result of higher Company activities due to its exploration program in the summer of 2021 and increased emphasis on marketing and shareholder information.

FINANCINGS

Private Placements

2021

On May 19, 2021, the Company completed a private placement of 10,000,000 units at a price of \$0.20 per unit for proceeds of \$2,000,000. Each unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share for \$0.25 for two years from the date of closing.

On February 8, 2021, the Company completed a private placement of 5,000,000 units at a price of \$0.10 per unit for proceeds of \$500,000. Each unit consisted of one common share and one half of one common share purchase warrant, each whole warrant entitling the holder to purchase one common share for \$0.15 for two years from the date of closing.

2020

On November 19, 2020, the Company completed a private placement of 30,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,500,000. Each unit consisted of one common share and one common share purchase warrant, each whole warrant entitling the holder to purchase one common share for \$0.10 for three years from the date of closing.

On July 27, 2020, the Company completed a private placement of 7,000,000 units at a price of \$0.05 per unit for gross proceeds of \$350,000. Each unit consisted of one common share and one common share purchase warrant, each whole warrant entitling the holder to purchase one common share for \$0.10 for two years from the date of closing.

On April 27, 2020, the Company completed a private placement of 6,100,000 units at a price of \$0.025 per unit for gross proceeds of \$152,500. Each unit consisted of one common share and one common share purchase warrant, each whole warrant entitling the holder to purchase one common share for \$0.05 for three years from the date of closing.

MINERAL EXPLORATION PROPERTIES

None of the Company's properties are at or near production. As at April 27, 2022, the Company had the following mineral properties under exploration:

Moonlight-Superior

Effective June 28, 2013, the Company purchased a 100% interest in the Superior Project, subject to an underlying production royalty, which included 132 unpatented mining claims and a lease on 36 patented claims in Plumas County, California for \$50,000. The conditions of the lease include an annual lease payment of US\$20,000 per year and an annual work obligation of US\$25,000. The Company has a right to



purchase the leased patented claims, and if purchased, the leased patented claims will be subject to an annual royalty payment schedule.

During the year ended December 31, 2015, the Company restaked the area in a more efficient way resulting in title to 47 unpatented claims. During the year ended December 31, 2016, the Company staked 57 additional claims. In addition, during the year ended December 31, 2018, the Company staked an additional 6 claims adjacent to the Superior Mine and an additional 35 new federal mining claims adjacent to the Engels Mine.

On February 26, 2016, the Company entered into an agreement with Canyon Copper Corp (“Canyon”) to acquire a 100% interest in the Moonlight Property (the “Agreement”), subject to an underlying production royalty. Under the terms of the Agreement US Copper acquired a 100% interest in the Moonlight Property for consideration of \$375,000 and 2,750,000 common shares of the Company as follows:

- Cash Payments: \$5,000 due on signing (paid), \$20,000 due on or before June 1, 2016 (paid); and \$350,000 (Paid in February 2018) due on or before March 4, 2019.
- Common Share Issuances: 2,000,000 common shares on or before 5 days after TSXV approval, which was received on March 4, 2016 (issued with a fair market value of \$140,000), 750,000 common shares on or before 5 days after 1st anniversary of TSXV approval if the final payment has not yet been paid (issued with a fair market value of \$60,000).

In addition, the advanced royalty holders, being Lester Storey and Metamin Enterprises Inc., (the “Advanced Royalty Holders”) have approved the following: (i) elimination of the advanced royalty payments, (ii) an increase in each of the Advance Royalty Holder’s net smelter returns from 1.0% to 1.25%, in exchange for the issuance of 300,000 common shares of the Company to each of the Advance Royalty Holders (issued with a fair market value of \$42,000).

During the year ended December 31, 2020, the Company elected to not renew 75 unpatented claims. During the year ended December 31, 2021, the Company re-staked 47 unpatented claims and now holds a total of 329 (2020 – 282) unpatented claims and a lease on 36 patented claims.

