



CHAKANA
C O P P E R

CHAKANA COPPER CORP.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2020

(EXPRESSED IN CANADIAN DOLLARS)



CHAKANA COPPER CORP.

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GENERAL

This Management's Discussion and Analysis ("MD&A") of Chakana Copper Corp. (the "Corporation" or "Chakana") dated January 29, 2021, provides an analysis of the Corporation's financial results for the six months ended November 30, 2020. The following information should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements for the six months ended November 30, 2020 with accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board.

All dollar figures are expressed in Canadian dollars, unless otherwise stated. The Corporation's condensed interim consolidated financial statements and MD&A are available on www.sedar.com.

CORPORATION OVERVIEW

Chakana Copper Corp. was incorporated on May 2, 2011, under the laws of the province of British Columbia, Canada, and changed its name from Hadrian Resources Inc. on August 4, 2011 to Chakana Copper Corp. on January 30, 2018. The Corporation is a mineral exploration corporation listed on the TSX Venture Exchange ("TSX-V") under the symbol "PERU". The Corporation is currently engaged in the exploration and development of mineral properties, with prospects for copper, gold and silver in Peru.

The head office and principal address is 800 West Pender Street, Suite 1430, Vancouver, British Columbia, V6C 2V6, Canada. The records office of the Corporation is located at 1055 West Pender Street, Suite 1500, Vancouver, British Columbia, V6E 4V7, Canada.

The Corporation is currently advancing the Soledad Project near Aija, in the Ancash region of the highly prolific Miocene mineral belt of Peru. The Corporation's goal is to find and advance mineral projects to an economic resource within a single commodity cycle for further development by mid-tier and/or major mining companies. The Corporation looks for de-risked projects that have the characteristics of large above average grade mineral systems with significant upside potential. The Corporation employs the latest technological innovations to test the upside potential of projects with aggressively funded exploration programs.

GENERAL OVERVIEW OF MARKET CONDITIONS

During the period May 31, 2019 through to the date of this MD&A, gold and silver prices started to appreciate, with gold trading between US \$1,275 per ounce and US \$2,075 per ounce, closing at US \$1,777 per ounce at November 30, 2020, and silver trading between US \$11 per ounce and US \$29 per ounce, closing at US \$22 per ounce at November 30, 2020. During the same period, copper prices have fluctuated between a low of US \$2.10 per pound and a high of US \$3.70 per pound closing at US \$3.43 per pound on November 30, 2020. Since mid-June 2020 to the date of this report, the gold and silver prices have continued to fluctuate while copper price continues to rise.

During the second half of 2019 and during 2020, base metal prices have increased significantly. These factors have created a positive environment for the resource and exploration sectors focused on these metals, and as a result, share prices of many junior/exploration stage companies have increased in value, allowing for new financing over this period. However, as a result of the global pandemic caused by COVID-19 many governments have mandated lockdowns affecting the ability of companies to continue with normal operations. As a result of the increase in precious metal prices market capitalization of the Corporation has increased. Also, certain re-sell restrictions on the Corporation's common shares expired resulting in an over-hang of stock held by previous private placement subscribers. As described above, the global pandemic has created significant volatility in gold and silver prices since February 2020. If gold, silver and copper prices stay high once the pandemic settles, this may provide better opportunities for additional funding and more activity in the precious metals or base metals exploration sector.

Since February 2020, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of



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the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation in future periods.

HIGHLIGHTS

- On June 24, 2019, the Corporation announced that it has commenced its Phase 3a drill program approved for up to 20,000 metres (or “m”) at the expanded Soledad gold-silver-copper project in central Peru. The program would test numerous targets and complete definition drilling on additional mineralized breccia pipes.
- On July 29, 2019, the Corporation announced the first drill results from scout drilling on Breccia Pipe 7 (H 7) at the Soledad copper-gold-silver project in central Peru. All four drill holes intersected significant mineralization, including 31.0 m with 0.68 g/t Au, 205.9 g/t Ag and 0.23% Cu from 157 m in hole SDH19-111 and 35.0 m with 0.80 g/t Au, 53.8 g/t Ag, 0.35% Cu from surface in hole SDH19-114. This is the first time H 7 has been drilled. Infill drilling on this new discovery is pending.
- On September 10, 2019, the Corporation announced that drilling from a step-out platform encountered to the downward continuation of Breccia Pipe 5 (H 5). The body is very well mineralized, open and has important exploration implications to all the targets at Soledad. The Phase 3 drill program was suspended in September, 2019 after drilling 4,362m to wait for permit approval allowing drilling in the highly prospective central part of the project.
- On November 19, 2019, the Corporation announced new surface and subsurface results from the Huancarama Breccia Complex, which is a large exposure of mineralized tourmaline breccia complex within the main Soledad cluster of breccia pipes. Several breccia bodies are exposed over a width of approximately 200 m. Previous surface sampling and continuous underground channel sampling along a 170 m long adit revealed strong gold and silver values. Copper values are generally low due to the oxidized nature of the surface samples. Recent detailed mapping identified a 15 m-long adit into one of the smaller breccia bodies (H2). Twenty-one metres of continuous channel samples at one-metre intervals were collected from the adit and exposure of breccia outside the adit. This continuous channel sample of 21 m averaged 2.52 g/t Au and 100.4 g/t Ag. The estimated true width of the breccia from this sampling was 14.3 m.
- On May 19, 2020, the Corporation announced results of a technical review of Breccia Pipe 1 (H 1). The Corporation conducted an in-house study to document the controls on mineralization, to detail the distribution of gold, silver and copper within the uppermost part of the breccia pipe and looked at various metal-mineralogical domains that will factor into the eventual resource models. Based on the study, several controls were recognized:
 - Gold is relatively enriched in the top 70 m of the breccia pipe, with assay intervals averaging 4.76 g/t from surface to 4,275 m elevation. Assays intervals located from the edge of the breccia pipe toward the interior of the pipe, show increasing gold to 7 m, averaging 2.61 g/t. Samples located from 7 to 15 metres average 1.65 g/t, and then drop below 0.5 g/t for samples located in the innermost part of the pipe.
 - Copper and silver content are most elevated in assay intervals within the margin of the breccia pipe, averaging 1.11% copper and 76.6 g/t silver from the contact to 3 m into the breccia. Assay intervals located from 3 to 15 metres from the margin of the breccia, have copper and silver averages of 0.95% and 51.5 g/t, respectively. Like gold, samples located in the innermost part of the pipe have lower copper and silver values, averaging 0.42% and 25.5 g/t, respectively.
 - The two most common breccia types observed in drill core are shingle and mosaic. Samples of shingle breccia average 2.55 g/t gold, 71.3 g/t silver and 1.25% copper; samples of mosaic breccia averages 1.81 g/t gold, 50.9 g/t silver and 0.91% copper.
 - Distinct vertical zoning is observed with higher gold near the surface and increasing copper and silver at depth with local elevated gold.
- On July 9, 2020, the Corporation was granted final Peruvian Government approval on the initiation of activities for the Semi-detailed Environmental Impact Assessment covering the central part of the expanded Soledad Project. This permit allows the Corporation to expand and accelerate its exploration program into some of the highest priority areas that have demonstrated significant surface and geophysical anomalies that have not been previously drilled.

