Three Valley Copper Corp.

Management's Discussion and Analysis
of Financial Position and Results of Operations
For the year ended December 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

*The following is management's discussion and analysis ("**MD&A**") of the financial condition, cash flows and future prospects of Three Valley Copper Corp. ("**TVC**" or the "**Company**"). This document is prepared as at April 27, 2023 (unless otherwise stated) and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2022, including the notes thereon (the "**Financial Statements**"). The Company prepares its Financial Statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). All amounts are expressed in United States dollars ("**USD**") unless otherwise indicated. Additional information on the Company and its operations, including a consolidated National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**") compliant technical report on the Minera Tres Valles project (the "**Technical Report**"), can be accessed at www.sedar.com, and may also be found on the Company's website at www.threevalleycopper.com*

Forward-looking statements and information are used throughout this document. See the Forward-Looking Information section at the end of this document highlighting the caution that a reader should place on all forward-looking information.

BUSINESS OVERVIEW

Three Valley Copper Corp., headquartered in Toronto, Ontario, Canada is listed on the TSX Venture Exchange ("**TSXV**") and the OTCQB Venture Market ("**OTC**"). Until December 2022, TVC focused on operating and expanding Minera Tres Valles SpA's ("**MTV**") copper mining operations in Chile. In December 2022, MTV filed for voluntary judicial liquidation in Chile and on December 29, 2022, TVC no longer controlled MTV (the "**Loss of Control Event**") and TVC deconsolidated the assets and liabilities of MTV effective this date.

Until December 2022, the Company's principal operating business was its 95.1% equity interest in MTV. Located in Salamanca, in the Province of Chopa, Chile, MTV's main assets are the Minera Tres Valles mining complex and its 46,000 hectares of exploratory lands.

MTV was acquired in October 2017 and includes a fully integrated processing operation and two mines. In 2022, ore was extracted from the Don Gabriel open pit mine ("**Don Gabriel**") for the month of January while the Papomono underground mine ("**Papomono**") completed its initial construction and development in the same month. Both mines are located approximately 10 kilometers north of the town of Salamanca, 300 kilometers north of Santiago, Chile. Effective June 13, 2022, MTV ceased mining operations and placed its operations into care and maintenance and in December 2022, MTV filed for voluntary judicial liquidation in Chile. In February 2023, MTV's liquidation process began in Chile. The public company, TVC, is expected to continue as a going concern independent of the bankruptcy liquidation of MTV.

Additional information on the Company and its operations, including its Technical Report, can be found on the Company's website at www.threevalleycopper.com and on SEDAR at www.sedar.com.

FOURTH QUARTER HIGHLIGHTS

In June 2022, MTV filed for a Judicial Restructuring Procedure ("**JRP**") in Chile to assist MTV in restructuring its long-term debt and source new capital but which the Chilean courts neither confirmed nor denied the application for creditors protection. Given the indecision and delays by the Chilean court system and MTV's worsening liquidity condition, MTV filed for voluntary liquidation in December 2022 as well as certain creditors filing court motions for MTV's liquidation. In February 2023, MTV's liquidation process began.

Concessions from certain important suppliers, together with unexpected increased cathode production in the heap leach due to above-average precipitation, provided MTV the ability to generate copper cathodes from its current inventory throughout the fourth quarter of 2022. It was MTV's previous expectation that copper cathodes harvested during the fourth quarter of 2022 would result in at or around break-even financial results, however, actual experience demonstrated ongoing net cash burn at MTV's operations. This contributed to MTV's decision to file for voluntary liquidation in December 2022 and to the Loss of Control Event. The Company does not expect to recover any of its investment in MTV. The public company, TVC, is expected to continue as a going concern with working capital of $4.6 million as at December 31, 2022.

The Loss of Control Event impacted TVC's financial reporting with the assets and liabilities of MTV being deconsolidated from the Company's balance sheet effective December 29, 2022. The operations of MTV are included in the Company's results of operations from January 1, 2022 to December 29, 2022.

Copper cathode production in the fourth quarter of 2022 was 0.8 million pounds, a decrease from the 1.0 million pounds of copper cathode production in the third quarter. Copper cathode production in the fourth quarter came from the drawdown of current inventory on the leach pads. During 2022 copper cathode production at MTV was negatively impacted by the suspension of the Papomono block caving operations and the halting of all deliveries of ore from third-party miners, both effective June 13, 2022, when MTV initiated a full care and maintenance program. Total copper cathode production for 2022 was 5.8 million pounds (9.3 million pounds in 2021).

Revenue for the fourth quarter of 2022 was $3.5 million from the sale of 0.9 million pounds of copper cathodes at an average realized copper price (see *Non-IFRS Performance Measures* elsewhere in this MD&A) of $3.94 per pound; resulting in total revenue of $28.2 million from the sale of 6.8 million pounds of copper cathodes at an average realized copper price of $4.13 per pound in 2022. (2021 – $32.9 million from the sale of 8.9 million pounds of copper cathodes at an average realized copper price of $3.70).