On March 2, 2018, the Company announced the results of its PEA on the Moonlight Deposit, part of the Moonlight-Superior Project. A full copy of the PEA can be found on the Company’s profile on www.sedar.com. Highlights of the PEA include (using a US\$3.15 copper price):

- Pre-tax Net Present Value (NPV): US\$ 237M at 8% discount rate.
- Pre-Tax Internal Rate of Return (IRR): 16.4%
- Pre-tax Payback Period: 4.8 years
- After-tax NPV of US\$179M and after tax IRR of 14.6% for the base case
- Initial Capital Cost: US\$513M, including a contingency provision in the amount of US\$71M
- Plant Processing Rate: 60,000 tons per day (STPD)
- Average Copper Recovery: 86.0%
- Copper concentrate Production: Averaging 163,000 tons per year (STPY) with an average grade of 28%.
- Mine Life: 17 years, based on the existing Mineral Resource estimate
- Projected Direct Employment: 332 employees (163 process and G&A; 169 mining)
- Life of mine copper production of 1.5 billion pounds

The Company plans to continue to advance the development of the Moonlight-Superior project.



Timore

The Company owns a 100% interest in patented claims covering 1 property near Timmins, Ontario and 1 property near Red Lake, Ontario. The properties are subject to a 3% net smelter royalty ("NSR"), one half of which can be purchased for \$1,000,000.

The Timore properties are gold prospects.

Black Warrior

On May 20, 2008, the Company acquired a 100% interest in 2 patented claims for US\$25,000.

The Black Warrior properties are silver prospects.

Warren Whiteside

On January 29, 2008, the Company acquired a 100% interest in 14 patented mining claims in Whiteside Township in Ontario (the "Warren Properties") by a payment of a deposit of \$5,000 on December 18, 2007, the payment of \$45,000 and the issuance of 500,000 pre-consolidation common shares of the Company valued at \$100,000. The vendors retain a 1.5% NSR on the Warren Properties, of which the Company has the option to purchase half for \$1,000,000.

On August 23, 2021, the Company optioned the Warren Whiteside property (the "**Property**") to Western Troy for consideration of 2,500,000 common shares in the capital of Western Troy ("**Common Shares**") and exploration expenditures, payable as follows (the "**Transaction**"):

- upon signing the Agreement and after all regulatory approvals, Western Troy will issue 200,000 WT Shares (received - fair market value on the date of the agreement of \$32,000);
- on or before February 1, 2022, Western Troy will issue 800,000 Common Shares following the completion of not less than three diamond drilling holes of an aggregate of at least 450 feet on the Property and completing a technical report, prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects;
- and on or before December 1, 2022, Western Troy will issue 1,500,000 Common Shares.

In the event that Western Troy does not complete any of the above compensation, the Property and all consideration received to date would remain with the Company.

This Transaction is considered a related party transaction for accounting purposes as the Company and Western Troy share a common officer, who is also a director of both Companies as well as a second director in common. The common officer and directors recused themselves from voting on any approvals related to the Transaction.

The Warren Whiteside properties are copper-nickel prospects.

Liquidity Outlook

US Copper had cash of \$2,531,780 available as at December 31, 2021, an increase of \$889,391 from the balance at December 31, 2020 of 1,632,389.

The current cash as at December 31, 2021, will be used to pay existing liabilities, continue exploration programs at US Copper's Moonlight-Superior property in California, as well as for general working capital



purposes and other property commitments. The Company will look to complete private placement financings or the sale of mineral property assets to help fund ongoing operations in 2022.

Notwithstanding success to date in acquiring equity financing on acceptable terms, there is no guarantee of obtaining future equity financings or on what terms any such equity capital may be available to the Company and, as such, alternative funding programs are also being pursued by the Company.

The Company must utilize its current cash reserves, funds obtained from the exercise of warrants, if any, and other financing transactions to maintain the Company's capacity to meet working capital requirements, and ongoing discretionary and committed exploration programs, and to fund any further development activities. The Company anticipates that it will raise additional capital when and if the opportunity arises. See "Risks and Uncertainties".