- On August 15, 2020, the Corporation recommenced its fully funded Phase 3b drill program to test multiple high-grade gold-enriched breccia pipe targets in the central part of the Soledad Project. These outcropping targets are in part defined by high-grade gold rock sample results. The targeted pipes demonstrate a number of surface characteristics consistent with previous results from other drilled breccia pipes at Soledad.
- On September 17, 2020, the Corporation provided drill results from the first three of five drill holes completed at the Paloma East target within the expanded Soledad Project in Ancash, Peru. Significant zones of mineralization were encountered in all three holes. Gold enrichment is noted in the top of holes SDH20-133 and SDH20-135, with intercepts of 7.5 metres with 1.55 g/t gold and 58.9 g/t silver from 18.5 metres depth, and 9.05 metres with 1.57 g/t gold and 15.6 g/t silver from 14.05 metres depth, respectively. Longer intervals of moderate grade mineralization are evident; in the case of SDH20-135, 172.7 metres with 0.31 g/t gold, 0.34% copper and 13.2 g/t silver (1.00 g/t gold equivalent) were intersected from surface. Based on modeling of the first four holes at Paloma East drilled to the northwest and northeast (holes SDH20-133 to SDH20-136), the Paloma East breccia pipe appeared to increase in diameter from 25 metres at surface to approximately 50 metres at 150 metres depth. A fifth hole (SDH20-137) was drilled to the southwest at -75 degrees to again locate the margin of the breccia, anticipated to occur at approximately 170 metres depth. Except for a few internal blocks of wall rock, the drill hole intercepted tourmaline breccia from 14.75 metres to 627 metres depth, 530 metres below surface. The extent of breccia spans the entire distance between the downward projections of Paloma East and of Paloma West targets at depth, equaling a horizontal distance of approximately 150 metres. Hole SDH20-137 exited breccia at 627 metres and ended in granodiorite with quartz-sericite-tourmaline alteration and trace pyrite-chalcopyrite. Notably, a significant amount of breccia with abundant pyrite mineralization was intersected in the lower part of this drill hole. This hole has confirmed a much more expansive breccia system than previously known, revealing a much larger area to explore in all directions.
- On October 8, 2020, the Corporation announced surface channel sampling results for two previously drilled tourmaline breccia pipes, H 1 and H 6, at its expanded Soledad Project in Ancash, Peru. Within H 1, two continuous channel samples assayed 1) 9.98 g/t gold and 234.6 g/t silver over 17.0 metres, including 17.99 g/t gold and 624.0 g/t silver over 5.0 metres; and 2) 7.56 g/t gold and 11.92 g/t silver over 17.9 metres. All H 1 channel samples average 5.61 g/t gold and 62.2 g/t silver with maximum grades of 28.0 g/t gold and 1,230 g/t silver. Copper averages 0.12%; copper grades are generally low at surface due to oxidation and leaching. All H 6 channel samples average 0.19 g/t gold and 34.6 g/t silver with maximum grades of 0.57 g/t gold and 132 g/t silver.
- On October 26, 2020, the Corporation announced drill results from four holes completed at the Paloma East target at the expanded Soledad Project. Significant intervals of mineralization were encountered in all four holes.
 - Elevated gold occurs in the top of holes SDH20-137, SDH20-138 and SDH20-139 with intercepts of 51.0 metres with 1.27 g/t gold and 23.9 g/t silver starting from 6.0 metres depth; 15.0 metres with 2.26 g/t gold and 16.6 g/t silver beginning at 21.0 metres depth; and 31.0 metres with 1.10 g/t gold and 8.8 g/t silver from 3.0 metres depth, respectively.
 - In hole SDH20-138 a long interval of moderate grade mineralization was intersected with 226.0 metres with 0.34 g/t gold, 0.36 % copper and 16.9 g/t silver (1.11 g/t gold equivalent) from 3.0 metres.
 - Higher grade copper intercepts occur in each hole with 6.35 metres of 2.27% copper in SDH20- 136 from 49.35 metres; 24.00 metres with 0.80% copper in SDH20-137 from 57.00 metres; 33.00 metres of 0.99% copper in SDH20-138 from 64.00 metres; and 9.45 metres of 1.19% copper in SDH20-139 from 136.45 metres.
- On November 10, 2020, the Corporation announced a new high-grade discovery at the Paloma West target at the expanded Soledad Project in Ancash, Peru. The first three holes in Paloma West demonstrate very significant grades for copper and precious metals. Significant intervals of mineralization were encountered in all three holes. The three holes were collared outside of the breccia pipe in wall rock, drilled through the breccia and exited the breccia on the other side ending in wall rock.
 - Higher grades occur along the margin of the breccia in each hole. Hole SDH20-140 has 80 m of 0.39 g/t Au, 0.97% Cu and 30.5 g/t Ag starting at 21 m. At the first contact with breccia, the north margin zone averages 0.79 g/t Au, 1.95% Cu and 82.7 g/t Ag over 18.05 m. The margin zone on the south side of the breccia averages 0.73 g/t Au, 4.04% Cu and 46.3 g/t Ag over 8 m.

- The north margin zone in hole SDH20-141 is precious metal rich, averaging 2.66 g/t Au and 443.2 g/t Ag over 5 m starting at 29 m. The south margin zone in this hole averages 2.81 g/t Au, 3.80% Cu and 56.2 g/t Ag over 22.65m starting at 48 m.
- On November 18, 2020, the Corporation announced results of three additional holes at its high-grade copper-gold-silver Paloma West discovery. Significant intervals of mineralization were encountered in all three holes. SDH20-143 was drilled as a step-out hole to test the eastern extent of breccia and drill beneath strong quartz-sericite altered volcanic rocks at surface. The outcrops are aligned along an east-northeast structural trend projecting toward Paloma East. The hole did not intersect breccia, but did cut strong mineralization hosted in narrow tourmaline-sulfide replacement zones.
 - SDH20-144 was drilled through the main breccia body, intersecting two narrow mineralized structures before two significant intervals of breccia with 21 m of 1.05 g/t Au, 0.79% Cu and 44.6 g/t Ag starting at 63 m; and 27 m of 0.19 g/t Au, 0.76% Cu and 15.8 g/t Ag starting at 98 m.
 - SDH20-145 was drilled from a platform on the southwest side of the exposed breccia pipe. The hole intersected two zones of high-grade breccia, with the first zone averaging 2.17 g/t Au, 1.69% Cu and 43.5 g/t Ag over 13 m starting at 10 m. The second zone averages 5.08 g/t Au, 6.75% Cu and 109.3 g/t Ag over 16.3 m starting at 31.7 m, including 7.25 g/t Au, 10.2% Cu and 163.5 g/t Ag over 10.7 m from 32.4 m.
- On December 3, 2020, the Corporation announced results of four additional holes at its high-grade copper-gold-silver Paloma West discovery.
 - SDH20-145 – an additional intercept further down hole is reported with 8.1 m of 0.28 g/t Au, 4.06% Cu and 53.8 g/t Ag starting at 59.9 m. This interval corresponds to a sulfide-tourmaline replacement structure with abundant chalcopyrite. The mineralized breccia intercept of 7.25 g/t Au, 10.2% Cu and 163.5 g/t Ag over 10.7 m from 32.4 m was previously reported (see news release dated November 18, 2020).
 - SDH20-146 was drilled to determine the direction of the high-grade intercept in SDH20-145. This hole failed to intercept breccia on the west side of the breccia body.
 - SDH20-147 and SDH20-148 were drilled to the northeast and east-northeast, respectively. SDH20-147 intersected two zones of high-grade breccia, with the first zone averaging 5.76 g/t Au, 2.98% Cu and 252 g/t Ag over 12.2 m starting at 21.6 m. The second zone averages 4.00 g/t Au, 1.99% Cu and 37.2 g/t Ag over 5 m starting at 50 m. SDH20-148 intersected 34.7 m of 0.28 g/t Au, 0.72% Cu and 13.9 g/t Ag from 19.3 m, including 6.7 m with 0.44 g/t Au, 1.94% Cu and 48.7 g/t Ag starting at 19.3 m. Further down in SDH20-148 an intercept of 11.25 m averages 0.36 g/t Au, 0.56% Cu and 15.7 g/t Ag from 65 m.
- On December 16, 2020, the Corporation announced results of four additional holes at its high-grade copper-gold-silver Paloma West discovery.
 - SDH20-149 was drilled to the east-southeast and failed to intersect breccia, which is plunging southwest in the uppermost 70 metres of the breccia body.
 - SDH20-150 and SDH20-151 were drilled towards the southeast from the same platform at -45 and -55 inclinations, respectively. Both holes intersected strongly mineralized breccia, including 25 m of 0.95 g/t Au, 1.38% Cu and 51.6 g/t Ag starting at 14 m in SDH20-150; and 17.7 m with 1.76 g/t Au, 2.49% Cu and 42.4 g/t Ag starting at 45.3 m. Both intercepts occur within longer intervals of mineralized breccia.
 - SDH20-152 was drilled towards the east at -70 inclination and intersected 101.5 m of mineralized breccia with 0.61 g/t Au, 0.91% Cu and 19.8 g/t Ag starting at 32 m. A higher-grade margin zone within this occurs over 18 m with 0.81 g/t Au, 2.73% Cu and 49.1 g/t Ag starting at 32 m.
- On January 12, 2021, the Corporation announced it has resumed its 15,000 m drill program after a short break. The Corporation had completed 34 drill holes for 6,634 metres at three high priority targets: Paloma East, Paloma West and the Huancarama Breccia Complex. The Corporation also announced additional positive results from the initial eight drill holes from the eastern portion of the Huancarama Breccia Complex.
 - Holes SDH20-153 to SDH20-155 are shallow holes drilled across the H1 breccia outcrop aiming to the south and southwest. All three holes intersected mineralized breccia; the best intercept is in hole SDH20-154 with 52.05 m of 0.35 g/t Au, 0.26% Cu and 58.3 g/t Ag (1.51 g/t Au-eq) starting at 54 m depth.
 - Holes SDH20-156 to SDH20-158 were drilled to the southwest across the H2 breccia. All three holes intersected mineralized breccia and a conglomerate that marks the base of the Calipuy volcanic section with holes SDH20-156 and SDH20-157 ending in pre-breccia granodiorite. At higher levels the breccia