Net income for the fourth quarter of 2022 was $9.1 million influenced heavily by the gain on the deconsolidation of MTV that amounted to $18.9 million and for the full year, the net loss was $8.1 million. Excluding the gain on deconsolidation, the net loss for the fourth quarter of 2022 was $9.8 million, and the net loss for 2022 was $27.1 million.

Cash and cash equivalents of the Company as at December 31, 2022 was $5.1 million all residing within TVC's controlled accounts.

OUTLOOK

Outlook

Going Concern Assumption

As a result of the Loss of Control Event, the Company deconsolidated the assets and liabilities of MTV and effectively de-leveraged itself from MTV's senior secured debt of $60.5 million and other non-secured liabilities of $50.1 million previously associated with MTV.

As at December 31, 2022, the Company has working capital of $4.6 million which is sufficient to meet the Company's expected operating expenses for at least the next twelve months. However, given the Company currently does not have a sustainable source of cash flow there is uncertainty with respect to its ability to continue longer term as a going concern. The Company will be dependent on acquiring a profitable operation and/or raising additional financing in the future, neither of which is guaranteed.

The Company is now considering the most efficient way to maximize shareholders' value in the Company such as, investigating the prospects for a business combination, change in corporate strategy or sale of the Company. If no viable alternatives are available to the Company, the Company may then decide to proceed to distribute the remaining property of the Company to shareholders. However, the Board has not made any decisions with respect to the alternatives at this time.

These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company continuing as a going concern. These Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to achieve profitable operations or to obtain adequate financing to sustain its operations.

FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended		Year ended		
Financial information (in thousands)	**Dec. 31, 2022**	Dec. 31, 2021	**Dec. 31, 2022**	Dec. 31, 2021	Dec. 31, 2020
Revenue	**$ 3,494**	$ 10,042	**$ 28,196**	$ 32,915	$ 23,703
Gross loss	**$ 364**	$ 18,329	**$ 7,374**	$ 21,399	$ 10,750
Net (income) loss from continuing operations	**$ (9,118)**	$ 31,385	**$ 8,130**	$ 40,792	$ 28,087
Net loss from discontinued operations	**$ —**	$ —	**$ —**	$ —	$ 2,241
Net (income) loss for the period	**$ (9,118)**	$ 31,385	**$ 8,130**	$ 40,792	$ 30,328
Net (income) loss per share attributable to owners of the Company	**$ (0.09)**	$ 0.38	**$ 0.06**	$ 0.68	$ 0.60
EBITDA from continuing operations [1]	**$ (6,171)**	$ (27,731)	**$ (13,443)**	$ (26,384)	$ (16,832)
Adjusted EBITDA from continuing operations [2]	**$ (2,146)**	$ (4,622)	**$ (6,447)**	$ (4,182)	$ (5,185)
Write-down of inventory, net of reversals	**$ —**	$ 14,284	**$ 5,587**	$ 16,758	$ 4,297
Loss (gain) on portfolio investments	**$ (135)**	$ —	**$ (135)**	$ (107)	$ 1,674
Impairment of non-current assets	**$ —**	$ 9,377	**$ —**	$ 9,377	$ 7,628
Loss (gain) on modification of debt	**$ —**	$ —	**$ —**	$ —	$ (3,247)
Cash used in operating activities before working capital changes	**$ (2,211)**	$ (7,307)	**$ (9,036)**	$ (7,410)	$ (6,828)

[1] EBITDA represents earnings before interest, income taxes, depreciation, and gain on deconsolidation. It is a non-IFRS performance measure. Refer to Non-IFRS Performance Measures section of the MD&A for discussion.

[2] Adjusted EBITDA is earnings before interest, income taxes, depreciation and amortization and gain on deconsolidation and further adjusted to remove the Company's gains and losses on portfolio investments, write-downs and reversals of previous write-downs of inventory, gains and losses on modification of debt, unrealized foreign exchange gains and losses, stock-based compensation and impairment of non-current assets. It is a non-IFRS performance measure. Refer to Non-IFRS Performance Measures section of the MD&A for discussion.

	As at	
(in thousands)	**Dec. 31, 2022**	Dec. 31, 2021
Cash and cash equivalents	**$ 5,134**	$ 13,656
Net cash (debt) [1]	**$ 5,134**	$ (60,813)
Working capital (deficit)[1]	**$ 4,581**	$ (59,113)
Total equity attributable to owners of the Company	**$ 4,581**	$ 7,754
Non-controlling interest	**$ —**	$ (1,576)

[1] Net cash (debt) and working capital (deficit) are non-IFRS performance measures. Refer to Non-IFRS Performance Measures section of the MD&A for discussion.

