



# cascaderocopper

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED FEBRUARY 28, 2023

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial position and results of operations of Cascadero Copper Corporation (the "Company" or "Cascadero") as at February 28, 2023 and should be read in conjunction with the Company's condensed interim consolidated financial statements and related notes attached hereto. The Company's condensed interim consolidated financial statements have been prepared in accordance with International Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The effective date of this report is May 1, 2023. All figures are presented in Canadian dollars, unless otherwise indicated.

### FORWARD-LOOKING STATEMENTS

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates and the interpretation of drill results may also be considered as a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of the effective date of this MD&A.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements, include, but are not limited to, possible variations in mineral resources, labour disputes, operating or capital costs; availability of sufficient financing to fund planned or further required work in a timely manner and on acceptable terms; failure of equipment or processes to operate as anticipated; and political, regulatory, environmental and other risks of the mining industry.
- Subject to applicable laws, the Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

## GENERAL

The Company was incorporated pursuant to the Alberta Business Corporations Act on October 30, 2003 and continued into the Province of British Columbia on June 3, 2004. The Company is listed on the TSX Venture Exchange and trades under the symbol "CCD". The Company is engaged in the business of acquiring and exploring mineral properties located in Argentina. The Company is considered to be in the exploration stage. The Company's head office and principal address are located at #395, 901 West Third Street, North Vancouver, B.C. V7P3P9

Additional information related to the Company is available on its website at [www.cascadero.com](http://www.cascadero.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## DESCRIPTION OF BUSINESS

The Company is in the process of exploring and developing mineral properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for investment in joint venture and exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the exploration and evaluation assets, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets.

## PERFORMANCE SUMMARY

The Company operates in one jurisdiction: Argentina via entities incorporated in Argentina, Salta Exploraciones S.A., Cascadero Minerals S.A., Salta Geothermal S.A. ("SGSA") and Trumetals S.A. (collectively "the Argentina Entities"). On November 30, 2016, the Company and Regberg Ltd. ("Regberg") closed an agreement that enabled Regberg to have a 30% beneficial interest in Cascadero Minerals Corporation ("CMC"), a subsidiary of the Company. The Company has concluded that the Argentina Entities is a joint venture and the Company retained joint control in these entities, effective November 30, 2016. Subsequent to December 1, 2016, the Company has accounted for its interests in the Argentina Entities using the equity method on a 70/30 basis. During the three months ended February 28, 2023 the Company's share of loss of the Argentina Entities was \$998.

Effective on March 13, 2020, Regberg has, with the consent of the Company, transferred all of its shares in CMC to NB Projects Asia Pte. Ltd. ("NB Projects Asia"). CMC, the Company, Regberg and NB Projects Asia entered into an Assignment and Assumption Agreement dated March 13, 2020 pursuant to which NB Projects Asia has agreed to assume, be bound by, and discharge the obligations of Regberg under the CMC Shareholders' Agreement.

On December 2, 2019, the Company and its subsidiaries, CMC and SGSA, entered into an Exploration and Development Earn-in Agreement (the "Earn-In Agreement") with Golden Minerals Company ("Golden"), a public company based in Golden, Colorado. Pursuant to the Earn-In Agreement, SGSA granted Golden the exclusive right to acquire a 51% ownership interest in the Sarita Este Concession by payment of:

- A non-refundable payment in cash of \$197,881 (US\$150,000);
- Incurring a total of US\$2.5 million of minimum work requirements for exploration and development expenditures; or
- By cash payments in lieu of annual work commitments, as follows: (1) US\$300,000 in the second year, plus a 2,000-metrecore drilling program on the Concession; (2) US\$500,000 in the third year; and (3) the remaining balance of US\$1.7 million by the end of the fourth year.

Golden has since completed some technical work on the Sarita Este property. The work was divided into three stages: 1) initial data review and compilation, 2) field observations, data collection, sample prep and submittal and 3) data interpretation, data base organization.