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- appears to be a neck-like body that is expanding at depth. Hole SDH20-156 intersected 17.66 m with 0.72 g/t Au, 0.44% Cu and 76.0 g/t Ag (2.39 g/t Au-eq) starting at 67.4 m depth; hole SDH20-157 intersected 76.90m with 0.27 g/t Au, 0.28% Cu and 44.3 g/t Ag (1.28 g/t Au-eq) from 84.10 m depth.
- Holes SDH20-159 and SDH20-160 were drilled to the southeast from north of H2. Both holes intersected continuous mineralized breccia connecting H2 and H1 and confirming a large lateral extent of breccia. Hole SDH20-159 intersected 139 m with 0.30 g/t Au, 0.29% Cu and 39.2 g/t Ag (1.26 g/t Au-eq) starting at 71 m; hole SDH20-160, drilled directly beneath the collapse zone, encountered 126.2m with 0.31 g/t Au, 0.53% Cu and 34.6 g/t Ag (1.57 g/t Au-eq) from 92.8 m depth. Notably, two high-grade zones occur within this interval: 13m with 0.60 g/t Au, 1.40% Cu and 48.4 g/t Ag (3.37 g/t Au-eq) from 138 m; and 21 m with 0.58 g/t Au, 1.35% Cu and 58.8 g/t Ag (3.41 g/t Au-eq) starting at 184 m depth.
- On January 25, 2021, the Corporation announced results for two additional drill holes from the recently-announced discovery at the Huancarama Breccia Complex, within the Soledad Project.
 - Holes SDH20-161 and SDH20-162 were drilled to the northeast from the south side of the breccia complex. Both holes intersected continuous mineralization across the breccia body previously defined by the first eight holes and an historical tunnel that transects the breccia. Hole SDH20- 161 was oriented directly beneath a collapse zone and intersected 107m with 0.28 g/t Au, 0.42% Cu, and 33.7 g/t Ag (1.36 g/t Au-eq) starting at 86m; hole SDH20-162, drilled beneath the west edge of the collapse zone, encountered 120.4m with 0.51 g/t Au, 0.83% Cu, and 34.6 g/t Ag (3.71 g/t Au-eq) from 101.3m depth, including 72.2m with 0.79 g/t Au, 1.32% Cu, and 46.9 g/t Ag (3.42 g/t Au-eq) from 101.3m. A higher-grade zone of 30.0m with 1.44 g/t Au, 2.55% Cu, and 88.2 g/t Ag (6.50 g/t Au-eq) starting at 109.0m depth occurs within this interval.
- On January 20, 2021, the Company announced a non-brokered private placement of 20,000,000 to 24,000,000 common shares at a price of \$0.50 per share for expected proceeds of \$10,000,000 to \$12,000,000.

EXPLORATION AND EVALUATION EXPENDITURES

The Corporation is engaged in investigation, evaluation, exploration and development of mineralized precious and base metal properties and related activities in Peru. The Corporation’s wholly owned indirect subsidiary, Chakana Resources S.A.C., holds: (i) the option to acquire a 100% ownership interest in the Soledad Project (“Condor Option”) and owns an net smelter return royalty (“NSR”) on the Soledad Project; (ii) holds an option to acquire a 100% ownership interest in the adjacent Aija Project (“Aija Project”); and (iii) holds an option to acquire up to a 100% ownership in other adjacent mineral concessions owned by Minera Barrick Misquichilca S.A. (“Barrick”) (the “Barrick Option”). All three options are collectively referred as the “Soledad Project”. The Corporation is the operator of all related mineral exploration activities on these projects.

RESULTS OF OPERATIONS.

Acquisition costs of the Soledad Project are as follows:

	Condor Option		Aija Project		Total
Balance – May 31, 2019	\$	1,880,111	\$	282,941	\$ 2,163,052
Acquisition costs		212,072		180,698	392,770
Foreign exchange on translation		3,680		3,135	6,815
Balance – May 31, 2020		2,095,863		466,774	2,562,637
Acquisition costs		135,214		101,509	236,723
Foreign exchange on translation		(121,499)		(53,525)	(175,024)
Balance – November 30, 2020	\$	2,109,578	\$	514,758	\$ 2,624,336



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During the three and six months ended November 30, 2020 and 2019, the Corporation incurred exploration and evaluation expenditures as follows:

	Three Months Ended November 30, 2020		Three Months Ended November 30, 2019		Six Months Ended November 30, 2020		Six Months Ended November 30, 2019	
Drilling	\$	713,871	\$	145,772	\$	713,871	\$	756,607
Exploration support and administration		298,638		312,350		584,264		620,285
Field operations and consumables		190,369		150,913		276,756		569,286
Geological consultants		48,907		42,118		89,007		106,174
Sampling and geological costs		124,358		81,555		124,358		168,560
Transportation		45,677		55,694		69,222		146,538
	\$	1,421,820	\$	788,402	\$	1,857,478	\$	2,367,450

SUMMARY OF QUARTERLY RESULTS

Key financial information for the three months ended November 30, 2020, as well as the most recently preceding seven quarters is summarized as follows:

	November 30, 2020		August 31, 2020		May 31, 2020		February 29, 2020	
Current Assets	\$	4,474,496	\$	6,420,439	\$	6,815,408	\$	7,612,318
Current Liabilities	\$	605,452	\$	272,452	\$	339,068	\$	353,615
Total Assets	\$	8,340,893	\$	9,822,906	\$	10,794,843	\$	11,484,646
Total Liabilities	\$	605,452	\$	272,452	\$	339,068	\$	353,615
Operating Expenses	\$	(2,029,145)	\$	(1,409,750)	\$	(829,646)	\$	(952,239)
Net Loss	\$	(2,000,965)	\$	(1,275,370)	\$	(796,550)	\$	(1,198,970)
Loss per Share	\$	(0.02)	\$	(0.01)	\$	(0.01)	\$	(0.01)

	November 30, 2019		August 31, 2019		May 31, 2019		February 28, 2019	
Current Assets	\$	8,736,439	\$	10,785,640	\$	12,526,764	\$	7,560,688
Current Liabilities	\$	410,263	\$	1,019,449	\$	526,094	\$	453,096
Total Assets	\$	12,433,122	\$	14,413,372	\$	16,004,287	\$	9,756,497
Total Liabilities	\$	410,263	\$	1,019,449	\$	526,094	\$	453,096
Operating Expenses	\$	(1,477,790)	\$	(1,976,957)	\$	(1,800,891)	\$	(1,336,747)
Net Loss	\$	(1,453,327)	\$	(2,164,498)	\$	(2,400,226)	\$	(1,074,243)
Loss per Share	\$	(0.02)	\$	(0.02)	\$	(0.02)	\$	(0.01)

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED NOVEMBER 30, 2020

Total operating expenses for three months ended November 30, 2020 were \$2,029,145 (2019 - \$1,477,790). The significant expenditures for the current quarter were as follows:

- Exploration and evaluation expenditures were \$1,421,820 during the three months ended November 30, 2020 (2019 - \$788,402), inclusive of drilling expenses of \$713,871 (2019 - \$145,772). Increase in drilling expenses were a result of the Corporation recommencing its drill program, as it obtained the required drill permits. Exploration support and administration were \$298,638 (2019 - \$312,350) and field expenses were \$190,369 (2019 - \$150,913).



