



MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

June 30, 2023

INTRODUCTION

The following Management Discussion & Analysis – Quarterly Highlights (“Quarterly Highlights”) of US Copper Corp. (the “Company” or “US Copper”) has been prepared to provide material updates to the business operations, liquidity and capital resources of the Corporation since its last management discussion & analysis, being the Management Discussion & Analysis (“Annual MD&A”) for the fiscal year ended December 31, 2022. This Quarterly Highlights does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Quarterly Highlights has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with Annual MD&A, the audited consolidated financial statements of the Company for the years ended December 31, 2022 and 2021 and the unaudited condensed interim consolidated financial statements for the three and six month periods ended June 30, 2023 and 2022, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and six month periods ended June 30, 2023, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at August 29, 2023, unless otherwise indicated.

The unaudited condensed interim consolidated financial statements for the three months ended June 30, 2023 and 2022, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

External auditors, appointed by the shareholders, have not audited or reviewed the unaudited condensed interim consolidated financial statements for the three and six month periods ended June 30, 2023 and 2022 and did not perform the tests deemed necessary to enable them to express an opinion on these unaudited condensed interim consolidated financial statements.

For the purposes of preparing this Quarterly Highlights, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of US Copper’s common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

ADDITIONAL INFORMATION

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

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 in an advanced mining exploration property in California, USA called the Moonlight Superior Project as well as holding a portfolio of exploration stage projects in Ontario, Canada and Nevada, USA.

The Moonlight Superior Project has a National Instrument 43-101 compliant resource of more than 2 billion pounds of copper in 3 copper deposits in NE California.

The copper deposits are part of a large Iron Oxide Copper-Gold system that covers 10 square miles across mountainous terrain. The property includes 2 old mines, Superior and Engels, that were in production in the 1920's yielding over 160 million pounds of copper at an average grade of 2.2% Copper. The Moonlight Deposit was discovered and drilled by Placer Amex during the 1960's.

US Copper picked up the property in 2013 and added to it in 2016. A Preliminary Economic Assessment prepared in 2018 demonstrated the Moonlight Deposit alone was economic at \$3.15 copper yielding an after



tax USD\$179 million NPV at a 8% discount rate. (See news release of February, 2018). Since then, the Company has been focused on defining two higher grade starter pits at the Superior and Engels deposits so as to improve the economics of the initial PEA at Moonlight.

Details of the resources on US Copper's property and the parameters used to calculate them can be found in the "Technical Report and Preliminary Economic Assessment for the Moonlight Deposit, Moonlight-Superior Copper Project, California, USA" dated April 12, 2018, on both the company's website at www.uscoppercorp.com or on www.sedar.com under the US Copper profile.

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 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 had been increasing since March of 2020 and reached highs of around US\$4.50/lb. The price of copper has recently seen declines, but is still currently trading around US\$3.75/lb, well above the price used in the Company's 2018 PEA of US\$3.15/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 August 21, 2023, the Company announced the completion of the exploration drilling program. A total of 15 shallow holes totalling 3,990 feet were drilled at the Engels deposit to test the oxide cap that sits atop the Engels copper sulfide deposit. Drilling at Engels proceeded quickly and the Company was also able to drill an additional 15 holes at the Moonlight deposit totalling 2,430 feet to test the oxide cap on that deposit. A further two holes were then drilled at the Lambs Ridge historical copper deposit. Samples from all 32 holes have been logged, bagged and sent to the lab for assays. Assay results are expected to be available in September 2023.
- In April 2023, 3,000,000 warrants were exercised for cash proceeds of \$150,000.

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.

The net loss and comprehensive loss for the six months ended June 30, 2023 was \$678,554 (\$0.01 per share) as compared to \$410,190 (\$0.00 per share) for the three months ended June 30, 2022. The Company's operations are consistent with the prior year period, except for the following:



An increase in exploration and evaluation expenditures to \$583,849 for the six month period ended June 30, 2023, compared to \$472,801 in 2022. These costs are expected to be higher in the upcoming quarters as the Company is planning a drilling program for the summer of 2023.

Decrease in investors relations, promotion and travel costs to \$24,036 compared to \$222,222 in the same period in 2022. These fees are expected to increase in the coming quarter.