The Company believes that it will be able to raise funds in the short-term. Management will monitor the current market situation and make prudent business decisions as they are required. See "Risks and Uncertainties".

On the date of this MD&A, the cash resources of the Company are held in cash with a major Canadian financial institution and trade and other receivables are comprised of sales tax receivables from the Government of Canada.

OFF STATEMENT OF FINANCIAL POSITION TRANSACTIONS

During the years ended December 31, 2021 and 2020, there were no off statement of financial position transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

PROPOSED TRANSACTIONS

None

CONTINGENCIES AND COMMITMENTS

Outside of annual lease and property tax payments on the Company's mineral properties, there are no outstanding contingencies or commitments as of the date of this MD&A. See Notes 11 and 16 to the audited consolidated financial statements for the years ended December 31, 2021 and 2020 for more detailed disclosure regarding possible contingencies or commitments.

RELATED PARTY DISCLOSURES

Certain corporate entities and consultants that are related to the Company's officers and directors provide consulting and other services to US Copper. All transactions were conducted in the normal course of operations and are measured as follows:

As at December 31,	2021	2020
Amount included in trade and other payables, due to directors and/or officers	\$ 8,600	\$ -



Amounts due to directors and officers are non-interest bearing and have no set terms of repayment.

Transactions during the year ended December 31,	2021	2020
Balances:		
Short-term benefits	\$ 60,000	\$ 54,250
Share based compensation	40,100	105,600
Total compensation paid to key management	\$ 100,100	\$ 159,850

During the year ended December 31, 2021, certain officers, directors or companies controlled by them participated in the Company’s private placements as described in Note 11 (a) and subscribed for 800,000 units (2020 - 3,700,000), for total gross proceeds to the Company of \$180,000 (2020 - \$92,500).

CRITICAL ACCOUNTING ESTIMATES

The preparation of these consolidated financial statements using accounting policies consistent with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to valuation of deferred income tax amounts and the calculation of share-based payments and warrants. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

Calculation of share based payments and warrants

The Black-Scholes option pricing model is used to determine the fair value for share based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

Income taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company’s income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.



Decommissioning provisions

These are made based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions on a quarterly basis. Actual rehabilitation costs will ultimately depend on actual future settlement amount for the rehabilitation costs which will reflect the market condition at the time that the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

Going concern assumption

Going concern presentation of the consolidated financial statements assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Functional currency

The Company's management is required to make judgments as to the currency of the primary economic environment in which an entity operates to determine the functional currency of the entity. The Company has determined that the functional currency of the parent company and its Canadian and US subsidiaries is the Canadian dollar.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair Value of Financial Assets and Liabilities

The Company's financial instruments comprise cash, marketable securities, trade and other receivable and trade and other payables.

Marketable securities are classified as fair value through profit and loss ("FVTPL") and investments are classified as available for sale, which are both measured at fair value. Fair value of marketable securities and investments are determined based on bid-ask spread at each reporting date and is categorized as Level 1 measurement under the fair value hierarchy. Cash, and trade and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which approximates fair value due to their short-term nature. Trade and other payables and CEBA loan are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also approximates fair value due to their short-term nature.

The fair value hierarchy has the following levels:

- Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level two includes inputs that are observable other than quoted prices included in level one.
- Level three includes inputs that are not based on observable market data.

Financial Instrument Risk Exposures

It is management's opinion that the Company is not exposed to significant interest or credit risks arising from its financial instruments and that their fair values approximate their carrying value unless otherwise noted. Fluctuation in currency exchange rates, principally the Canadian/US dollar exchange rate, can impact the Company's earnings and cash flows.