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- Geological consulting fees \$48,907 (2019 - \$42,118) and sampling and geological costs of \$124,358 (2019 - \$81,555) increased, as the Corporation increased its drilling activity. Transportation expenses of \$45,677 (2019 - \$55,694) remained consistent with the prior period.
- Consulting expenses were \$47,527 and salaries and wage expenses were \$68,673 during the three months ended November 30, 2020, compared to \$55,750 consulting expenses and \$94,966 salaries and wages for the three months ended November 30, 2019. The reduction in salary and wages is due to a reduction of employee count in the current period compared to the prior period.
- General and administrative expenses were \$97,759 during the three months ended November 30, 2020, compared to \$304,956 during the three months ended November 30, 2019. The decrease in general and administrative expenses was primarily due to the write-off of valued-added tax receivables during the three months ended November 30, 2020 that had been applied to general and administrative expenses. Travelling expenses were \$Nil during three months ended November 30, 2020 (2019 - \$51,373). The decrease in travel expenses was related COVID-19 restrictions during the current period, while during 2019 the Corporation had increased traveling to resolve issues regarding the misappropriation of funds by a former senior employee in Peru, during the period ended May 31, 2019.
- During the three months ended November 30, 2020, the Corporation incurred \$61,034 of legal and professional fees (2019 - \$80,284). During the current period, these amounts related to obtaining various permits needed to continue drilling, while in the prior period the amount related mostly to the legal and accounting fees related to resolving issues regarding the misappropriation of funds by a former senior employee in Peru, during the period ended May 31, 2019.
- Stock-based compensation and investor relations expenses were \$202,883 and \$105,119, respectively, during the three months ended November 30, 2020 (2019 - \$3,981 and \$72,457, respectively). Stock-based compensation expense realized during the three months ended November 30, 2020 is the result of amortization of share-based expense from stock options granted during the current and prior periods. Investor relations expense increased during the three months ended November 30, 2020 due to ongoing marketing and promotions campaigns.

As a result of the foregoing, the Corporation recorded a comprehensive loss of \$2,047,896 during the three months ended November 30, 2020 (2019 - \$1,393,572).

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020

Total operating expenses for the six months ended November 30, 2020 were \$3,276,335 (2019 - \$3,599,297). The significant expenditures for the current quarter were as follows:

- Exploration and evaluation expenditures were \$1,857,478 during the six months ended November 30, 2020 (2019 - \$2,367,450), inclusive of drilling expenses of \$713,871 (2019 - \$756,607). While drilling expenses remained consistent during the two periods, the current period saw an increase during the last three months as the Corporation obtained required permits, while in the comparative period saw a reduction as it was waiting for such permits. Exploration support and administration were \$584,264 (2019 - \$620,285), field expenses were \$276,756 (2019 - \$569,286) and transportation expenses were \$69,222 (2019 - \$146,538)
- Geological consulting fees \$89,007 (2019 - \$106,174), and sampling and geological costs of \$124,358 (2019 - \$168,560) were reduced compared to the prior period when extensive surface surveys were being conducted.
- Consulting expenses were \$114,783 and salaries and wage expenses were \$151,710 during the six months ended November 30, 2020, compared to \$112,449 consulting expense and \$241,703 salaries and wages for the six months ended November 30, 2019. The reduction in salaries and wages is due to a reduction of employee count in the current period compared to the prior period.
- General and administrative expenses were \$170,048 during the six months ended November 30, 2020, compared to \$449,104 during the six months ended November 30, 2019. The decrease in general and administrative expenses was primarily due to the write-off of value-added tax receivables during the six months

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ended November 30, 2020 that had been applied to general and administrative expenses. Travelling expenses were \$1,649 during the six months ended November 30, 2020 (2019 - \$64,755). The decrease in travel expenses was related COVID-19 restrictions during the current period, while during 2019 the Corporation had increased traveling to resolve issues regarding the misappropriation of funds by a former senior employee in Peru, during the period ended May 31, 2019.

- During the six months ended November 30, 2020, the Corporation incurred \$100,128 of legal and professional fees (2019 - \$94,254). During the current period these amounts related to obtaining various permits needed to continue drilling, while in the prior period the amount related mostly to the legal and accounting fees related to resolving issues regarding the misappropriation of funds by a former senior employee in Peru, during the period ended May 31, 2019.
- Stock-based compensation and investor relations expenses were \$809,975 and \$183,603, respectively, during the six months ended November 30, 2020 (2019 - \$16,610 and \$120,063, respectively). Stock-based compensation expense realized during the six months ended November 30, 2020 is the result of amortization of share-based expense from stock options granted during the prior year. Investor relations expense increased during the six months ended November 30, 2020 due to ongoing marketing and promotions campaigns.

As a result of the foregoing, the Corporation recorded a comprehensive loss of \$3,560,309 during the six months ended November 30, 2020 (2019 - \$3,471,944).

SUMMARY OF MINERAL PROPERTIES**(i) Soledad Project, Peru (the “Condor Option”)**

On April 17, 2017, the Corporation entered into a Mining Assignment and Option Agreement (the Condor Option) with Minera Vertiente del Sol S.A.C., a Peruvian subsidiary of TSX-V-listed Condor Resources Inc. (“Condor”), pursuant to which the Corporation has the sole and exclusive option to acquire 100% of the rights and interests in the Soledad Project, subject to a 2% NSR.

The Corporation’s option to acquire 100% of the rights and interests in the Soledad Project is exercisable by issuing 500,000 common shares by June 23, 2018 (issued), making aggregate cash payments of US \$5,375,000 and incurring work expenditures on the Soledad Project (which have been met). During the six months ended November 30, 2020, the Corporation renegotiated the payment schedule

The Condor Option exercise cash payments schedule is as follows:

Installment	Date	Amount (in US \$)
1	February 2017 (paid)	\$ 10,000
2	Upon signing the Agreement on April 17, 2017 (paid)	15,000
3	December 23, 2017 (paid)	25,000
4	June 23, 2018 (paid)	50,000
5	December 23, 2018 (paid)	50,000
6	June 23, 2019 (paid)	75,000
7	December 23, 2019 (paid)	75,000
8	June 23, 2020 (paid)	100,000
9	December 23, 2020 (paid subsequent to November 30, 2020)	150,000
10	June 23, 2021	200,000
11	December 23, 2021	200,000
12	April 23, 2022	4,425,000
Total		\$ 5,375,000

As at November 30, 2020, the Corporation has paid instalments 1 to 8, totalling US \$400,000. The June 23, 2018 instalment was accompanied with the issuance of 500,000 shares of the Corporation.



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On March 18, 2019, the Corporation purchased a 1% NSR on the Soledad Project for \$369,902 (US \$275,000) and 900,000 common shares. As a result of the Corporation purchasing the NSR, the Condor Option was amended to reflect a reduction of the NSR from 2% to 1%, with the Corporation having the right to repurchase 50% of the NSR (or 0.5% NSR) for US \$1,000,000 subsequent to exercising the Condor Option. If the Corporation does not exercise the Condor Option, Condor has the right to purchase 50% of the NSR (or 0.5% NSR) for US \$1,000,000. The amendment to the Condor Option also eliminated Chakana's pre-production royalty payment obligations.

Pursuant to the Condor Option, the Corporation must complete 12,500 metres of exploration drilling at the Soledad Project. As at November 30, 2020, the Corporation has drilled over 12,500 metres on the Soledad Project, therefore meeting all of its drilling commitments under the Condor Option.

Exploration activity highlights on the Soledad Project to the date hereof include:

- **Targets:** There are six confirmed outcropping breccia pipes identified to date.
- **Core Drilling:** Total drilling of 30,273 metres in 116 holes drilled to date.

Breccia pipes and targets tested include:

Year	H 1*	H 5	H 3E	H 6	H 3W	H 7	H Corral 1	H 1SE	Other	Total
2017	4,558.76	2,520.50	-	-	-	-	-	-	-	7,079.26
2018	10,235.05	1,579.50	2,567.72	3,093.60	-	-	-	-	-	17,475.87
2019	-	1,957.90	-	1,615.60	493.70	759.45	478.63	163.25	249.30	5,717.83
Total	14,793.81	6,057.90	2,567.72	4,709.20	493.70	759.45	478.63	163.25	249.30	30,272.96

*includes Main and North breccia pipes

Significant core lengths of mineralization were encountered, including these select holes completed on H 1, H 5, H 6 and H 7:

Breccia	DDH#	From (m)	To (m)	Interval	Au (g/t)	Ag (g/t)	Cu%
H 1	SDH17-018	0.00	209.00	209.00	2.22	69.6	0.96
	including	0.00	40.00	40.00	4.21	18.6	
	including	40.00	114.00	74.00	3.31	65.5	1.11
	SDH18-059	0.00	233.00	233.00	1.36	57.2	0.85
	including	0.00	46.00	46.00	2.11	26.1	
	including	46.00	233.00	187.00	1.18	64.9	1.05
	SDH18-077	0.00	244.00	244.00	1.41	55.6	0.91
	including	0.00	50.00	50.00	1.68	17.7	
H 5	SDH17-041	0.00	176.00	176.00	1.81	27.5	
	including	12.00	176.00	164.00	1.68	27.4	0.51
	SDH18-080	0.00	264.00	264.00	1.30	24.3	0.71
	including	0.00	30.00	30.00	1.33	45.8	0.05
H 6	including	30.00	264.00	234.00	1.30	21.6	0.79
	SDH18-090	14.00	44.00	30.00	0.53	17.4	0.03
	and	61.00	103.00	42.00	1.02	115.9	0.51
	SDH18-102	28.00	87.30	59.30	1.28	497.2	0.53
H 7	including	64.50	87.30	22.80	2.93	1283.2	1.37
	SDH19-111	132.65	195.00	62.35	0.43	118.4	0.13
	including	157.00	188.00	31.00	0.68	205.9	0.23
	SDH18-112	65.35	197.00	131.65	0.59	56.9	0.09
including	149.00	181.00	32.00	0.83	127.4	0.14	

Please refer to news releases dated October 6, 2017, February 22, 2018, June 26, 2018, October 18, 2018, November 13, 2018, February 7, 2019, April 2, 2019, July 29, 2019 and September 10, 2019 on www.sedar.com and the Corporation's website at www.chakanacopper.com.



