(An exploration stage business)

Coppernico Metals Inc.

(formerly Sombrero Resources Inc.)

Management's Discussion & Analysis

For the year ended December 31, 2021

Dated: March 30, 2022

1. HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2021 AND THE PERIOD UP TO MARCH 30, 2022

- On March 17, 2022, Coppernico Metals Inc. (the “Company”) announced the appointment of Margaux Villalpando as the Company's Manager of Investor Relations. Ms. Villalpando will be responsible for implementing and managing corporate communications and investor relations strategies for the Company.

- On March 8, 2022, the Company announced the appointment of Tim Kingsley as its new Vice President, Exploration, and the promotion of Michael Henrichsen, P. Geo, to Chief Geological Officer from Chief Geologist.

- On January 24, 2022, the Company provided a corporate update on its activities, and announced that David Smithson, Senior Vice President of Exploration (“SVP”), had resigned due to personal reasons.

- On December 16, 2021, the Company changed its name from Sombrero Resources Inc. to Coppernico Metals Inc.

- On July 22, 2021, the Company entered into a share purchase option agreement with Pembrook Copper Corp (“Pembrook”) to acquire Pembrook’s Peruvian subsidiary Chukuyo Exploraciones S.A.C. (“Chukuyo”) which owns the Takana copper-nickel district (“Takana”) located in southeastern Peru. Takana is approximately 50,300 hectares, has numerous high-grade copper-nickel occurrences and is located approximately 90 kilometres (“km”) northwest of the city of Cusco and approximately 235 km northeast of the Sombrero project district.

- On June 22, 2021, the Company announced it had filed an election with the Canada Revenue Agency to become a public corporation under the Income Tax Act (Canada) (the “Tax Act”). The election is retroactively effective to a date prior to the October 9, 2020, when the Coppernico (formerly Sombrero) shares were spun out from Auryn Resources Inc. (“Auryn”). As a result of making this election, the shares of the Company are now considered to be qualified investments under the Tax Act and the regulations thereto in respect of Canadian residents holding shares via trusts covered by a “registered retirement savings plan” (“RRSP”), “registered retirement income fund” (“RRIF”), “tax-free savings account” (“TFSA”), “registered education savings plan” (“RESP”), “registered disability savings plan” (“RDSP”) (collectively referred to as “Registered Plans”) and a “deferred profit sharing plan”.

- On March 31, 2021, the Company entered into an option agreement with Ximenita de Casma S.M.R.L. (“Ximenita”) to acquire the Soldaduyocc concession in Peru. Under the terms of this agreement, Sombrero Minerales S.A.C., a wholly owned subsidiary of Coppernico, has the option to acquire the Soldaduyocc concession for US$199,500. An initial payment of US$79,500 has been paid on execution of this agreement, and the option is granted for an 18-month period until September 16, 2022, at which time the final option payment of US$120,000 is payable to exercise the option and acquire the concession in full. Should the option be exercised, a 0.5% net smelter return remains on the concession, payable on all minerals extracted and commercialized.

- On March 1, 2021, the Company agreed with the owner of the Mollecruz concessions to extend the force majeure declaration for another 24 months and paid US$50,000 as consideration. As a result, the Company is able to continue deferment of the June 2019 and 2020 payments and any subsequent property payments and work expenditures until May 20, 2023.

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

2. DATE AND FORWARD-LOOKING STATEMENTS

This Management’s Discussion and Analysis (“MD&A”) of Coppernico has been prepared by management to assist the reader to assess material changes in the consolidated financial statements and results of operations of the Company as at December 31, 2021 and for the year then ended. This MD&A should be read in conjunction with the consolidated financial statements of the Company and related notes thereto as at and for the years ended December 31, 2021, and 2020. All financial information has been prepared in accordance with IFRS and all dollar amounts presented are Canadian dollars unless otherwise stated.

The effective date of this MD&A is March 30, 2022.

2.1 Forward-looking statements and risk factors

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate", "believe", "estimate", "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; general economic conditions; public health crises such as the COVID-19 pandemic and other uninsurable risks; actual results of current exploration activities and unanticipated reclamation expenses; fluctuations in prices of gold and other commodities; fluctuations in foreign currency exchange rates; increases in market prices of mining consumables; possible variations in mineral resources, grade or recovery rates; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals, community agreements, financing or in the completion of development or construction activities; changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates; as well as other factors. Additional information relating to the Company and its operations is available on SEDAR at www.sedar.com and on the Company's website at www.coppernicometals.com. These documents are for information purposes only and not incorporated by reference in this MD&A.