Golden began an approximately 3,000-meter drill program at Sarita Este on June 24, 2021. Golden is targeting a copper porphyry system with some similarities to Taca Taca in the northeast portion of the Sarita Este claim at the Kachi target and a high sulfidation gold-silver system in the southern portion of the concession at the Sico target. On July 5, 2022, an interim report on field activities conducted on the Sarita Este claim was received from Golden.

On August 4, 2022, the Company announced that Golden has completed 10 DDH during its initial drill program, as reported in January 2022, and has now reported assays for 10 of the 22 holes drilled during the current program. Further details on the preliminary results of the drill program at Sarita Este Prospect can be found on Golden's website at [https:// www.goldenminerals.com](https://www.goldenminerals.com).

In mid-October 2022, Cascadero was informed by Golden that a recent ruling by the Salta Mining Court to invalidate the Desierto I concession is being appealed. By mutual agreement of the parties, Golden manages the Desierto I and II concessions in which Cascadero has a one-third interest. A court date has not yet been set, but Golden has submitted all of the information about its activities on the Desierto concessions to the Registry representatives who also made a field inspection and are expected to instruct the panel of judges that they should rule in our favor. We expect the court hearing procedure to be held in the next few months with resolution before summer 2023.

On December 15, 2022, Golden announced assay results from 31 holes of the DD program recently completed on the Sarita Este property, totaling 1,825 meters. The recent results confirm the mineralization at Sico is concentrated on the eastern flank of the prospect, and the drilling to date has intercepted a mineralized footprint of approximately 300m x 120m with potential to expand in multiple directions. The Company has planned a follow up drilling campaign to test the trend of the mineralization, to follow up on the open trends, and to increase the size of the mineralized zone as well as to test targets to the north. Recent trenching to the north of the Sico prospect has uncovered quartz-hematite veins which appear mineralized and which have been sampled and sent for analysis. Mineralization at Sico is hosted in near-surface iron-oxide bearing veins, veinlets and fractures within Tertiary volcanic rocks. Recently completed testing for cyanide extractability of gold shows excellent recoveries averaging 89%. The prospect lies approximately 3km southwest of the Taca Taca copper porphyry deposit (owned by First Quantum Minerals) and 55km directly north of the currently producing Lindero gold mine (owned by Fortuna Silver).

In January 2023, Golden Minerals provided notice that they are electing to exercise their option to hold 51% of the Sarita Este concession as provided for in our Earn In Agreement dated December 2, 2019.

In March 2023, Cascadero commenced a laboratory testing program on mineral samples from Taron (Argentina) deposit at the University of British Columbia. The Cascadero Copper Corporation Cesium Extraction Process (United States Patent 10,738,370, August 11, 2020) uses acid extraction to dissolve cesium from Taron mineralization. Cesium is then precipitated from solution as a cesium alum with addition of aluminum sulfate. The cesium alum is then recrystallized and purified to form a cesium hydroxide solution. Cesium hydroxide is a precursor for manufacture of cesium salts, including cesium formate for drilling fluid (for oil and gas drilling). The objective of the testing program is to investigate acid leaching of cesium with the goal of minimizing the acid usage per unit of cesium extraction and recovering dissolved cesium from solution. The testing will last 3 months. The test results from this program will be used to complete an engineering scoping study on the recovery of cesium from the Taron mineralization.

## **HISTORIC EXPLORATION INFORMATION**

### **ARGENTINA**

In 2016, the Company focused on reorganizing its Argentine property portfolio. Field work did not get underway until mid-2016 when the Company decided to conduct a second drill program on the Taron property. Taron was the focus of field work and the drill program was completed. As discussed above, and on November 30, 2016, the Company and Regberg closed an agreement that enabled Regberg to have joint control with the Company on Argentine properties' operations. No project spending on Argentine properties occurred in 2021 and 2022, other than the minimal costs to keep the properties in good standing.

## SELECTED QUARTERLY INFORMATION

The following are selected financial data from the Company's unaudited financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended February 28, 2023.