ADDITIONAL DISCLOSURE FOR VENTURE COMPANIES WITHOUT SIGNIFICANT REVENUE

Year Ended December 31,	2021		2020	
Evaluation and exploration expenditures in the year				
Taxes and annual lease payments	\$	93,574	\$	105,124
Acquisition/staking costs		15,136		-
Property dispositions		(31,000)		-
Drilling		805,603		-
Assaying		200,485		-
Travel, equipment rental and other		129,632		24,465
Consulting		273,902		20,589
Technical reports		-		7,625
	\$	1,487,332	\$	157,803

DISCLOSURE OF OUTSTANDING SHARE DATA

The following table sets forth information concerning the outstanding securities of the Company as at April 27, 2022:

Common Shares of no par value	Number
Shares	112,154,627
Warrants	45,900,000
Options	7,175,000

See Note 13 to the audited consolidated financial statements for the years ended December 31, 2021 and 2020 for more detailed disclosure of outstanding securities data.

RISKS AND UNCERTAINTIES

Business Risk

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company may not always own 100% of the mineral claims, concessions, rights or other interests. Similarly, any non-compliance with or non-satisfaction of the terms of an option agreement by the Company could affect its ability to exercise the option and earn its interest in the claims, concessions and assets relating to mineral properties.

Mining claims, concessions or other interests may not include surface rights and there can be no assurance that the Company will be successful in negotiating long-term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on the Company’s future operations.

The Company’s current or future operations, including exploration and evaluation activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether.

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management’s discretion and judgment, as well as the expertise and



competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company's operations and financial performance.

Additional Capital

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and evaluation of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Commodity Price Risk

The price of the common shares in the capital the Company, its financial results, exploration and evaluation activities have been, or may in the future be, adversely affected by declines in the price of copper and/or other metals. Copper, gold, silver and other commodity prices fluctuate widely and are affected by numerous factors beyond the Company's control, such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests in properties related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and evaluation. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and evaluation, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

Political Risk

All of the Company's properties are located in Canada and the United States of America. Accordingly, the Company is subject to risks normally associated with exploration for and evaluation of mineral properties in these countries. The Company's mineral exploration activities could be affected in varying degrees by such political instability, aboriginal land claims and government regulation relating to foreign investment and the mining business. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

Interest Rate Risk

The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

Equity Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company's maximum exposure to fair value fluctuations as at December 31, 2021 is the fair value of marketable securities. The Company's other financial instruments (cash and cash equivalents, trade and other receivables, and trade and other payables) are not subject to equity price risk.



Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company had current assets of \$2,657,397 (2020 - \$1,639,372) and current liabilities of \$37,563 (2020 - \$6,685). The Company's trade and other payables and receivables are subject to normal trade terms. As at December 31, 2021, the Company had working capital of \$2,619,834 (2020 - \$1,632,687).

Foreign Currency Risk

The Company's management is required to make judgments as to the currency of the primary economic environment in which an entity operates to determine the functional currency of the entity. The Company has determined that the functional currency of the parent company and its Canadian and US subsidiaries is the Canadian dollar.

Environmental and Permitting

All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

OTHER INFORMATION

Additional information is accessible at the Company's website www.uscoppercorp.com or through the Company's public filings at www.sedar.com.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's consolidated financial statements are the responsibility of the Company's management, and have been approved by the Board. The consolidated financial statements were prepared by the Company's management in accordance with IFRS. The consolidated financial statements include certain amounts based



on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the consolidated financial statements are presented fairly in all material respects.

The Company has designed appropriate internal controls over financial reporting (“ICFR”) for the nature and size of the Company’s business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

The Company’s ICFR are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with applicable IFRS. ICFR should include those policies and procedures that establish the following inter-related, non-discrete results:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of the Company’s assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with IFRS;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the consolidated financial statements.

There have been no changes in ICFR during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

MANAGEMENT’S RESPONSIBILITY

Management is responsible for all information contained in this MD&A. The audited consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management’s informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the audited consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the audited consolidated financial statements with management. The Board of Directors has approved these audited consolidated financial statements on the recommendation of the Audit Committee.

Stephen Dunn
President and CEO
April 27, 2022