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

3. DESCRIPTION OF THE BUSINESS

The Company continues to focus on creating significant value for shareholders through the exploration and potential discovery of world-class copper and gold deposits in southeast Peru. The Company is an unlisted reporting issuer in British Columbia, Alberta and Ontario. Management is planning to apply for listing on the Toronto Stock Exchange ("TSX") in 2022 and has initiated this process. As at the date of this MD&A, the corporate organization structure remains the same as described in the annual consolidated financial statements of the Company for the year ended December 31, 2021, with one wholly owned subsidiary, Sombrero Minerales S.A.C. The Company is primarily focused on the Sombrero Project, a copper-gold project, located in southern Peru, covering approximately 130,000 hectares acquired through a combination of staking and option agreements, and the Takana District, a copper-nickel project, located southeastern Peru, covering 50,300 hectares acquired through an option agreement.

On October 9, 2020, Auryn - now known as Fury Gold Mines Limited ("Fury Gold") – spun out its Peruvian subsidiaries into two newly formed British Columbia subsidiaries, distributed to its shareholders the common shares of these subsidiaries, including Coppernico and completed a concurrent financing (collectively, the "Transaction").

3.1 Impacts of COVID-19

As a supportive partner in the region, the Company continues to provide support as needed to the Huanca Sancos, Lucanamarca and San Jose Huarcaya communities. Furthermore, protocols to aid in the prevention of COVID-19 transmission have been observed throughout the Company's work and community activities.

While the disruptions resulting from the pandemic caused only a minor delay in the Company's planned goals for 2021, management was still able to continue with much of its planned activity. As the situation surrounding COVID-19 continues to develop, albeit to a lesser extent, the Company will continue to monitor the situation closely and respond appropriately. As of December 31, 2021, the Company is helping local workers in Peru get vaccinated and the pandemic is not currently causing disruptions to the Company's activities.

for the year ended December 31, 2021 (In Canadian dollars, unless otherwise noted)

3.2 Climate related risks

The Company acknowledges the impact that climate change may have on the Company's ability to travel to the communities and to perform onsite work where permitted. Significant rainfall events are known to occur, but no such events have incurred in 2021.

4. DISCUSSION OF OPERATIONS

Three months ended December 31, 2021 and 2020 (Q4 2021 vs. Q4 2020)

During the three months ended December 31, 2021, the Company reported a loss of $866,703 compared to a loss of $892,426 for the same period in 2020. Significant variances within operating expenses and other expenses, which in combination resulted in the $25,723 decrease in the current period's loss, are discussed as follows:

- Exploration and evaluation costs in Q4 2021 were $516,176 largely consistent with $529,621 in Q4 2020, primarily representing the ongoing accrued holding costs of the Company's projects.
- Legal and professional fees were $31,768 in Q4 2021 compared to $64,336 in Q4 2020, representing a decrease of $32,568 mainly due to costs incurred to establish the Company as a separate corporate entity in the fourth quarter of 2020.

Year ended December 31, 2021, and 2020 (FY 2021 vs FY 2020)

Loss for the year ended December 31, 2021, was $3,193,305 compared to a loss of $2,598,486 for the year ended December 31, 2020. Significant variances within operating expenses and other expenses are discussed as follows:

- Exploration and evaluation costs decreased by $396,351 from $2,008,036 in FY2020 to $1,611,685 in FY2021 mainly due to lower costs relating to community relation activities, limited access to the projects without community agreements, and changing COVID-19 restrictions.
- Various costs increased during the year ended December 31, 2021 compared to December 31, 2020 as a result of Coppernico becoming a separate publicly accountable corporate entity in Q4 2020: Fees, salaries and other employee benefits; Legal and professional fees; Marketing and investor relations; Office and administration; and Regulatory and compliance costs.

Summary of Project Costs

During the twelve months ended December 31, 2021, the Company incurred $1,326,512 of mineral property additions and $1,611,685 in exploration and evaluation costs. The mineral property additions are primarily related to the initial payment of the Soldaduyocc option, the scheduled Aceros option payments, and the initial payment of the Takana share purchase option.