	<b>February 28, 2023</b>	<b>November 30, 2022</b>	<b>August 31, 2022</b>	<b>May 31, 2022</b>
Total assets	\$668,297	\$720,926	\$785,811	\$920,993
Working capital	469,709	476,589	562,624	610,865
Shareholders' equity	469,709	476,589	562,624	610,865
Net loss	(6,851)	(85,921)	(48,122)	(83,677)
Basic and diluted loss per share	(0.000)	(0.000)	(0.000)	(0.000)

	<b>February 28, 2022</b>	<b>November 30, 2021</b>	<b>August 31, 2021</b>	<b>May 31, 2021</b>
Total assets	\$1,154,020	\$137,848	\$125,279	\$86,583
Working capital (deficiency)	694,542	(626,529)	(401,054)	(334,783)
Shareholders' equity (deficiency)	694,542	(626,529)	(401,054)	(334,783)
Net loss	(62,605)	(255,841)	(55,909)	(157,534)
Basic and diluted loss per share	(0.000)	(0.001)	(0.000)	(0.001)

The working capital increased for the quarter ended February 28, 2022 as a result of the rights offering closed on January 17, 2022.

## RESULTS OF OPERATION

The Company had a net loss of \$6,851 (\$0.000 per share) for the three months ended February 28, 2023 compared to a loss of \$62,605 (\$0.000 per share) for 2022. The decreased loss during the three months ended February 28, 2023 compared with 2022 was primarily due to the decrease of \$18,928 in general and administrative expense, decrease of \$7,895 in management fees and decrease of \$17,231 in share of loss of investment in joint venture.

Significant expenses incurred during the three months ended February 28, 2023 are as follows: \$14,551 (2022 - \$33,479) in general and administrative and \$6,023 (2022 - \$9,613) in professional fees.

Summarized financial information of the Argentina Entities and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	<b>February 28, 2023</b>	November 30, 2022
	<b>\$</b>	<b>\$</b>
Current assets	<b>41,660</b>	50,715
Current liabilities	<b>(187,586)</b>	(226,144)
Non-current liabilities	<b>(192)</b>	(225)
Net liabilities	<b>(146,118)</b>	(175,654)
Ownership interest	<b>70%</b>	70%
Proportion of the Company's ownership interest	<b>(102,283)</b>	(122,958)

	<b>Three months ended February 28, 2023</b>	Three months ended February 28, 2022
	<b>\$</b>	<b>\$</b>
Revenue	—	—
Expense	<b>998</b>	18,229
Net and comprehensive loss	<b>(998)</b>	(18,229)

The Argentina Entities had no material contingent liabilities and no capital commitments as at February 28, 2023 and November 30, 2022

## **FINANCING ACTIVITIES**

On July 29, 2021, the Company entered into a promissory note (“Promissory Note”) with Springhill, for proceeds of \$150,000. The Promissory Note could be repaid at any time without penalty and was unsecured and non-interest bearing, and was to mature on the earlier of the Company raising \$500,000 in a financing or July 7, 2022. The Promissory Note was repaid in full in March 2022.

On January 17, 2022, the Company closed its rights offering (the “Rights Offering”) and issued 100,043,291 common shares of the Company at a price of \$0.015 per share for total gross proceeds of \$1,500,649. In addition, the Company issued 9,663,482 non-transferable compensation warrants to each of the two subscribers in consideration for providing a stand-by commitment for the Rights Offering. Each such non-transferable compensation warrant is exercisable for one share at a price of \$0.05 per share expiring on January 17, 2027. Cash share issue costs of \$117,000 were incurred with respect to the Rights Offering.

In March 2023, the TSX Venture Exchange has consented to the extension of the expiry date of the warrants that were issued on April 1, 2021 to purchase a total of 14,285,714 common shares of the Company at an exercise price of \$0.05 per share (the “Warrants”) from 24 months from the date of issuance to 48 months from the date of issuance. The new expiry date for the Warrants will be April 1, 2025.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at February 28, 2023, the Company held cash of \$576,127 and had a working capital of \$469,709. During the three months ended February 28, 2023, net cash used in operating activities was \$98,107. The Company invested \$8,027 in joint venture as part of investing activities. The Company needs to complete additional financings in order to maintain its current activity levels and to fund ongoing operations. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the future.