The following operating metrics are specific to MTV's operations:

	Three months ended		Year ended	
Operating information	**Dec. 31, 2022**	Dec. 31, 2021	**Dec. 31, 2022**	Dec. 31, 2021
Copper (MTV Operations)				
Total ore mined (thousands of tonnes)	**—**	81	**35**	631
Grade of ore mined (% Cu)	**— %**	0.49 %	**0.67 %**	0.54 %
Total waste mined (thousands of tonnes)	**—**	623	**78**	1,981
Ore Processed (thousands of tonnes)	**—**	160	**176**	840
Cu Production (tonnes)	**377**	1,136	**2,648**	4,209
Cu Production (thousands of pounds)	**831**	2,505	**5,838**	9,280
Cash cost of copper produced [1] (USD per pound)	**$ 4.24**	$ 7.03	**$ 5.20**	$ 4.44
Realized copper price [2] (USD per pound)	**$ 3.94**	$ 4.32	**$ 4.13**	$ 3.70

[1] *Cash cost per pound of copper produced includes all costs absorbed into inventory including inventory write-downs less non-cash items such as depreciation and non-site charges such as transportation costs of copper cathodes. It is a non-IFRS performance measure. Refer to Non-IFRS Performance Measures section of the MD&A for discussion.*

[2] *Realized copper price is a non-IFRS performance measures. Refer to Non-IFRS Performance Measure section of the MD&A for discussion.*

The initial construction and development phase of Papomono was completed in January 2022. Following a temporary delay in the start of block caving operations while attempting to secure the necessary interim financing to fund an orderly ramp-up of production, MTV, with the support of the Lenders and the underground mine contractor, commenced block caving operations in March 2022. On June 13, 2022, given MTV's lack of success in securing financing, Papomono was placed on care and maintenance as MTV commenced reorganization proceedings by filing a JRP in Chile. Given the indecision and delays by the Chilean court system and MTV's worsening liquidity condition, MTV filed for voluntary liquidation in December 2022 as well as certain creditors filing court motions for the liquidation of MTV.

Cash cost per pound (see *Non-IFRS Performance Measures* elsewhere in this MD&A) produced increased to $5.20 for the year ended December 31, 2022 compared to $4.44 for the year ended December 31, 2021. The difference in cash cost per pound across the comparative periods was largely driven by the suspension of both mining activities and the purchase of third-party ores in June 2022 with only continued leaching of the current ore inventory on the leach pads during the remainder of 2022 which increased the cash cost per pound of copper cathode produced as cathode plant utilization was significantly below design capacity.

Cash cost per pound produced (see *Non-IFRS Performance Measures* elsewhere in this MD&A) decreased to $4.24 for the three months ended December 31, 2022 compared to $7.03 for the three months ended December 31, 2021. The decrease in cash cost per pound across the comparative periods was largely driven by (i) no mining activities occurring during the fourth quarter of 2022 (only the leaching of existing ores on the leach pads) (ii) significantly higher waste stripping costs in the fourth quarter of 2021, primarily due to the underperformance of Don Gabriel, which delivered less ore tonnes at lower grades than expected in 2021, and (iii) a $4.1 million write-down of mine site inventory in the fourth quarter of 2021.

For the three months ended December 31, 2022, MTV operated, on average, at 8% of cathode capacity of 4,625 tonnes (18,500 tonnes annually), significantly below expectations and lower than the third quarter of 2022, mainly due to the cessations in MTV mining operations and third-party ore purchases.

Cash Position

Cash and cash equivalents decreased to $5.1 million at December 31, 2022 from $13.7 million at December 31, 2021 mainly due to $5.4 million used in operating activities and $4.5 million of disbursed capital expenditures mainly related to the construction and development of Papomono.

Capital Expenditures

Capital expenditures for the three months ended December 31, 2022 were $nil as Papomono was in care and maintenance. Total capital expenditures for 2022 were $6.8 million primarily relating to Papomono development expenditures (2021: $15.3 million).

OPERATIONAL SUMMARY

Year Ended December 31, 2022

	Year ended	
	Dec. 31, 2022	Dec. 31, 2021
Tonnes mined - underground operations	**19,123**	55,548
Tonnes mined - open pit operations	**16,076**	575,548
Total ore mined (tonnes)	**35,199**	631,096
Waste mined - open pit operations (tonnes)	**78,228**	1,980,560
Waste to ore mined ratio - open pit operations	**4.87:1**	3.44:1
MTV mine processed ore (tonnes)	**35,460**	611,998
Third-party processed ore (tonnes)	**140,470**	189,612
ENAMI tolling processed ore (tonnes)	**—**	38,526
Total processed ore (tonnes)	**175,930**	574,148
Metallurgical recovery - underground material (%)	**71.9 %**	72.2 %
Metallurgical recovery - open pit material (%)	**74.5 %**	71.6 %
Underground average ore grade (Cu%)	**0.81 %**	0.85 %
Open pit average ore grade (Cu%)	**0.50 %**	0.51 %
Copper cathode production (tonnes)	**2,648**	4,209
Copper cathode sales (tonnes)	**3,100**	4,029
Toll processed and copper cathodes returned to ENAMI (tonnes)	**—**	84

During the year 2022, mining operations were negatively affected by the suspension of Don Gabriel in January 2022 and the minimal production from the ramp-up of the Papomono block caving operations which ceased on June 13, 2022. During 2022, 80% of processed ore was supplied by third-party small miners.

Ore mined and total waste tonnes mined in 2022 decreased significantly compared to the same period in the prior year (35 thousand and 78 thousand tonnes, respectively, compared to 631 thousand and 1,981 thousand tonnes in 2021). The decrease in ore and waste mined in 2022, compared to 2021, was primarily due to the suspension of Don Gabriel in January 2022 and minimal production from the ramp-up of the Papomono block caving operations which ceased on June 13, 2022.