The Company incurred share based payments during the six months ended June 30, 2023 of \$Nil compared to \$15,000 for the same period in 2022. The difference in the current period is due to lower options granted of Nil (2022 - 400,000) in the prior period. Share based payments expenses are recorded based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued and/or vested in the period and the underlying assumptions used in the model.

MINERAL EXPLORATION PROPERTIES

None of the Company's properties are at or near production. As at August 29, 2023, 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. As at June 30, 2023, the Company holds a total of 329 (December 31, 2022 – 329) 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

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 of our recent Moonlight Preliminary Economic Assessment ("PEA"). In 2020 and 2021, the Company raised funds to complete the drill program as outlined in its August 11, 2020 press release. Seven holes were drilled in the summer of 2021 and the results from all 7 holes met or exceeded expectations including:

1. Verifying 50-year-old historic drill results.
2. Quantifying silver and gold credits, Copper-equivalent grade increased 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.



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 2023.

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 Li3 for consideration of 2,500,000 common shares in the capital of Li3 (“**Common Shares**”) and exploration expenditures, payable as follows (the “**Transaction**”):

- upon signing the Agreement and after all regulatory approvals, Li3 will issue 200,000 Li3 Shares (received - fair market value on the date of the agreement of \$32,000);
- on or before February 1, 2022, Li3 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 (received - fair market value on date received on May 6, 2022 of \$120,000);

- and on or before December 1, 2022, Li3 will issue 1,500,000 Common Shares.

This Transaction is considered a related party transaction for accounting purposes as the Company and Li3 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.

On April 6, 2023, the Company was notified by Li3, that Li3 had elected to drop its option on the Property.

On June 13, 2023, the Company optioned the Property Mink Ventures Corporation (“MINK”) for consideration of 1,500,000 common shares in the capital of MINK (“MINK Shares”), 250,000 MINK warrants exercisable at a price of \$0.25 for three years (“MINK Warrants”) and exploration expenditures, payable as follows (the “Transaction”):

- upon signing the Agreement and after all regulatory approvals (the “Closing Date”), MINK will issue 250,000 MINK Shares and 250,000 MINK Warrants (received – Subsequent to June 30, 2023 and on July 4, 2023);
- on or before 21 months from the Closing Date, MINK will issue 750,000 Mink Shares;
- On or before the first anniversary of the Closing Date, MINK must incur and fund exploration expenditures of not less than \$150,000; and
- On or before the first anniversary of the Closing Date, MINK must incur and fund exploration expenditures of not less than \$150,000; and
- On or before 21 months from the Closing Date, MINK must incur and fund further exploration expenditures of not less than \$150,000, which shall include expenditures incurred in completing not less than 500 metres of drilling.

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

The Warren Whiteside properties are copper-nickel prospects.

LIQUIDITY

Operating Activities

Cash flow used by operating activities during the six month period ended June 30, 2023 was \$607,230 compared to cash flow used of \$356,985 during the same period in 2022.

Liquidity Outlook

US Copper had cash and cash equivalents of \$1,423,219 available as at June 30, 2023, a decrease of \$457,230 from the balance at December 31, 2022 of \$1,880,449.

The current cash as at June 30, 2023, will be used to pay existing liabilities, continue exploration programs at US Copper's Moonlight-Superior property in California, including its drill program completed in Q2/Q3 2023, 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 2023 and 2024, if necessary.

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 options and 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.

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.

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, | June 30, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Amount included in trade and other payables, due to directors and/or officers | \$ 10,000 | \$ Nil |

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

| Transactions during the three month period ended June 30, | 2023 | 2022 |
|--|------------------|-----------|
| Balances: | | |
| Short-term benefits | \$ 30,000 | \$ 30,000 |
| Total compensation paid to key management | \$ 30,000 | \$ 30,000 |

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 Note 15 to the unaudited condensed interim consolidated financial statements for the three month periods ended June 30, 2023 and 2022 for more detailed disclosure regarding possible contingencies or commitments.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to



enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk and Uncertainties" in the Company's Annual MD&A for the fiscal year ended December 31, 2022, available on SEDAR at www.sedar.com.