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While drilling the outcropping breccia pipe at H 1, a blind breccia pipe was intersected (North Zone). Drilling at H 1, H 5 and H 6 have confirmed increasing diameters with depth. Mineralization in H 1 North Zone has been intersected to 490 m depth (down hole), in H 5 to 455 m depth and in H 6 Lower Breccia to 778 m depth. All breccia pipes are open at depth.

- **Geophysics:** Both down-hole and surface electromagnetic surveys and a ground magnetics survey were completed within the portions of the Soledad Project where breccia pipes were known or expected based upon soil sampling and geological modeling. This work identified conductive features, some of which yielded additional sulfide mineralization while others remain untested.
- **Geological Modeling:** The Corporation utilizes specialized consultants and exploration software in order to track results and then model results daily in 3-D. This permits a tighter control on drill hole directions while permitting real-time discussions between Peru-based staff and officers or consultants based around the world.
- **Soil Geochemical and Outcropping Rock Sampling** has been completed over the most prospective portions of the Soledad Project. Results have been integrated into our modeling and have yielded both new targets and extensions to known zones.
- **Channel Sampling:** Detailed channel sampling programs were completed on H 1, H 5, H 6 and H 7. Results for H 1 and H 6 were published on October 8, 2020. Results for H 5 and H 7 are pending.

(ii) Aija Project, Peru

On March 20, 2018, the Corporation entered into an Option Agreement (the "Aija Option") with an arm's length third-party, pursuant to which the Corporation has the option to acquire 100% of the rights and interest in the Aija Project subject to a 2% NSR. During the six months ended November 30, 2020, the Corporation renegotiated the payment schedule. The Aija Project includes 3 principal concessions and 7 smaller parcels within one of the principal concessions, totalling in aggregate 574.71 hectares. These concessions are contiguous with the southern boundary of the Soledad Project.

The Corporation's option to acquire 100% of the rights and interests in the Aija Project is exercisable by making aggregate cash payments of US \$2,300,000 as follows:

Installment	Date	Amount (in US \$)
1	Upon execution of Letter of Intent on October 3, 2017 (paid)	\$ 75,000
2	Upon close of Definitive Agreement on August 1, 2018 (paid)	75,000
3	February 1, 2019 (paid)	50,000
4	August 1, 2019 (paid)	50,000
5	February 1, 2020 (paid)	75,000
6	November 1, 2020 (paid)	75,000
7	May 1, 2021	100,000
8	November 1, 2021	100,000
9	May 1, 2022	100,000
10	November 1, 2022	100,000
11	May 1, 2023	1,500,000
Total		\$ 2,300,000

As at November 30, 2020, the Corporation has paid instalments 1 to 6, totalling US \$400,000.

Under the terms of the Aija Option, the vendor is entitled to a 2% NSR. The Corporation may repurchase the 2% NSR at any time for US \$2,000,000. There are no drilling or work expenditure commitments under the Aija Option.



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The Corporation has completed detailed soil and rock sampling, geological mapping, surface electromagnetic surveys and ground magnetics surveys within the portions of the Aija Project where breccia pipes were known or expected based upon soil sampling and geological modeling. Results are encouraging with the identification of nine confirmed breccia pipes within the option. The next steps will be core drilling. The Corporation met with numerous delays in acquiring permits to do this work, largely as a result of inconsistent records at different government ministries; however, all issues were resolved and initiation of activities was granted to the Corporation on July 9, 2020.

On August 15, 2020, a 15,000-metre drill program was initiated within the Aija Option area. This drill program focuses on the Paloma and Huancarama target areas. As described in the highlights section, at the date of this report, 34 drill holes for 6,634 metres at three high priority targets have been completed for 2,038 metres in the Paloma East target and an additional eight drill holes have been completed in the eastern portion of the Huancarama Breccia Complex.

Drill results from holes SDH20-136 to SDH20-139 completed at the Paloma East target at the expanded Soledad Project show significant intervals of mineralization were encountered in all four holes.

DDH #	Az	Dip	From -		Core Length (m)	Au g/t	Ag g/t	Cu %	Cu-Eq %*	Au-eq g/t*
			To (m)							
SDH20-136	45	-70	49.35	55.70	6.35	0.16	37.6	2.27	2.70	4.12
and			76.00	120.00	44.00	0.13	4.5	0.34	0.46	0.71
SDH20-137	233	-75	6.00	81.00	75.00	0.90	22.4			1.19
including			6.00	54.00	48.00	1.34	24.9			1.67
including			20.00	45.00	25.00	2.16	33.7			2.60
including			57.00	81.00	24.00	0.13	19.1	0.80	1.05	1.60
and			86.00	114.00	28.00	0.12	3.6	0.54	0.65	0.99
and			129.00	154.00	25.00	0.06	6.0	0.35	0.44	0.67
and			198.00	207.00	9.00	0.25	24.1	0.26	0.63	0.96
and			289.00	304.00	15.00	0.15	72.0	0.23	0.94	1.44
SDH20-138	207	-65	3.00	229.00	226.00	0.34	16.9	0.36	0.73	1.11
including			21.00	36.00	15.00	2.26	16.6			2.48
including			55.00	159.00	104.00	0.14	11.0	0.60	0.79	1.20
including			64.00	97.00	33.00	0.22	20.3	0.99	1.31	2.00
including			188.00	229.00	41.00	0.33	48.7	0.36	0.99	1.52
including			188.00	204.00	16.00	0.51	65.4	0.55	1.44	2.21
and			331.00	339.00	8.00	0.07	24.4	0.28	0.53	0.82
and			382.00	384.00	2.00	0.08	88.8	0.86	1.67	2.56
and			426.00	429.10	3.10	0.18	18.2	0.51	0.78	1.20
SDH20-139	190	-50	2.00	85.70	83.70	0.56	14.0			0.74
including			3.00	34.00	31.00	1.10	8.8			1.22
and			136.45	145.90	9.45	0.52	77.0	1.19	2.19	3.35

- Elevated gold occurs in the top of holes SDH20-137, SDH20-138 and SDH20-139 with intercepts of 51.0 metres with 1.27 g/t gold and 23.9 g/t silver starting from 6.0 metres depth; 15.0 metres with 2.26 g/t gold and 16.6 g/t silver beginning at 21.0 metres depth; and 31.0 metres with 1.10 g/t gold and 8.8 g/t silver from 3.0 metres depth, respectively.
- In hole SDH20-138 a long interval of moderate grade mineralization was intersected with 226.0 metres with 0.34 g/t gold, 0.36 % copper and 16.9 g/t silver (1.11 g/t gold equivalent) from 3.0 metres.
- Higher grade copper intercepts occur in each hole with 6.35 metres of 2.27% copper in SDH20- 136 from 49.35 metres; 24.00 metres with 0.80% copper in SDH20-137 from 57.00 metres; 33.00 metres of 0.99% copper in SDH20-138 from 64.00 metres; and 9.45 metres of 1.19% copper in SDH20-139 from 136.45 metres.

Holes SDH20-140 to SDH20-142 demonstrate very significant grades for copper and precious metals. Significant intervals of mineralization were also encountered in all three holes. The three holes were collared outside of the breccia pipe in wall rock, drilled through the breccia and exited the breccia on the other side ending in wall rock.