Production for 2022 of 2,648 tonnes of copper cathodes was lower than 2021 of 4,209 tonnes, mainly due to the suspension of Don Gabriel in January 2022 and minimal production from the ramp-up of the Papomono block caving operations which ceased on June 13, 2022.

OPERATIONAL UPDATE

Three Months Ended December 31, 2022

	Three months ended	
	Dec. 31, 2022	Dec. 31, 2021
Tonnes mined - underground operations	—	15,790
Tonnes mined - open pit operations	—	64,931
Total ore mined (tonnes)	—	80,721
Waste mined - open pit operations (tonnes)	—	622,845
Waste to ore mined ratio - open pit operations	—	9.59:1
MTV mine processed ore (tonnes)	—	80,195
Third-party processed ore (tonnes)	—	73,253
ENAMI tolling processed ore (tonnes)	—	6,472
Total processed ore (tonnes)	—	159,920
Metallurgical recovery - underground material (%)	— %	70.0 %
Metallurgical recovery - open pit material (%)	— %	72.7 %
Underground average ore grade (Cu%)	— %	0.67 %
Open pit average ore grade (Cu%)	— %	0.45 %
Copper cathode production (tonnes)	**377**	1,136
Copper cathode sales (tonnes)	**402**	1,054

Production for the three months ended December 31, 2022 of 377 tonnes of copper cathodes was lower than the three months ended December 31, 2021 of 1,136 tonnes due to suspension of all MTV mining activities and deliveries of ore from third party miners effective June 13, 2022.

On June 13, 2022 due to the lack of success in securing new financing, MTV initiated a full care and maintenance program to commence reorganization proceedings by filing a JRP in Chile. This resulted in the suspension of all mining, construction and development activities at Papomono and the immediate demobilization of the underground mining contractor. All the deliveries of ore from third-party miners were also halted when MTV initiated its full care and maintenance program. As a result of the suspension of mining and crushing activities, copper cathode production came entirely from the existing current inventory on the leach pad. In December 2022, MTV voluntarily filed for liquidation.

	Three months ended			
	Mar. 31, 2022	**Jun. 30, 2022**	**Sept. 30, 2022**	**Dec. 31, 2022**
Total ore mined (tonnes)	29,864	5,335	—	**—**
Waste mined - open pit mine (tonnes)	78,228	—	—	**—**
Copper cathode production (tonnes)	1,042	770	458	**377**
Operations capacity	26 %	16 %	10 %	**8%**

MTV, on average, operated at approximately 8% of cathode capacity of 4,625 tonnes (18,500 tonnes annually) in the fourth quarter of 2022, below expectations due to the cessations of MTV mining operations and third-party ore purchases in mid-2022.

LIQUIDITY AND CAPITAL RESOURCES

Cash

At December 31, 2022, the Company held cash and cash equivalents of $5.1 million and cash and cash equivalents of approximately $3.6 million as at the date hereof, all of which is at the public company. As a result of the Loss of Control Event, MTV's assets and liabilities are not included in the Company's Consolidated Statement of Financial Position. Cash and cash equivalents are fully comprised of cash in deposit accounts held with reputable financial institutions. The funds are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Cash and cash equivalents decreased by $8.5 million in the year ended December 31, 2022, primarily due to $5.4 million being used in operating activities, $4.5 million of disbursed capital expenditures, mainly related to the construction and development of Papomono, and $0.4 million of loans and borrowings repayments.

Working Capital

At December 31, 2022, the Company had working capital of $4.6 million, that included $5.1 million of cash. As at the date hereof, the Company had working capital of $3.9 million.

Capital Resources and Going Concern

The Company's primary sources of capital resources are comprised of cash and cash equivalents and the divestment of its remaining portfolio investment.

In order to facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the Board. The Company continuously monitors its capital structure and based on changes in operations and economic conditions, may adjust such structure by issuing new common shares of the Company or new debt as necessary.

The Company's capital structure is represented by its issued equity. As at December 31, 2022, the Company had no long-term debt and as a result of the Loss of Control Event, the Company deconsolidated the assets and liabilities of MTV and effectively de-leveraged itself from MTV's senior secured debt of $60.5 million and other non-secured liabilities of $50.1 million previously associated with MTV.

As at December 31, 2022, the Company had working capital of $4.6 million which is sufficient to meet the Company's expected operating expenses for at least the next twelve months. However, given the Company currently does not have a sustainable source of cash flow there is uncertainty with respect to its ability to continue longer term as a going concern. The Company will be dependent on acquiring a profitable operation and/or raising additional financing in the future, neither of which is guaranteed.

The Company is now considering the most efficient way to maximize shareholders' value in the Company such as, investigating the prospects for a business combination, change in corporate strategy or sale of the Company. If no viable alternatives are available to the Company, the Company may then decide to proceed to distribute the remaining property of the Company to shareholders. However, the Board has not made any decisions with respect to the alternatives at this time.

These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company continuing as a going concern. This MD&A and the accompanying Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to achieve profitable operations or to obtain adequate financing to sustain its operations.

OPERATING SEGMENTS

The Company has two reportable segments. MTV was the Company's principal operating business until December 29, 2022. Corporate includes the Canadian publicly traded corporation which holds a legacy portfolio investment in the process of being dissolved.