As at February 28, 2023, the Company had not yet achieved profitable operations and had an accumulated deficit of \$29,458,390 since inception. The condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Management believes that a future sale of properties in this area is possible and that a sale, after costs and taxes, would result in liquidity to the Company. The condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business. Such adjustments could be material.

Historically the Company has financed its operations primarily through equity issuances and through loans from directors and officers and has no regular source of revenue or cash flow. The Company is dependent upon its ability to obtain the necessary financing to generate enough cash and cash equivalents, in the short and long term to meet its obligations as they become due and finance its exploration programs. Since February 2020, the coronavirus (“COVID-19”) has threatened a slowdown in the global economy and caused volatility in the global financial markets. The Company’s business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia’s military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the pandemic and the war in Ukraine to the business to be limited, the indirect impacts on the economy could negatively affect the business and may make it more difficult to raise equity or debt financing.

The outcome of these matters cannot be predicted at this time. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. The above factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

## **CAPITAL EXPENDITURES**

No capital expenditures were incurred during the three months ended February 28, 2023 and 2022. The Company does not currently have any capital expenditure commitments.

## **RELATED PARTY TRANSACTIONS**

The related party balances and transactions not disclosed elsewhere in these consolidated financial statements are listed below. Related party transactions in normal course of operations are measured at the exchange amount. Due to the related parties are unsecured and non-interest bearing.

- a) The Company has the following balances owed to related entities as at February 28, 2023:
  - (i) \$3,507 (November 30, 2022 - \$12,277) included in accounts payable and accrued liabilities owing to a company in which the CFO is an owner.
- b) On July 7, 2021, the Company entered into a promissory note ("Promissory Note") with Springhill Investments Ltd. ("Springhill"), a company wholly-owned by Mr. Lorne Harder, a Director and Chairman of the Company, for proceeds of \$150,000. The Promissory Note was non-interest bearing and was to mature on the earlier of the Company raising \$500,000 in a financing or July 7, 2022. The Promissory Note was repaid in full in March 2022.
- c) During the three months ended February 28, 2023, the Company had the following transactions with related parties:
  - (i) Incurred \$3,796 (2022 - \$3,613) in accounting fees paid to a company in which the CFO is an owner; and
  - (ii) Incurred \$nil (2022 - \$7,895) in management consulting fee to a corporation controlled by a former director of the Company.
- d) Key management compensation

Key management includes the directors of the Company, CEO and CFO. The compensation paid or payable to key management for services during the three months ended February 28, 2023 and 2022 is identical to the disclosure above other than share-based payments. Key management personnel were not paid post-employment benefit, termination fees or other long-term benefits during the three months ended February 28, 2023 and 2022.

## **CONTINGENCY**

The Company entered into an agreement dated September 3, 2015 with an Argentine drilling contractor, pursuant to which the Company agreed to pay up to a maximum amount of US\$1 million in the event of a sale of part, or whole, of any of the mining concessions in the Company's Taca Taca Group. The Taca Taca Group, for the purposes of this agreement, consists primarily of (a) Sarita Sur, (b) Sarita Este, (c) La Sarita I, (d) La Sarita II, (e) the 50% interest over Francisco 1, (f) the 50% interest over Francisco 2, (g) the 33.3% interest over Desierto I, and (h) the 33.3% interest over Desierto II.

The Company and contractor have agreed that the Earn-in Agreement with Golden constitutes a sales transaction as described in the Contingent Agreement and the contractor is entitled to 50% of the US\$150,000 payment received, creating an obligation of US\$75,000 to the contractor. This amount has been fully paid as at November 30, 2022 and February 28, 2023.