DDH #	From - To (m)		Core Length (m)	Au g/t	Ag g/t	Cu %	Cu-eq %*	Au-eq g/t*
SDH20-140	2.70	5.00	2.30	4.59	10.8			4.73
And	21.00	101.00	80.00	0.39	30.5	0.97	1.49	2.27
Including	22.95	41.00	18.05	0.79	82.7	1.95	3.17	4.85
including	33.00	41.00	8.00	0.73	46.3	4.04	4.91	7.52
SDH20-141	3.60	9.00	5.40	1.49	4.6			1.55
and	28.00	70.65	42.65	1.87	84.5	2.15	4.09	6.26
including	29.00	34.00	5.00	2.66	443.2	0.17	5.70	8.72
including	48.00	70.65	22.65	2.81	56.2	3.80	6.12	9.36
SDH20-142	2.30	8.00	5.70	1.14	8.7			1.25
and	36.00	103.30	67.30	0.79	41.6	0.66	1.53	2.34
including	38.30	55.00	16.70	0.31	120.4	1.17	2.40	3.67
including	73.00	88.00	15.00	2.61	16.8	0.62	2.47	3.78

- Higher grades occur along the margin of the breccia in each hole. Hole SDH20-140 has 80 m of 0.39 g/t Au, 0.97% Cu and 30.5 g/t Ag starting at 21 m. At the first contact with breccia, the north margin zone averages 0.79 g/t Au, 1.95% Cu and 82.7 g/t Ag over 18.05 m. The margin zone on the south side of the breccia averages 0.73 g/t Au, 4.04% Cu and 46.3 g/t Ag over 8 m.
- The north margin zone in hole SDH20-141 is precious metal rich, averaging 2.66 g/t Au and 443.2 g/t Ag over 5 m starting at 29 m. The south margin zone in this hole averages 2.81 g/t Au, 3.80% Cu and 56.2 g/t Ag over 22.65m starting at 48 m.

Holes SDH20-143 to SDH20-145 also showed significant intervals of mineralization. SDH20-143 was drilled as a step-out hole to test the eastern extent of breccia and drill beneath strong quartz-sericite altered volcanic rocks at surface. The outcrops are aligned along an east-northeast structural trend projecting toward Paloma East. The hole did not intersect breccia, but did cut strong mineralization hosted in narrow tourmaline-sulfide replacement zones.

DDH #	From - To (m)		Core Length (m)	Au g/t	Ag g/t	Cu %	Cu-eq %*	Au-eq g/t*
SDH20-143	76.80	79.10	2.30	0.33	106.3	2.53	3.65	5.59
and	87.70	89.70	2.00	11.93	137.3	3.88	12.85	19.66
SDH20-144	5.00	9.00	4.00	2.18	7.5			2.28
and	28.00	30.00	2.00	3.36	180.7	0.91	4.65	7.11
and	63.00	84.00	21.00	1.05	44.6	0.79	1.84	2.82
and	98.00	125.00	27.00	0.19	15.8	0.76	1.02	1.56
and	130.00	130.85	0.85	7.64	838.1	2.38	14.54	22.24
SDH20-145	10.00	23.00	13.00	2.17	43.5	1.69	3.48	5.32
and	31.70	48.00	16.30	5.08	109.3	6.75	11.01	16.83
including	32.40	43.10	10.70	7.25	163.5	10.20	16.34	24.99

- SDH20-144 was drilled through the main breccia body, intersecting two narrow mineralized structures before two significant intervals of breccia with 21 m of 1.05 g/t Au, 0.79% Cu and 44.6 g/t Ag starting at 63 m; and 27 m of 0.19 g/t Au, 0.76% Cu and 15.8 g/t Ag starting at 98 m.
- SDH20-145 was drilled from a platform on the southwest side of the exposed breccia pipe. The hole intersected two zones of high-grade breccia, with the first zone averaging 2.17 g/t Au, 1.69% Cu and 43.5 g/t Ag over 13 m starting at 10 m. The second zone averages 5.08 g/t Au, 6.75% Cu and 109.3 g/t Ag over 16.3 m starting at 31.7 m, including 7.25 g/t Au, 10.2% Cu and 163.5 g/t Ag over 10.7 m from 32.4 m.

Results holes SDH20-145 to SDH20-147 show the following mineralized intervals.

DDH#	From - To (m)		Core Length (m)	Au g/t	Ag g/t	Cu %	Cu-eq %*	Au-eq g/t*
SDH20-145	32.40	43.10	10.7	7.25	163.5	10.2	16.34	24.99
and	59.90	68.00	8.10	0.28	53.8	4.06	4.70	7.19
SDH20-146	No significant results							
SDH20-147	21.60	33.80	12.20	5.76	252.0	2.98	8.90	13.61
and	50.00	55.00	5.00	4.00	37.2	1.99	4.92	7.53
SDH20-148	19.30	54.00	34.70	0.28	13.9	0.72	1.02	1.56
including	19.30	26.00	6.70	0.44	48.7	1.94	2.64	4.04
and	65.00	76.25	11.25	0.36	15.7	0.56	0.93	1.42

- SDH20-145 – an additional intercept further down hole is reported with 8.1 m of 0.28 g/t Au, 4.06% Cu and 53.8 g/t Ag starting at 59.9 m. This interval corresponds to a sulfide-tourmaline replacement structure with abundant chalcopyrite. The mineralized breccia intercept of 7.25 g/t Au, 10.2% Cu and 163.5 g/t Ag over 10.7 m from 32.4 m was previously reported (see news release dated November 18, 2020).
- SDH20-146 was drilled to determine the direction of the high-grade intercept in SDH20-145. This hole failed to intercept breccia on the west side of the breccia body.
- SDH20-147 and SDH20-148 were drilled to the northeast and east-northeast, respectively. SDH20-147 intersected two zones of high-grade breccia, with the first zone averaging 5.76 g/t Au, 2.98% Cu and 252 g/t Ag over 12.2 m starting at 21.6 m. The second zone averages 4.00 g/t Au, 1.99% Cu and 37.2 g/t Ag over 5 m starting at 50 m. SDH20-148 intersected 34.7 m of 0.28 g/t Au, 0.72% Cu and 13.9 g/t Ag from 19.3 m, including 6.7 m with 0.44 g/t Au, 1.94% Cu and 48.7 g/t Ag starting at 19.3 m. Further down in SDH20-148 an intercept of 11.25 m averages 0.36 g/t Au, 0.56% Cu and 15.7 g/t Ag from 65 m.

On December 16, 2020, the Corporation announced results of four additional holes at its high-grade copper-gold-silver Paloma West discovery.

DDH #	From - To (m)		Core Length (m)	Au g/t	Ag g/t	Cu %	Cu-eq %*	Au-eq g/t*
SDH20-149	No Significant Results							
SDH20-150	13.00	81.00	68.00	0.52	22.5	0.72	1.25	1.92
including	14.00	39.00	25.00	0.95	51.6	1.38	2.44	3.74
SDH20-151	23.50	77.00	53.50	0.78	27.4	1.26	2.00	3.07
including	45.30	63.00	17.70	1.76	42.4	2.49	4.00	6.12
and	85.00	95.00	10.00	0.32	39.4	1.20	1.75	2.67
SDH20-152	32.00	133.50	101.50	0.61	19.8	0.91	1.48	2.26
including	32.00	50.00	18.00	0.81	49.1	2.73	3.68	5.63
including	86.00	122.00	36.00	1.05	20.8	0.86	1.72	2.64

- SDH20-149 was drilled to the east-southeast and failed to intersect breccia, which is plunging southwest in the uppermost 70 metres of the breccia body.
- SDH20-150 and SDH20-151 were drilled towards the southeast from the same platform at -45 and -55 inclinations, respectively. Both holes intersected strongly mineralized breccia, including 25 m of 0.95 g/t Au, 1.38% Cu and 51.6 g/t Ag starting at 14 m in SDH20-150; and 17.7 m with 1.76 g/t Au, 2.49% Cu and 42.4 g/t Ag starting at 45.3 m. Both intercepts occur within longer intervals of mineralized breccia.
- SDH20-152 was drilled towards the east at -70 inclination and intersected 101.5 m of mineralized breccia with 0.61 g/t Au, 0.91% Cu and 19.8 g/t Ag starting at 32 m. A higher-grade margin zone within this occurs over 18 m with 0.81 g/t Au, 2.73% Cu and 49.1 g/t Ag starting at 32 m.

On January 12, 2021, the Corporation announced it has resumed its 15,000 m drill program. The Corporation had completed 34 drill holes for 6,634 metres at three high priority targets: Paloma East, Paloma West and the Huancarama Breccia Complex. The Corporation also announced additional positive results from the initial eight drill holes from the eastern portion of the Huancarama Breccia Complex.