Significant information relating to reportable operating segments is summarized below:

As at December 31, 2022	**MTV**	**Corporate**	**Total**
Total assets	$ —	$ 5,310	**$ 5,310**
Total liabilities	$ —	$ 729	**$ 729**

As at December 31, 2021	MTV	Corporate	Total
Total assets	$ 99,798	$ 8,174	**$ 107,972**
Total liabilities	$ 100,954	$ 840	**$ 101,794**

Year Ended December 31, 2022		MTV		Corporate		Total
Revenue	$	28,196	$	—	$	28,196
Cost of sales		(35,570)		—		(35,570)
Gross loss		7,374		—		7,374
Expenses						
General and administrative expenses		2,685		2,553		5,238
Severance expense		1,969		—		1,969
General exploration and evaluation expense		193		—		193
Gain on portfolio investments		—		(135)		(135)
Finance expenses, net		12,467		—		12,467
Other (income) expense, net		44		(96)		(52)
Gain on deconsolidation of MTV		—		(18,924)		(18,924)
Net loss (income) for the year	$	24,732	$	(16,602)	$	8,130

Year Ended December 31, 2021		MTV		Corporate		Total
Revenue	$	32,915	$	—	$	32,915
Cost of sales		(54,314)		—		(54,314)
Gross loss		21,399		—		21,399
Expenses						
General and administrative expenses		2,320		2,189		4,509
General exploration and evaluation expense		731		—		731
Gain on portfolio investments		—		(107)		(107)
Finance expenses, net		9,306		—		9,306
Other (income) expense, net		(4,436)		13		(4,423)
Impairment of non-current assets		9,377		—		9,377
Net loss for the year	$	38,697	$	2,095	$	40,792

Three Months Ended December 31, 2022	MTV	Corporate	Total
Revenue	$ 3,494	$ —	**$ 3,494**
Cost of sales	(3,858)	—	**(3,859)**
Gross loss	364	—	**365**
Expenses			
General and administrative expenses	432	1,070	**1,502**
General exploration and evaluation expense	(38)	—	**(38)**
Gain on portfolio investment	—	(135)	**(135)**
Finance expenses, net	3,511	—	**3,511**
Other expense (income), net	4,631	(30)	**4,601**
Gain on deconsolidation of MTV	—	(18,924)	**(18,924)**
Net loss (income) for the period	$ 8,900	$ (18,019)	**$ (9,119)**

Three Months Ended December 31, 2021	MTV	Corporate	Total
Revenue	$ 10,042	$ —	**$ 10,042**
Cost of sales	(28,371)	—	**(28,371)**
Gross loss	18,329	—	**18,329**
Expenses			
General and administrative expenses	400	919	**1,319**
General exploration and evaluation expense	731	—	**731**
Finance expenses	2,479	—	**2,479**
Other expense (income), net	(850)	—	**(850)**
Impairment of non-current assets	9,377	—	**9,377**
Net loss for the period	$ 30,466	$ 919	**$ 31,385**

For the year ended December 31, 2022, 100% of the revenues ($28.2 million) was from one customer. For the year ended December 31, 2021, 99.8% of the revenues ($32.8 million) was from one customer. As at December 31, 2022, there was $nil (December 31, 2021: $nil) outstanding in trade and other receivables from this customer

FINANCIAL UPDATE

Year Ended December 31, 2022

(in thousands)	Year ended Dec. 31, 2022	Dec. 31, 2021
Revenue	**$ 28,196**	$ 32,915
Cost of sales	**(35,570)**	(54,314)
Gross loss	**$ 7,374**	$ 21,399

Revenue

During 2022, the Company recognized revenues of $28.2 million (2021: $32.9 million) from the sale of 3,100 tonnes of copper cathodes (2021: 4,029 tonnes of copper cathodes). Revenues were based on an average realized copper price of $4.13 per pound for 2022 (2021: $3.70 per pound). Effective August 1, 2021, MTV executed an amendment to the offtake agreement (the "**Offtake**") specific to the fixed price sales component with its principal buyer of copper cathode. Under the terms of the amendment, the remaining monthly deliveries of copper cathodes due under the fixed price portion of the Offtake were deferred until May 1, 2022, and all sales of copper cathodes commencing August 1, 2021 until April 30, 2022 were sold at the prevailing spot price for copper cathode, less a nominal amount. The remaining 12 months of contracted delivery amounts of the fixed price portion of the contract were expected to resume on May 1, 2022 at the previous agreed fixed price of $2.89 per pound, however the agreed fixed price component was not enforced by the offtake provider during 2022 and all copper cathode sales in 2022 were at the prevailing spot price.

Cost of sales

Cost of sales represent direct mining and plant costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. Cost of sales decreased in 2022 compared to the same period of 2021, mainly due to the lower production in 2022 compared to 2021 driven by the (i) suspension of Don Gabriel in January 2022 and minimal production from the ramp-up of the Papomono block caving operations which ceased on June 13, 2022, and (ii) halting all deliveries of ore from third-party miners effective June 13, 2022. From June 13, 2022 onward, MTV only produced copper cathode by irrigating its current inventory of ore on its heap leach pads. In addition, 2021 recorded a write-down of inventory, net of reversals of $16.8 million in work-in-progress inventory. The write-down of inventory in 2022 was $5.6 million.