	Sombrero	Takana	Total
Balance as at December 31, 2019	**$ 1,331,097**	**$ -**	**$ 1,331,097**
Mineral property additions	3,945,212	-	3,945,212
Currency translation adjustment	(223,116)	-	(223,116)
Balance as at December 31, 2020	**$ 5,053,193**	**$ -**	**$ 5,053,193**
Mineral property additions	**1,104,496**	**222,016**	**1,326,512**
Currency translation adjustment	**(12,361)**	**3,410**	**(8,951)**
Balance as at December 31, 2021	**$ 6,145,328**	**$ 225,426**	**$ 6,370,754**

for the year ended December 31, 2021 (In Canadian dollars, unless otherwise noted)

Exploration and evaluation costs	Sombrero	Takana	Total
Concession holding costs	$ 711,639	$ -	$ 711,639
Salaries and wages	353,162	44,636	397,798
Camp cost, equipment, and field supplies	165,524	1,170	166,694
Permitting, environmental and community costs	115,179	18,800	133,979
Aircraft and travel	71,058	6,328	77,386
Geological consulting services	1,318	62,245	63,563
Assays and geophysical analysis	46,719	1,082	47,801
Fuel and consumables	12,366	459	12,825
Total for the year ended December 31, 2021	**$ 1,476,965**	**$ 134,720**	**$ 1,611,685**

Future operations and community involvement

The Company continues to have regular communications with the Huaca Sancos, Lucanamarca and San Jose Huarcaya communities surrounding the Sombrero Project and is actively working toward securing long-term access agreements. The Company has had recent positive developments with a community within the Sombrero land position, and while there remains some minority opposition, the Company hopes to finalize the access agreement in the near term. Once the access agreements are in place, the Company is prepared to advance its drill permitting efforts. The Company continues to support communities with applications to Agroideas, a government organization that sponsors agricultural programs within the local area.

The execution of the share purchase option agreement in relation to Takana is a key activity for the Company going forward. The Company is currently pursuing community access for this project as well, and exploration plans are being developed to commence once access is granted.

In order to diversify and enhance the Company's portfolio, management has elected to pursue an additional premium exploration project in Central and South America. The Company is reviewing several opportunities with a focus on base and precious metals projects that could be ready for drilling in 2022.

Coppernico plans to apply to list its shares on the TSX; the Company's listing is anticipated in 2022.

5. SUMMARY OF QUARTERLY RESULTS

Three months ended	Loss for the period	Comprehensive loss
December 31, 2021	$ 866,703	$ 902,732
September 30, 2021	681,449	530,529
June 30, 2021	812,444	867,601
March 31, 2021	832,709	888,665
December 31, 2020	892,426	1,132,397
September 30, 2020	691,616	682,395
June 30, 2020	558,880	607,507
March 31, 2020	455,564	351,269

As a result of continuing to focus on community engagement to develop successful working relationships and access agreements to perform exploration work, the Company's activities remain relatively low, ensuring the concessions remain in good standing. Furthermore, the Company incurred additional expenses since the corporate restructuring in October 2020 and it is now a separate reporting entity with its own corporate reporting and compliance obligations, as well as the cost of initiating the listing application process.

for the year ended December 31, 2021 (In Canadian dollars, unless otherwise noted)

6. FINANCIAL POSITION, LIQUIDITY, AND CAPITAL RESOURCES

	December 31, 2021	**December 31, 2020**
Cash	**$ 2,965,269**	$ 7,850,131
Accounts receivable	**$ 20,175**	$ 7,308
Mineral property interests	**$ 6,370,754**	$ 5,053,193
Current liabilities	**$ 837,468**	$ 834,616

The Company did not have any restricted cash nor did it have long-term liabilities at December 31, 2021 and 2020. The working capital balance at December 31, 2021 was $ 2,660,644 (December 31, 2020 - $7,167,732). Contractual obligations as at December 31, 2021, are accounts payable and accrued liabilities of $837,468, which are due within normal business terms.

During the year ended December 31, 2021, the Company used cash of $3,559,722 in operating activities as compared to $2,223,199 during the year ended December 31, 2020. The cash outflow during 2021 was higher than the cash outflow in 2020 due to the general increase in the operating expenses since the Company was spun-out from Fury Gold.

During the year ended December 31, 2021, the Company used cash in investing activities of $1,326,512 whereas $3,945,212 was used in 2020, relating to mineral property additions. Mineral property additions in 2021 are the initial payment of the Soldaduyocc option in the first quarter, the scheduled Aceros option payments in the second and fourth quarters, and the initial payment of the Takana share purchase option during the third quarter. Mineral property additions in 2020 related primarily to the exercise of the Alturas option agreement in the third quarter of 2020. The payments are subject to 18% Value Added Tax (IGV) in Peru.

During the year ended December 31, 2020, the business of Coppernico, for which the carve-out financial statements were prepared, earned contributions from its former parent company, Auryn (now Fury Gold), of $14,012,183 to conduct its operations. No such contributions were received during the year ended December 31, 2021, as Coppernico was spun out from its former parent in Q3 2020 following the Transaction.