DDH #	From - To (m)		Core Length (m)	Au g/t	Ag g/t	Cu %	Cu-eq %*	Au-eq g/t*
SDH20-153	30.70	90.30	59.60	0.20	17.9	0.21	0.49	0.76
including	30.70	47.00	16.30	0.34	12.3	0.10	0.43	0.65
including	57.00	90.30	33.30	0.17	24.4	0.30	0.62	0.95
SDH20-154	54.00	106.05	52.05	0.35	58.3	0.26	0.99	1.51
SDH20-155	9.80	65.30	55.50	0.33	26.8			0.68
including	37.00	62.00	25.00	0.43	42.1			0.98
SDH20-156	67.40	84.95	17.55	0.72	76.0	0.44	1.56	2.39
SDH20-157	84.10	161.00	76.90	0.27	44.3	0.28	0.84	1.28
including	84.10	88.40	4.30	1.03	114.0	1.26	2.91	4.45
SDH20-158	96.70	98.20	1.50	3.38	352.0	0.90	6.12	9.36
and	116.00	139.10	23.10	0.51	36.5			0.99
SDH20-159	71.00	210.00	139.00	0.30	39.2	0.29	0.82	1.26
SDH20-160	92.80	219.00	126.20	0.31	34.6	0.53	1.03	1.57
including	138.00	151.00	13.00	0.60	48.4	1.40	2.21	3.37
including	184.00	205.00	21.00	0.58	58.8	1.35	2.23	3.41

- Holes SDH20-153 to SDH20-155 are shallow holes drilled across the H1 breccia outcrop aiming to the south and southwest. All three holes intersected mineralized breccia; the best intercept is in hole SDH20-154 with 52.05 m of 0.35 g/t Au, 0.26% Cu and 58.3 g/t Ag (1.51 g/t Au-eq) starting at 54 m depth.
- Holes SDH20-156 to SDH20-158 were drilled to the southwest across the H2 breccia. All three holes intersected mineralized breccia and a conglomerate that marks the base of the Calipuy volcanic section with holes SDH20-156 and SDH20-157 ending in pre-breccia granodiorite. At higher levels the breccia appears to be a neck-like body that is expanding at depth. Hole SDH20-156 intersected 17.66 m with 0.72 g/t Au, 0.44% Cu and 76.0 g/t Ag (2.39 g/t Au-eq) starting at 67.4 m depth; hole SDH20-157 intersected 76.90m with 0.27 g/t Au, 0.28% Cu and 44.3 g/t Ag (1.28 g/t Au-eq) from 84.10 m depth.
- Holes SDH20-159 and SDH20-160 were drilled to the southeast from north of H2. Both holes intersected continuous mineralized breccia connecting H2 and H1 and confirming a large lateral extent of breccia. Hole SDH20-159 intersected 139 m with 0.30 g/t Au, 0.29% Cu and 39.2 g/t Ag (1.26 g/t Au-eq) starting at 71 m; hole SDH20-160, drilled directly beneath the collapse zone, encountered 126.2m with 0.31 g/t Au, 0.53% Cu and 34.6 g/t Ag (1.57 g/t Au-eq) from 92.8 m depth. Notably, two high-grade zones occur within this interval: 13m with 0.60 g/t Au, 1.40% Cu and 48.4 g/t Ag (3.37 g/t Au-eq) from 138 m; and 21 m with 0.58 g/t Au, 1.35% Cu and 58.8 g/t Ag (3.41 g/t Au-eq) starting at 184 m depth.

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On January 25, 2021, the Corporation announced results for two additional drill holes from the recently-announced discovery at the Huancarama Breccia Complex, within the Soledad Project.

DDH #	From - To (m)		Core Length (m)	Au g/t	Ag g/t	Cu %	Cu-eq %*	Au-eq g/t*
SDH20-161	86.00	193.00	107.00	0.28	33.7	0.42	0.89	1.36
including	126.00	162.00	36.00	0.34	59.8	0.93	1.66	2.54
SDH20-162	101.30	221.70	120.40	0.51	34.6	0.83	1.46	2.23
including	101.30	173.50	72.20	0.79	46.9	1.32	2.24	3.42
including	109.00	139.00	30.00	1.44	88.2	2.55	4.26	6.50

- Holes SDH20-161 and SDH20-162 were drilled to the northeast from the south side of the breccia complex. Both holes intersected continuous mineralization across the breccia body previously defined by the first eight holes and an historical tunnel that transects the breccia. Hole SDH20- 161 was oriented directly beneath a collapse zone and intersected 107m with 0.28 g/t Au, 0.42% Cu, and 33.7 g/t Ag (1.36 g/t Au-eq) starting at 86m; hole SDH20-162, drilled beneath the west edge of the collapse zone, encountered 120.4m with 0.51 g/t Au, 0.83% Cu, and 34.6 g/t Ag (2.23 g/t Au-eq) from 101.3m depth, including 72.2m with 0.79 g/t Au, 1.32% Cu, and 46.9 g/t Ag (3.42 g/t Au-eq) from 101.3m. A higher-grade zone of 30.0m with 1.44 g/t Au, 2.55% Cu, and 88.2 g/t Ag (6.50 g/t Au-eq) starting at 109.0m depth occurs within this interval.

Please refer to news releases dated October 26, November 10, November 18, December 3, and December 16, 2020 and January 12, 2021 on www.sedar.com and the Corporation's website at www.chakanacopper.com to see details of drill results.

(iii) Barrick Option Agreement

On July 11, 2018, Barrick granted the Corporation an option (the Barrick Option) to acquire a 100% interest in three concessions adjoining the southern extent of the Aija Project. Under terms of the Barrick Option, the Corporation has five years to complete a minimum of 2,000 metres of exploration drilling and produce a Preliminary Economic Assessment report compliant with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. Upon exercise of the Barrick Option, Barrick will retain a 2% NSR subject to the Corporation's right to purchase 50% of the NSR (1%) for US \$2,000,000.

Barrick will have a one-time right to reacquire a 70% interest in the concessions within 120 days of exercising the option (the "Back-In Closing Date") by paying the Corporation three times the aggregate amount of exploration expenditures incurred since the execution date and cancelling the 2% NSR. If a production decision is not made within seven years of the Back-in Closing Date, Barrick will make pre-royalty payments of US \$75,000 per year until a production decision is made for a maximum of five years (US \$375,000). If the Corporation does not contribute its share of project costs their interest will be diluted to 10%, upon which their interest will be converted to a 2% NSR with Barrick's right to purchase 50% of the royalty for US \$2,000,000.

The Corporation has completed detailed soil and rock sampling, geological mapping, surface electromagnetic surveys and ground magnetics surveys within the portions of the Barrick Option concessions where breccia pipes were known or expected based upon soil sampling and geological modeling. Results are encouraging with the identification of seven confirmed breccia pipes within the Barrick Option concessions. The Corporation is working on surface access and modifying the EIA's permit to allow drilling in this area. The Corporation has met with numerous delays due to COVID-19 in acquiring surface access and permits to do this work.

CAPITAL STRUCTURE

As of the date of this MD&A, the Corporation has 93,349,847 (November 30, 2020 - 93,349,847) common shares, nil common share purchase warrants and 6,410,000 (November 30, 2020 - 6,410,000) stock options issued and outstanding.

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During the six months ended November 30, 2020, the Corporation issued 150,000 common shares on exercise of options at an exercise price of \$0.20 per share for total proceeds of \$30,000.

During the year ended May 31, 2020, all warrants expired unexercised. No new warrants were issued during the year ended May 31, 2020 or the six months ended November 30, 2020.

The following incentive stock options were outstanding at November 30, 2020:

Expiry Date	Exercise Price	November 30, 2020	May 31, 2020
September 14, 2022	\$0.40	2,235,000	2,235,000
February 5, 2023	\$0.20	700,000	700,000
March 29, 2023	\$0.94	200,000	300,000
December 12, 2024	\$0.20	1,225,000	1,425,000
July 10, 2025	\$0.40	2,050,000	-
Total outstanding options	\$0.36	6,410,000	4,660,000
Total exercisable options	\$0.39	4,110,000	3,203,750

During the six months ended November 30, 2020, the Corporation granted 2,050,000 incentive stock options to directors, officers and consultants. Each option may be exercised on or before July 10, 2025 at a price of \$0.40.

CAPITAL RESOURCES

The Corporation defines its capital as consisting of shareholders' equity and cash. The Corporation manages its capital structure to maximize its financial flexibility by making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Corporation does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Corporation's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable.

As at November 30, 2020, the Corporation is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Corporation's approach to capital management during the six months ended November 30, 2020.

LIQUIDITY

The Corporation's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The Corporation has historically financed its operations primarily through the sale of share capital by way of private placements.

As at November 30, 2020, the Corporation had cash and cash equivalents of \$4,474,022 and working capital of \$4,111,044.

Cash used in operating activities was \$1,962,106 during the six months ended November 30, 2020. The cash used in operating activities is primarily related to exploration and evaluation expenditures, as well as general corporate expenditures.