General and administrative expenses

(in thousands)	Year ended Dec. 31, 2022	Dec. 31, 2021
Salaries and contracted services	**$ 2,551**	$ 2,298
Public company reporting costs	**1,126**	1,061
Other office expenses	**1,561**	1,150
General and administrative expenses	**$ 5,238**	$ 4,509

General and administrative expenses ("**G&A**") include salaries and contracted services, public company reporting costs and other office expenses.

Higher strategic financial advisory fees and legal fees are the main reason for the increase in G&A for 2022 compared to 2021.

Severance expenses

(in thousands)	Year ended Dec. 31, 2022	Dec. 31, 2021
Severance expense	**$ 1,969**	$ —

During 2022, MTV recognized $2.0 million in severance expenses representing severances paid and owing due to its decision to put its operations in care and maintenance and reduce the number of employees.

Finance expenses, net

	Year ended Dec. 31, 2022	Dec. 31, 2021
Finance expenses, net	**$ 12,467**	$ 9,306

Finance expenses primarily consist of interest on loans and the interest accretion on the decommissioning liability. The increase in finance expense is due to the higher average outstanding balance of loans and borrowings for 2022 ($79.4 million) compared to 2021 ($70.4 million) and increase in effective interest rates as the loans were in default during all of 2022 and as per the underlying agreements, this increased the interest rates.

Other income, net

(in thousands)	Year ended Dec. 31, 2022	Dec. 31, 2021
Other income (loss)	**$ (234)**	$ 23
Foreign currency translation gain	**286**	4,400
Other income, net	**$ 52**	$ 4,423

Foreign currency translation gain (loss)

During the year ended December 31, 2022, a $0.3 million foreign currency loss was generated (2021: $4.4 million gain) as the business activity in MTV was substantially reduced with the suspension of mining activities in June 2022.

Impairment of non-current assets

During the year ended December 31, 2021, the Company recognized an impairment charge of $9.4 million, which was recorded as a reduction in the carrying value of MTV's mineral properties, plant and equipment assets on a proportional basis. There was no impairment charge during 2022 (see the section *Impairment of MTV CGU and Loss of Control of MTV* elsewhere in this MD&A).

Gain on deconsolidation of MTV

During the year ended December 31, 2022, the Company derecognized all assets and liabilities of MTV as a result of the Loss of Control Event resulting in a gain on deconsolidation of MTV of $18.9 million (see the section *Impairment of MTV CGU and Loss of Control of MTV* elsewhere in this MD&A).

Income taxes

The Company did not report any current income taxes for the year ended December 31, 2022 or for the year ended December 31, 2021.

As at December 31, 2022 and December 31, 2021, management determined that the Company did not meet the criteria as set out in International Accounting Standard 12: Income Taxes to recognize a deferred tax asset.

	As at	
	Dec. 31, 2022	**Dec. 31, 2021**
Canadian tax losses expiring 2036 – 2040	**$ 13,041**	$ 5,290
Chilean tax losses	**—**	359,942
Provision	**—**	24,457
Share issue costs and other	**4,020**	13,488
Capital losses	**166,023**	84,486
Portfolio investments	**43,656**	49,807
Unrecognized deductible temporary differences	**$ 226,740**	$ 537,470

Net loss and comprehensive loss

For the year ended December 31, 2022, the Company reported a net loss attributable to shareholders of $6.7 million and comprehensive loss attributable to shareholders of $7.2 million compared to a net loss attributable to shareholders of $37.4 million and comprehensive loss attributable to shareholders of $37.2 million reported for the year ended December 31, 2021. The components of these amounts are discussed in the explanations provided above.

Three Months Ended December 31, 2022

(in thousands)		Three months ended Dec. 31, 2022		Dec. 31, 2021
Revenue	**$**	**3,494**	$	10,042
Cost of sales		**(3,858)**		(28,371)
Gross loss	**$**	**364**	$	18,329

Revenue

During the three months ended December 31, 2022, the Company recognized revenues of $3.5 million (three months ended December 31, 2021: $10.0 million) from the sale of 402 tonnes of copper cathodes (three months ended December 31, 2021: 1,054 tonnes of copper cathodes). Revenues were based on an average realized copper price of $3.94 per pound for the three months ended December 31, 2022 (three months ended December 31, 2021: $4.32 per pound).

During the three months ended December 31, 2022, 100% of copper cathodes produced by MTV was sold at the prevailing spot price for copper cathode, less a nominal amount, as a result of the amendment to the Offtake.

Cost of sales

Cost of sales represent direct mining and plant costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. Cost of sales decreased in the three months ended December 31, 2022, compared to the same quarter of 2021, mainly due to the lower production in 2022 compared to 2021 driven by the (i) suspension of Don Gabriel in January 2022 and minimal production from the ramp-up of the Papomono block caving operations which ceased on June 13, 2022, and (ii) halting all deliveries of ore from third-party miners effective June 13, 2022. In addition, 2021 experienced higher operating costs as a result of the underperformance of Don Gabriel, which had increased waste stripping costs and delivered less ore tonnes at lower grades than forecasted in the fourth quarter of 2021 together with a recorded write-down of inventory of $14.3 million compared to no write-down of inventory in the three months ended December 31, 2022.

