



# MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTH PERIOD ENDED

APRIL 30, 2016

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*This discussion and analysis should be read in conjunction with consolidated audited financial statements and related notes thereto for the three month period ended April 30, 2016 and 2015 (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards. All amounts in the financial statements and this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated. This Management Discussion and Analysis ("MD&A") is dated June 29, 2016, and discloses specified information up to that date.*

## **FORWARD LOOKING INFORMATION**

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to Handa Copper Corporation ("Handa" or the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements.

Forward-looking statements or information relate to the Company's anticipated content and cost of exploration programs, anticipated timing and results of exploration programs, planned exploration and development programs, and the potential for a production decision to be made.

Forward-looking statements or information are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements or information, including, without limitation, risks relating to uncertainty as to actual capital costs, operating costs, production and economic returns, and uncertainty that development activities will result in a profitable mining operation.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements or information. The Company's forward looking statements and information are based on beliefs, expectations, and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward looking statements or information.

### **1. DESCRIPTION OF BUSINESS**

Handa Copper Corporation (formerly New Hana Copper Mining Ltd.) (the "Company") was incorporated under the laws of the Province of British Columbia on November 10, 2009. The Company is a junior mineral exploration company engaged in the acquisition, exploration and development of prospective precious, base metal and other mineral exploration projects worldwide. Its registered records office is located at Suite 1500, 701 West Georgia Street, Vancouver, BC, V7Y 1C6. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol 'HEC'. To date, the Company has not earned operating revenue.

## **2. DISCUSSION OF OPERATIONS AND OVERALL PERFORMANCE**

### **Key Project Specifics:**

Handa has entered into Option Agreements on two copper exploration projects in the Republic of Congo (Brazzaville) referred to as the 'Maboudou Project' and 'Banda Kayes' Project. The exploration and development of these projects will be the focus of Handa's activities for the foreseeable future.

### **MABOUDOU AND BANDA KAYES PROJECTS, REPUBLIC OF CONGO:**

The Maboudou and Banda Kayes projects represent a large and strategic land holding within the West Congolian Copper Belt in the Republic of Congo (Brazzaville).

The Company is targeting large, medium-to-high grade Copperbelt-style copper-cobalt deposits on the basis of the striking geological similarities between the West Congolian Copper Belt and the Central African Copper Belt. In ore-deposit model terms, all the necessary ingredients are present and the abundant historical copper showings prove that a mineralizing system exists in the region. However, there has been very little systematic exploration carried out in the area since the 1960s since which time there have been many important improvements in geological understanding and exploration techniques. The Company therefore considers the Projects to represent unique and attractive opportunities consistent with its strategy of identifying copper projects in some of Africa's most prospective geological belts.

The Maboudou and Banda Kayes transactions were approved by the TSX-V in August 2014 and field activities associated with the 1st phase of the planned exploration program commenced in September 2014. The Company's ability to quickly and cost-effectively establish well-designed field programs in any jurisdiction in Africa represents a key strategic advantage and core strength.

### **DIVINIE AND MAKABANA**

On April 19, 2014, the Company entered into a letter agreement with Ishara Investment Limited ("Ishara") to acquire up to 100% interest in the Divinie and Makabana Prospecting Authorizations (the "Authorizations") in the Republic of Congo. Ishara has submitted applications to the Government of Republic of Congo for these Authorizations, which were issued effective July 17, 2014. Upon 30 days after these Authorizations are issued, a definitive acquisition and earn-in agreement shall be executed.

The Company paid deposits of US\$50,000 for each of the Authorizations, which are to be applied toward the first option payment when due. During the year ended January 31, 2016, the Company did not reach a definitive acquisition agreement and did not renew the applications. As a result, an impairment of \$110,650 was charged to the statement of comprehensive loss for the year ended January 31, 2016.

**3. RESULTS OF OPERATIONS QUARTER ENDED**

	Three months ended April 30,	
	2016	2015
<b>Operating expenses:</b>		
Depreciation	\$ -	\$ 2,890
Directors fees	-	7,875
Exploration cost	4,940	80,317
Filing and regulatory fees	5,868	13,843
Investor relations, promotion and advertising	480	5,412
Office and administration	971	4,057
Professional and consulting fees	14,554	24,443
Share-based payments	7,531	-
Wages and management fees	4,500	85,661
	<b>38,844</b>	<b>224,498</b>
Loss from operations		
Other income (expenses):		
Finance income	1,581	1,508
<b>Net loss</b>	<b>(37,263)</b>	<b>(222,990)</b>

**Loss**

The net loss for the quarter ended April 30, 2016, was \$37,263 compared to a loss of \$222,990 for the quarter ended April 30, 2015, representing a decrease of \$185,727.