The Company has incurred operating losses to date and does not generate cash flows from operations to support its activities. With no source of operating cash flow, there is no assurance that sufficient funding will be available to conduct further acquisition and exploration of mineral properties. The ability to continue as a going concern remains dependent upon Coppernico's ability to obtain the financing necessary to continue to fund its mineral properties, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions create a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Capital Resources

The Company held cash of $2,965,269 at December 31, 2021 (December 31, 2020 - $7,850,131). Working capital was $2,660,644 at December 31, 2021 (December 31, 2020 - $7,167,732).

The Company will continue to require additional working capital for the foreseeable future to fund its ongoing activities. The most likely source of additional capital will be equity financings, which are not assured and will depend on, among other things, financial market conditions, precious metals prices, and the Company's exploration results.

7. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements. Earn-in arrangements are not viewed as off-balance sheet arrangements, and there are no other commitments held by the Company at the balance sheet date other than as disclosed in Note 8.1.

for the year ended December 31, 2021 (In Canadian dollars, unless otherwise noted)

8. TRANSACTIONS WITH RELATED PARTIES

8.1 Related party transactions

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

	Year ended December 31, 2021	2020
Universal Mineral Services Ltd.		
Exploration and evaluation costs	**$ 44,446**	$ 407,586
Fees, salaries and other employee benefits	**199,909**	-
Legal and professional fees	**19,054**	-
Marketing and investor relations	**68,313**	-
Office and administration	**206,775**	-
Project investigation costs	**4,111**	-
Regulatory, transfer agent and shareholder information	**80**	-
Universal Mineral Services Peru S.A.C.		
Exploration and evaluation costs	**118,894**	-
Fees, salaries and other employee benefits	**36,797**	-
Office and administration	**20,529**	-
Project investigation costs	**8,547**	
Total transactions for the year	**$ 727,455**	**$** 407,586

Universal Mineral Services Ltd., ("UMS") is a private company and at the date of these financial statements UMS shares one director in common with Coppernico. For the duration of the year ended December 31, 2021, UMS shared two directors in common with Coppernico before a change in the directors of UMS on December 31, 2021.

UMS provides geological, financial, administrative and transactional services to the Company on an ongoing, cost recovery basis. Having these services available through UMS, on an as needed basis, allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently. The agreement has an indefinite term and can be terminated by either party upon providing due notice. During the year ended December 31, 2021, UMS entered into an office lease agreement with a term of ten years, for which certain rent expenses will be payable by the Company. As at December 31, 2021 the Company expects to incur approximately $1 million in respect of its share of future rent over the remainder of the ten year lease period.

Universal Mineral Services Peru S.A.C ("UMS Peru"), a company incorporated by UMS Canada under Peruvian law, provides administrative and geological services to the Peruvian Subsidiaries. In order to comply with Peruvian transfer pricing rules, UMS Peru charges its services at cost plus a markup of 5% for administrative services and 7% for geological services.

During the year ended December 31, 2021, $nil (December 31, 2020 – $92,657) of share-based compensation and $nil (December 31, 2020 - $48,829) of exploration and evaluation expenditures from Fury Gold were allocated to the Company. Fury Gold uses the fair value method of accounting for all share-based payments. The fair value of the share-based options granted up to the date of the Transaction were estimated using the Black-Scholes option valuation model with the following weighted average assumptions:

for the year ended December 31, 2021 (In Canadian dollars, unless otherwise noted)

	September 30, 2020
Risk-free interest rate	0.39%
Expected dividend yield	Nil
Share price volatility	58%
Expected forfeiture rate	0%
Expected life in years	4.90

The risk-free interest rate assumption is based on the Government of Canada benchmark bond yields and treasury bills with a remaining term that approximates the expected life of the share-based options. The expected volatility assumption is based on the historical and implied volatility of Fury Gold's common shares. The expected forfeiture rate and the expected life in years are based on historical trends.

After the close of the Transaction, there was no further allocation of share-based compensation and exploration and evaluation expenditures. The Company did not have any outstanding share options and share purchase warrants at December 31, 2021.

8.2 Related party balances

As at December 31, 2021, $63,021 (December 31, 2020 - $40,196) was included in accounts payable, and $370,000 (December 31,2020 - $50,000) was in prepaid expenses and deposits relating to transactions with UMS.

As at December 31, 2021, $75,202 (December 31, 2020 - $nil) was included in prepaid expenses and deposits relating to transactions with UMS Peru.

As at December 31, 2021 there was $nil (December 31, 2020 - $176,000) included in accounts payable and accrued liabilities owed to Fury Gold related to the closing cash pursuant to the Transaction.