General and administrative expenses

		Three months ended Dec. 31, 2022		Dec. 31, 2021
Salaries and contracted services	**$**	**1,263**	$	956
Public company reporting costs		**151**		237
Other office expenses		**88**		126
General and administrative expenses	**$**	**1,502**	$	1,319

G&A includes salaries and contracted services, public company reporting costs and other office expenses.

Increased salaries and contracted services are the main reason for the increase in G&A for the three months ended December 31, 2022, compared to the three months ended December 31, 2021, offset partially by reduced public company and office expenses.

Finance expenses, net

		Three months ended	
		Dec. 31, 2022	Dec. 31, 2021
Finance expenses, net	**$**	**3,512**	$ 2,479

Finance expenses primarily consist of interest on loans and the interest accretion on the decommissioning liability. The increase in finance expense is largely due to the higher average outstanding balance of the long-term debt for the three months ended December 31, 2022 ($81.5 million) compared to the three months ended December 31, 2021 ($74.2 million) and the higher interest rates in effect in 2022 as the loans were in default.

Impairment of non-current assets

During the three months ended December 31, 2021, the Company recognized an impairment charge of $9.4 million, which was recorded as a reduction in the carrying value of MTV's mineral properties, plant and equipment assets on a proportional basis. There was no impairment charge during the three months ended December 31, 2022 (see the section *Impairment of MTV CGU and Loss of Control of MTV* elsewhere in this MD&A).

Gain on deconsolidation of MTV

During the three months ended December 31, 2022, the Company derecognized all assets and liabilities of MTV as a result of the Loss of Control Event resulting in a gain on deconsolidation of MTV of $18.9 million (see the section *Impairment of MTV CGU and Loss of Control of MTV* elsewhere in this MD&A).

Income taxes

The Company did not report any current income taxes for the three months ended December 31, 2022 or for the three months ended December 31, 2021.

As at December 31, 2022 and December 31, 2021, management determined that the Company did not meet the criteria as set out in International Accounting Standard 12: Income Taxes to recognize a deferred tax asset.

Net loss and comprehensive loss

For the three months ended December 31, 2022, the Company reported net income attributable to shareholders of $9.6 million and comprehensive income attributable to shareholders of $9.6 million compared to a net loss attributable to shareholders of $29.8 million and comprehensive loss attributable to shareholders of $29.9 million reported for the three months ended December 31, 2021. The components of these amounts are discussed in the explanations provided above.

IMPAIRMENT OF MTV CASH GENERATING UNIT ("CGU") AND LOSS OF CONTROL OF MTV

Loss of control of MTV

In December 2022, the Loss of Control Event occurred and TVC no longer controlled MTV. TVC deconsolidated the assets and liabilities of MTV effective December 29, 2022. The liquidation process in Chile is overseen by a court appointed liquidator who has full power of control over the affairs of MTV. The administration of the liquidation process, principally relating to the powers provided to the court and the court appointed liquidator, as well as the secured debtholder interests, removed certain elements of control of MTV from TVC. As a result, TVC determined it no longer had a controlling financial interest over MTV as defined in IFRS 10 – Consolidations, and therefore deconsolidated MTV as of December 29, 2022. Following the deconsolidation, the carrying values of the assets and liabilities of MTV were removed from TVC's consolidated statements of financial position.

As a result of the Loss of Control Event, TVC presented its equity and debt investments in MTV as portfolio investments and remeasured these investments at their fair value as required. As at December 31, 2022, the Company fair valued both its equity and debt investments in MTV at $nil as it does not expect to receive any proceeds related to these investments as a result of MTV's liquidation. This resulted in the Company recording losses on its equity investment in MTV of $57.8 million and on its debt investments in MTV of $43.2 million that form part of the gain on deconsolidation of MTV on the Consolidated Statements of Operations and Comprehensive Loss. In addition, the Company eliminated the non-controlling interest of MTV totaling $3.8 million and the accumulated other comprehensive income totaling $3.9 million that pertained to MTV which are recognized as part of the gain on deconsolidation of MTV in the Consolidated Statements of Operations and Comprehensive Loss during the current year.

TVC recognized a gain on the deconsolidation of the net assets of MTV of $18.9 million as a result of MTV having significantly more liabilities than assets. This gain is recognized in the Consolidated Statements of Operations and Comprehensive Loss.

Impairment of MTV

In the fourth quarter of 2021, the Company began its budgeting process that was completed in 2022. Management observed changes to MTV's future cash flows reflecting adjustments to key mine planning, cost and working capital assumptions, near-term capital requirements and its future outlook on copper prices. In addition, the mining operations at Don Gabriel were suspended in January 2022 due to continuing underperformance of the mine. Together, these impairment indicators to the MTV CGU mine plan resulted in a review event to determine the recoverability of the carrying value of the MTV CGU.