Overall, the Company continues to examine all expense categories and reduce costs.

**Expenses**

For the quarter ended April 30, 2016, total expenses were \$38,844 compared to \$224,498 recorded during the same period in 2015, representing a decrease of \$185,654 or 83%. Included in expenses is a non-cash charge of \$7,531 (April 30, 2015 - \$Nil) for share-based compensation. After deducting this non-cash adjustment for expenses, expenses totalled \$31,313 (April 30, 2015 - \$224,498) representing a decrease of \$193,185 or 86%. Material variances over the comparable period are discussed below.

**Wages and Management Fees**

Wages and management fees were \$4,500 for the quarter ended April 30, 2016, compared to \$85,661 in the prior year. The Company has implemented cost savings and reduced wages and management fees.

## Share Based Payments

These non-cash expenditures are a function of the implementation of the methodology used for calculating share based payment values, and a direct result of stock options vested.

## Exploration costs

Exploration costs were \$4,940 for the quarter ended April 30, 2016 compared to \$80,317 in the prior year. The variance in the comparative periods related to exploration and site investigation costs are determined by management's decisions on activities, and prudent use of available cash funds.

## 4. SUMMARY OF QUARTERLY FINANCIAL INFORMATION

	2017		2016			2015		
	Apr. 2015	Jan. 2016	Oct. 2015	Jul. 2015	Apr. 2015	Jan. 2015	Oct. 2014	Jul. 2014
	\$	\$	\$	\$	\$	\$	\$	\$
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total assets	676,838	701,744	924,107	1,110,408	1,327,470	956,493	1,261,372	1,698,733
Working capital	164,415	194,147	206,392	361,274	589,891	163,022	501,832	1,530,650
Expenses	38,844	84,977	182,484	275,250	224,498	311,379	464,534	275,413
Loss and comprehensive loss	(37,263)	(330,443)	(181,800)	(271,404)	(220,200)	(338,620)	(455,581)	(274,597)
Loss per common share – basic and diluted	(0.00)	(0.01)	(0.01)	(0.02)	(0.02)	(0.04)	(0.05)	(0.03)

## Discussion

The operating results of junior exploration companies are capable of demonstrating wide variations from period to period. Other than the factors leading to certain costs already discussed, management of the Company does not believe that meaningful information about the Company's operations can be derived from an analysis of quarterly fluctuations in any more detail than presented here.

## 5. LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2016, the Company had current assets of \$211,361 and current liabilities of \$49,946 compared to current assets of \$236,267 and current liabilities of \$42,120 as at January 31, 2016. Working capital was \$164,415 at April 30, 2016. compared to \$194,147 at January 31, 2016.

**In the future, the Company will need to continue raising additional capital for property exploration and development, and for general corporate requirements. As a public company, the evaluation by the investment community and individual investors will determine the outcome of any financing in the public market.**

## 6. OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## 7. TRANSACTIONS WITH RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

### Key Management Compensation

At April 30, 2016, \$2,936 is receivable from a related party (2016 -\$2,936) and is included in other receivables (Note 4).

At April 30, 2016, \$Nil (2016 - \$1,388) is payable to a company controlled by a director of the Company and is included in accounts payable and accrued liabilities (Note 7).

The Company incurred the following transactions with directors and companies that are controlled by directors of the Company:

	April 30, 2016	April 30, 2015
Director fees	\$ -	\$ 7,875
Management fees	4,500	71,407
	<u>\$ 4,500</u>	<u>\$ 79,282</u>

Key management compensation:

	April 30, 2016	April 30, 2015
Management fees	\$ 4,500	\$ 71,407

## 8. PROPOSED TRANSACTIONS

The Company is continuously evaluating new opportunities that could include a joint venture, a disposal of the project or a sale of the Company. While various negotiations may be ongoing at any given time, these may or may not be successful. The Company considers opportunities where there is expected to be significant value to the shareholders. At this date, the Board of Directors have not approved any transaction, nor presented any potential transaction to the shareholders.

## 9. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after February 1, 2015, or later periods. The following new standards, amendments and interpretations that have not been early adopted in the Financial Statements are not expected to have a material effect on the Company's future results and financial position:

IFRS 9 — Financial instruments, classification and measurement

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new

standard.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## **10. FINANCIAL INSTRUMENTS**

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. Unrealized gains and losses on the fair value of such assets are recognized in other comprehensive income whereas impairment losses and foreign exchange gains and losses on such assets are recorded in the statement of loss.

The Company has classified its cash and cash equivalents, and other receivables as loans and receivables. Trade payables and accrued liabilities are classified as other financial liabilities.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of an instrument is considered to determine whether impairment has arisen.