The US\$75,000 payment has been credited towards the maximum contingent liability amount of US\$1,000,000, which has reduced the contingent liability to a maximum amount of US\$925,000.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

## **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

### (i) Judgments

#### *Valuation of exploration and evaluation expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditure (including those incurred in Argentina Entities) requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Significant judgement is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.

#### *Joint Arrangement*

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over the other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced or jointly controlled and require equity accounting. Determination of the date that the Company's interest in the Argentine Entities changed from control to joint control also required significant judgment. The Company has determined that effective November 30, 2016, the Company lost control in the Argentina Entities and retained joint control in these entities as the participating parties have joint control and a right to the net assets of the arrangement.

Significant judgments and estimates are also required to determine the fair value of the investments retained in the Argentina Entities that were the former subsidiaries.

At each reporting date, the Company determines whether there is objective evidence that the investment in joint venture is impaired. Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of the investment in associate or joint venture may exceed its recoverable amount.

#### *Provision*

Management assesses the probability of a liability being payable as either remote, more than remote or probable. If the liability is considered to be less than probable, then the liability is not recorded and it is only disclosed as a contingent liability.

(ii) Estimates

*Share-based payment transactions*

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment are disclosed in Note 7(c) of the consolidated financial statements.

**OUTSTANDING SHARE CAPITAL AS AT THE DATE OF THIS MD&A**

<b>Authorized</b>	Unlimited number of no par value common shares
<b>Issued and outstanding common shares</b>	<b>300,129,871</b>
Stock Options	15,000,000
Warrants	33,612,678

**Stock Options and Warrants outstanding at May 1, 2023:**

OPTIONS ISSUED	EXERCISE PRICE PER SHARE	EXPIRY DATE
15,000,000	\$0.05	February 18, 2026

  

WARRANTS ISSUED	EXERCISE PRICE PER SHARE	EXPIRY DATE
14,285,714	\$0.05	April 1, 2025
19,326,964	\$0.05	January 17, 2027

**DISCLOSURE CONTROLS AND PROCEDURES**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109") the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the three months ended February 28, 2023 and accompanying MD&A.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

**RISKS AND UNCERTAINTIES**

The exploration and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not be successful in overcoming. Few mineral properties which are explored ultimately develop into producing mines. There has been no commercial production of minerals on properties held by the Company to date and there is a high degree of risk that commercial production of minerals will not be achieved.

Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The mining industry is intensely competitive. The commercial viability of a mineral deposit depends on a number of factors including the particular attributes of the deposits (principally size and grade), proximity to infrastructure, the impact of mine development on the environment, environmental regulations imposed by various levels of government and the competitive nature of the industry which causes mineral prices to fluctuate substantially over short periods of time. There can be no assurance that the minerals can be marketed profitably or in such a manner as to provide an adequate return on invested capital.



The operations of the Company are subject to all of the risks normally associated with the operation and development of mineral properties and the development of a mine, including encountering unexpected formations or pressures, caving, flooding, fires and other hazards, all of which could result in personal injuries, loss of life and damage to property of the Company and others. In accordance with customary industry practice, the Company is not fully insured against all of these risks and insurance may not be available for such risks.

The operations of the Company's properties will be subject to various laws and regulations relating to the environment, prospecting, development, production, waste disposal and other matters. Amendments to current laws and regulations governing activities related to the Company's mineral properties may have material adverse impact on operations.

The Company will need additional funding to complete its short and long term objectives. The ability of the Company to fund its operations in the future will depend on the prevailing market conditions, as well as the business performance of the Company. There can be no assurances that the Company will be successful in its efforts to raise additional financing on terms satisfactory to the Company. If adequate funds are not available or not available on acceptable terms, the Company may not be able to take advantage of opportunities, to acquire new projects or to otherwise respond to competitive pressures.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent global and geopolitical events, including the COVID-19 pandemic, relations between NATO and Russian Federation regarding the conflict in Ukraine, and potential economic challenges such as the risks of higher inflation (with Argentina dealing with one of the highest rates of inflation in the world), recession and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business and the ability of the Company to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.