8.3 Key management compensation

In addition to the transactions disclosed above, the Company provided the following compensation to key management members, being its five executives and five non-executive directors:

		December 31, 2021		December 31, 2020
Salary and benefits provided to executives	**$**	**593,182**	$	269,808
Directors fees paid to non-executive directors		**123,799**		14,933
	$	**716,981**	$	284,741

9. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

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

Critical accounting judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Functional currency

The functional currency of the Company's subsidiary is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency to be the Canadian dollar, while the functional currency of its Peruvian subsidiary is the United States dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

ii) Economic recoverability and probability of future economic benefits of mineral property interests

Management has determined that the acquisition of mineral properties and related costs incurred, which have been recognized on the consolidated statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

iii) Indications of impairment of assets

Impairment testing is done at the cash generating unit level and judgment is involved in assessing whether there is any indication that an asset or a cash generating unit may be impaired. The assessment of the impairment indicators involves the application of a number of significant judgments and estimates to certain variables, including metal price trends, exploration plans for properties and the results of exploration and evaluation to date.

iv) Financial instruments

Financial instruments are assessed upon initial recognition to determine whether they meet the definition of a financial asset, financial liability or equity instrument depending on the substance of the contractual arrangement. Judgment is required in making this determination as the substance of a transaction may differ from its legal form. Once a determination is made, IFRS requires that financial instruments be measured at fair value on initial recognition. For financial instruments that do not have quoted market prices or observable inputs, judgments are made in determining what are appropriate inputs and assumptions to use in calculating the fair value.

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

i. Provisions

Provisions recognized in the financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

ii. Reclamation obligations

Management assesses its reclamation obligations annually and when circumstances suggest that a material change to the obligations may have occurred. Significant estimates and assumptions are made in determining the provision for rehabilitation and site restoration, as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent, the timing and the cost of reclamation activities, regulatory change, cost increases, and changes in discount rates. Those uncertainties may result in actual expenditure differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future reclamation costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the reclamation asset and liability.

As the Company's projects are in early-stage exploration, management estimated the provision to be $nil as at December 31, 2021 and 2020.

iii. Share-based compensation

The Company determines the fair value of options granted using the Black-Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility, and expected life of the option. Changes in these inputs and the underlying assumption used to develop them can materially affect the fair value estimate

During the year ended December 31, 2021, $nil (December 31, 2020 - $92,657) of share-based compensation from Fury Gold was allocated to the Company. As mentioned earlier, there was no further allocation of share-based compensation after the close of the Transaction.

iv. Income taxes

The provision for income taxes and composition of income tax assets and liabilities require management's judgment. The application of income tax legislation also requires judgment in order to interpret legislation and to apply those findings to the Company's transactions.

v. Deferred tax assets and liabilities

Management judgment and estimates are required in assessing whether deferred tax assets and deferred tax liabilities are recognized in the consolidated statements of financial position. Judgments are made as to whether future taxable profits will be available in order to recognize deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty and changes in circumstances may alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated statements of financial position and the benefit of other tax losses and temporary differences not yet recognized.

10. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Application of new and revised accounting standards:

The Company has adopted the following amended accounting standards and policies effective January 1, 2021:

IBOR Reform and the Effects on Financial Reporting – Phase II

In August 2020, the Board issued Interest Rate Benchmark Reform—Phase 2, which amends IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases. This amendment had no impact on the consolidated financial statements.

New and amended standards not yet effective:

Certain new accounting standards and interpretations have been issued but were not effective for the year ended December 31, 2021, and they have not been early adopted. The Company is currently assessing the new and amended standards' impact on its consolidated financial statements; however, they are not expected to have a material impact on the Company's current or future reporting periods.

Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards and has an effective date of January 1, 2022:

IFRS 1 - First-time Adoption of International Financial Reporting Standards: The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 - Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income, or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the concept of changes in accounting estimates in the Standard was retained with the following clarifications:

· A change in accounting estimate that results from new information or new developments is not the correction of an error

· The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

11. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at December 31, 2021, the Company's financial instruments consist of cash, accounts receivable, deposits, accounts payables and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

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

12. OTHER REQUIRED DISCLOSURE

13.1 Capital structure

The capital structure of the Company is as follows:

Authorized: Unlimited number of common shares

Number of common shares issued and outstanding as at December 31, 2021, and March 30, 2022: 112,340,434

13.2 Disclosure controls and procedures

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

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The consolidated financial statements for the years ended December 31, 2021, and 2020 have been prepared by management in accordance with IFRS and in accordance with accounting policies set out therein.

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

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

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com under Coppernico Metal Inc.'s profile.

On behalf of the Board of Directors,

"Ivan Bebek"
Ivan Bebek
President, Chief Executive Officer and Director
March 30, 2022