Cash used in investing activities was \$248,743 during the six months ended November 30, 2020 and was primarily related to purchases of equipment and option payments related to its exploration and evaluation assets.

Cash from financing activities was \$30,000 during the six months ended November 30, 2020 as a result of the exercise of options.



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The development of the Corporation in the future will depend on the Corporation's ability to obtain additional financings. In the past, the Corporation has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Corporation's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurances that the Corporation will be successful in obtaining any such financing or in joint venturing its property; failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Corporation's properties.

OUTLOOK

The Corporation plans to conduct further exploration on its Soledad project. Further exploration and corporate costs are expected to be funded through future equity financing. As of the date of this MD&A, the Corporation has approximately \$4.5 million in cash and cash equivalents. Exploration will continue to focus on mineralization hosted in tourmaline breccia pipes. Surface exploration over the northern half of the property has largely been completed and drill targets have been defined. On July 9, 2020, the Corporation was granted the necessary permits and restarted its Phase 3b drilling program on August 15, 2020. The goal of this drilling, combined with previous drilling, is to produce the first mineral resource estimate for the project in 2021. Metallurgical studies will be completed to complement the resource estimate. Additional surface exploration work will continue on the south half of the Soledad Project to define additional drill targets, which will be tested once permits for this area are obtained. Based on the level of exploration activity, the Corporation will continue its community relations and development program in the areas close to the Soledad Project.

RELATED PARTY TRANSACTIONS

The Corporation's related parties include officers and directors and companies related by way of directors or shareholders in common.

During the six months ended November 30, 2020 and 2019, the Corporation paid and/or accrued the following fees to key management personnel:

- During the six months ended November 30, 2020, the Corporation incurred \$133,227 (2019 - \$132,015) of consulting fees from David Kelley, the Corporation's Chief Executive Officer. As of November 30, 2020, the amount of \$nil (May 31, 2020 - \$nil) was owing to David Kelley.
- During the six months ended November 30, 2020, the Corporation incurred \$nil (2019 - \$18,900) of consulting fees from Skanderbeg Financial Advisors Inc., a company controlled by Kevin Ma, the former Chief Financial Officer of the Corporation. These services were terminated on January 31, 2020.
- The Corporation is party to a consulting agreement with a firm for which Xavier Wenzel works to provide services as the Corporation's Chief Financial Officer, as well as financial consulting services, accounting and bookkeeping services to the Corporation for \$8,500 per month. For the year ended November 30, 2020, the total fees incurred under this agreement are \$51,000 (2019 - \$nil).
- During the six months ended November 30, 2020, the Corporation incurred \$6,000 (2019 - \$6,000) of consulting expense from John Black, a director of the Corporation. As of November 30, 2020, the amount of \$29,000 (May 31, 2020 - \$29,000) was owing to John Black, which is included in accounts payable and accrued liabilities. The amount owing is non-interest-bearing, unsecured and due on demand.
- During the six months ended November 30, 2020, the Corporation incurred \$30,000 (2019 - \$25,000) of consulting expense from Chelmer Consulting Corp., a company controlled by Darren Devine, a director of the Corporation. As of November 30, 2020, the amount of \$5,250 (May 31, 2020 - \$5,250) was owing to Chelmer Consulting Corp., which is included in accounts payable and accrued liabilities. The amount owing is non-interest-bearing, unsecured and due on demand.
- During the six months ended November 30, 2020, the Corporation incurred \$33,034 (2019 - \$39,649) of consulting expense from Douglas Kirwin, a director of the Corporation. As of November 30, 2020, the amount



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of \$6,482 (May 31, 2019 - \$6,893) was owing to Douglas Kirwin, which is included in accounts payable and accrued liabilities. The amount owing is non-interest-bearing, unsecured and due on demand.

- During the six months ended November 30, 2020, the Corporation incurred \$6,000 (2019 - \$6,000) of consulting expense from Tom Wharton, a director of the Corporation. As of November 30, 2020, the amount of \$Nil (May 31, 2020 - \$5,000) was owing to Tom Wharton, which is included in accounts payable and accrued liabilities. The amount owing is non-interest-bearing, unsecured and due on demand.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation currently has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

The fair value of cash under the fair value hierarchy is measured using Level 1 inputs. The Corporation considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the condensed interim consolidated financial statements approximate their fair values due to the demand nature or short-term maturity of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

FINANCIAL RISK FACTORS

The Corporation's risk exposure and the impact on the Corporation's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of potential loss to the Corporation if the counterparty to a financial instrument fails to meet its contractual obligations. The Corporation's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Corporation limits exposure to credit risk on liquid financial assets through maintaining its cash with a high credit quality financial institution.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations with cash. The ability to do this relies on the Corporation raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Corporation is exposed to liquidity risk.



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Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation has no interest-bearing debt. The Corporation's sensitivity to interest rates is minimal.

Foreign Currency Risk

Foreign currency risk is the risk on fluctuation of currency related to monetary items with a settlement currency other than the Canadian dollar. The functional currency of Chakana is the Canadian dollar and the functional currency of the subsidiary is the US dollar. The Corporation is exposed to foreign currency risk on fluctuations related to cash, receivables, prepayments and accrued liabilities that are denominated in Peruvian soles, US dollars and Canadian dollars. The Corporation has not used derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

BUSINESS RISKS AND UNCERTAINTIES

Additional information on risks and uncertainties relating to Chakana's business is provided in Remo Resources Inc.'s Filing Statement dated December 4, 2017 under the heading **Risk Factors**. This Filing Statement is accessible under the Corporation's profile at www.sedar.com.

CONTRACTUAL OBLIGATIONS

The Corporation leases various premises under operating leases that expire from January 31, 2021 to July 31, 2021. The Corporation is obligated to make \$75,244 in minimum lease payments under the premise leases in the fiscal year to end May 31, 2021.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Corporation's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed interim consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ significantly from these estimates.

Areas requiring a significant degree of judgment relate to the recoverability and measurement of deferred tax assets and liabilities, the ability to continue as a going concern and the capitalization of development costs. Actual results may differ from those estimates and judgments. Areas requiring a significant degree of estimation include allowances for doubtful accounts.

Judgments that have the most significant effect on the amounts recognized in the Corporation's condensed interim consolidated financial statements are as follows:

- *Exploration and Evaluation Assets*

The net carrying value of each mineral property is reviewed regularly for conditions that suggest potential indications of impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising, such that no more work is being planned in the foreseeable future.



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- *Going Concern*

The assessment of the Corporation's ability to continue as a going concern involves critical judgment based on historical experience and expectations of the Corporation's ability to generate adequate financing. Significant judgment is used in the Corporation's assessment of its ability to continue as a going concern.

- *Value-added Tax Receivable*

The Corporation has a signed agreement with the Peruvian Ministry of Energy and Mines to receive a refund on value-added taxes for certain exploration related expenditures incurred by the Corporation in Peru, prior to the Corporation generating sales. These value-added tax receivables are subject to review by the Peruvian tax authorities. Management is required to assess the likelihood of approval for the expenditures filed for refund and collectability of the value-added tax receivables from the Peruvian Ministry of Energy and Mines.

- *Income Taxes*

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward.

The determination of the ability of the Corporation to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Corporation. Management is required to assess whether it is probable that the Corporation will benefit from these prior losses and other deferred tax assets. Change in economic conditions, metal prices and other factors could result in revision to the estimates of the benefits to be realized or the timing of utilizing the losses.

- *Functional Currency*

The functional currency for the Corporation's subsidiary is the Peruvian sol – the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

SIGNIFICANT ACCOUNTING POLICIES

The Corporation's significant accounting policies are summarized in Note 3 to the audited consolidated financial statements for the year ended May 31, 2020.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may be deemed "forward-looking statements", including statements regarding developments in the Corporation's operations in future periods, adequacy of financial resources, and future plans and objectives of the Corporation. All statements in this document, other than statements of historical fact, which address events or developments that the Corporation expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, liquidity and effects of accounting policy changes.

Although the Corporation believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance, and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals, and general economic, market or business



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conditions, including, but not limited to, the impact of the COVID-19 pandemic, see **General Overview of Market Conditions** on page 2 of this MD&A. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on this forward-looking information.

Forward-looking statements are based on the beliefs, estimates and opinions of the Corporation's management on the date the statements are made. The Corporation undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates, opinions or other factors should change, except as required by law.

These statements are based on a number of assumptions, including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Corporation and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Corporation's transactions and exploration and development programs on reasonable terms, and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.