## **11. RISKS RELATED TO THE COMPANY'S BUSINESS**

Mineral property exploration is a speculative business and involves a high degree of risk. There is a probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis to further the development of a property. Capital expenditures to support the commercial production stage are also very substantial.

The following sets out the principal risks faced by the Company.

**History of Net Losses.** The Company has a history of net losses and negative cash flows from operations and the Company expects to incur net losses and negative cash flows from operations for the foreseeable future. As of April 30, 2016, the Company's deficit totaled approximately \$6,782,820. None of the Company's properties has advanced to the commercial production stage and the Company has no history of earnings or positive cash flow from operations.

The Company expects to continue to incur net losses unless and until such time as one or more of its projects enters into commercial production and generates sufficient revenues to fund continuing operations or until such time as the Company is able to offset its expenses against the sale of one or more of its projects, if applicable. The development of the Company's projects to achieve production will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred and the execution of any sale or joint venture agreements with strategic partners, some of which are beyond the Company's control. There is no assurance that the Company will be profitable in the future.

**Exploration Risks.** The Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geologic interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be inaccurate. There can be no assurance that resource or other mineralization figures will be accurate or that this mineralization could be mined or processed profitably.

**Permitting Risks.** There is no assurance that delays will not occur in connection with obtaining all necessary such permits for the Company's proposed operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation.

**Market Risks.** The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

**Commodity price risks.** An adverse change in the targeted commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

**Financing Risks.** Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets and general operations as a public company. While the Company has been successful in obtaining financing from the capital markets in recent years, there can be no assurance that the capital markets will remain favorable in the future, and/or that the Company will be able to raise the financing needed to continue its operations on favorable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

**Share Price Volatility and Price Fluctuations.** In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

**Currency Risks.** The Company's exploration expenditures are predominately in and equity raised is predominately in Canadian dollars. The financial risk is the risk to the Company's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

**Key Personnel Risks.** The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

**Competition.** Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

**Foreign Countries and Regulatory Requirements.** The properties are in the Congo, Africa. Consequently, the Company is subject to certain risks associated with foreign ownership, including currency fluctuations, inflation, and political risk. Both mineral exploration and mining activities and production activities in foreign countries may be affected in varying degrees by political stability and government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to community rights, restrictions on production, price controls, export controls, restriction of earnings, taxation laws, expropriation of property, environmental legislation, water use, labour standards and workplace safety.

**Environmental and Other Regulatory Requirements.** The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, will be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties.

To the best of the Company's knowledge, it is currently operating in compliance with all applicable environmental regulations.

**Going Concern.** It is assumed that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at April 30, 2016, the Company had not advanced its mineral properties to commercial production. The Company had not achieved profitable operations, had accumulated losses of \$6,782,820 since inception and expects to incur further losses in the development of its business, all of which indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its mineral property exploration activities and its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

**Conflicts of Interest.** Certain of the directors and officers of the Company are also directors, officers or shareholders of other natural resource or mining-related companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest that they may have in any project or opportunity of the Company. If a conflict of interest arises in a matter to be discussed at a meeting of the board of directors, any director in a conflict must disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

**Uninsurable Risks.** The Company and its subsidiary may become subject to liability for pollution, fire, explosion, against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

## 12. OTHER MD&A DISCLOSURE REQUIREMENTS

### Information available on SEDAR

As specified by National Instrument 51-102, the Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR website <http://www.sedar.com/>

### Disclosure by venture issuer without significant revenue

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements to which this MD&A relates. An analysis of the material components of the exploration and evaluation assets of the Company's mineral properties is disclosed in Note 6 to the consolidated financial statements.

### Outstanding Share Data

As at June 29, 2016, the Company had 19,294,443, common shares outstanding. As at the same date there were 10,515,263 warrants outstanding at an exercise prices of \$0.12 per share. In addition, 1,390,000 stock options were outstanding at exercise prices from \$0.15-\$0.75 per share.

	<u>Number of shares</u>	<u>Number of options</u>	<u>Exercise price</u>	<u>Expiry date</u>
<b>Issued and outstanding</b>	19,294,443	30,000	\$0.75	Oct 22, 2017
		<u>1,360,000</u>	<u>\$0.15</u>	Apr 15, 2017
		<u><u>1,390,000</u></u>	<u><u>\$0.16</u></u>	
		<u>Number of warrants</u>	<u>Exercise price</u>	<u>Expiry date</u>
		<u><u>10,515,263</u></u>	<u><u>\$0.12</u></u>	Mar 18, 2018

Vancouver, British Columbia

June 29, 2016