The recoverable amount of the MTV CGU of $64.8 million was determined based on a discounted cash flow analysis of the indicative life of mine model adjusted for current market multiples of similar public companies. This life of mine model was management's best estimate of the recoverable amount of MTV's net assets at December 31, 2021.

Management engaged an independent third-party to assist management in preparing a valuation for impairment analyses that concluded that the recoverable amount of the MTV CGU was lower than its carrying value as at December 31, 2021. The valuation was prepared using the fair value less cost of disposal approach (Level 3 of the fair value hierarchy). From these analyses, management concluded that an impairment charge of $9.4 million was required, which was recorded as a reduction in the carrying value of MTV's mineral properties, plant and equipment assets on a proportional basis.

SUMMARY OF QUARTERLY RESULTS

The following table contains selected quarterly financial information derived from the Company's financial statements and should be read in conjunction with the consolidated condensed quarterly financial statements reported under IFRS applicable to interim financial reporting.

	2022				2021			
(in thousands, except per share amounts)	**Dec**	Sept	Jun	Mar	Dec	Sept	Jun	Mar
Revenue	**$ 3,494**	$ 5,670	$ 8,154	$ 10,878	$ 10,042	$ 8,362	$ 7,511	$ 7,000
Gross loss (profit)	**$ 364**	$ 621	$ 4,957	$ 1,431	$ 18,329	$ 881	$ 4,330	$ (2,141)
(Gain) loss on portfolio investments	**$ (135)**	$ —	$ —	$ —	$ —	$ —	$ —	$ (107)
Net (income) loss for the period	**$ (9,118)**	$ 4,674	$ 5,350	$ 7,223	$ 31,385	$ 1,474	$ 7,278	$ 655
Other comprehensive loss (income)	**$ 59**	$ 348	$ 207	$ (103)	$ 99	$ 131	$ (372)	$ (62)
Basic and fully diluted net (income) loss per share	**$ (0.08)**	$ 0.04	$ 0.05	$ 0.06	$ 0.40	$ 0.03	$ 0.14	$ 0.02

The Company is not impacted materially by seasonality.

FINANCING ACTIVITIES BY THE COMPANY

It has been the Company's policy to have the capital available and/or continue to obtain the necessary capital to support its long-term business strategy. This will depend on its ability to obtain additional equity financing. In certain circumstances, the Company will provide loans or guarantees to its operating businesses in which it has significant ownership to further their respective business plans.

Effective December 29, 2022, the Company deconsolidated the assets and liabilities of MTV and effectively de-leveraged itself from MTV's senior secured debt of $60.5 million and other non-secured liabilities of $50.1 million previously associated with MTV.

During the year ended December 31, 2021, the Company completed the two bought-deal financings for aggregate net proceeds of $21.6 million. The Company through its indirectly held subsidiary (SRH Chile SpA), also subscribed for additional common shares of MTV for approximately $6.8 million, $1.0 million and $8.6 million, effective June 3, 2021, August 16, 2021 and December 2, 2021, respectively. The minority shareholder of MTV did not participate pro-rata in MTV's equity issuances, resulting in the Company's indirect holding of MTV increasing from 70% to 95.1%.

During September 2021, MTV drew down the remaining $6 million loan facility available to it under the terms of the amended senior secured prepayment facility (the "**Amended Facility**"). This additional senior secured debt has substantially the same security and terms as defined in the Amended Facility but with a fixed annual interest rate of 11%.

See the sections *Liquidity and Capital Resources, Contingencies and Commitments* and *Off-Balance Sheet Arrangements* elsewhere in this MD&A for additional details.

EQUITY DATA

Authorized capital:

Common shares, no par value, unlimited shares.

Issued and outstanding:

The Company had 112,463,854 common shares issued and outstanding as at April 27, 2023.

	Common shares (#)		Amount
Balance - December 31, 2021	**112,452,942**	**$**	**321,787**
Exercise of warrants	10,912		—
Balance - December 31, 2022 and April 27, 2023	**112,463,854**	**$**	**321,787**

On April 16, 2021, the Company completed a bought-deal financing and issued a total of 20,930,000 units at CAD$0.55 per unit on a bought deal basis for net proceeds of $8.4 million. Each unit consisted of one common share in the capital of the Company and one warrant. Each warrant entitled the holder thereof to purchase one common share at an exercise price of CAD$0.70 until October 16, 2022.

Pursuant to the terms of the April 16, 2021 offering, the Company issued 1,255,800 broker warrants. Each broker warrant entitled the holder thereof to purchase one common share in the capital of the Company at an exercise price of CAD$0.55 until October 16, 2022.

On November 25, 2021, the Company completed a bought-deal financing and issued a total of 56,681,000 units and 819,000 additional warrants at CAD$0.32 per unit for net proceeds of $13.2 million. Each unit consisted of one common share in the capital of the Company and one warrant. Each additional warrant and each warrant are exercisable into one common share of the Company at an exercise price of CAD$0.45 until May 25, 2024.

Pursuant to the terms of the November 25, 2021 offering, the Company issued 3,400,860 broker warrants. Each broker warrant entitles the holder thereof to purchase one common share at an exercise price of CAD$0.32 until May 25, 2024.

Outstanding warrants:

The Company had 60,990,860 common share purchase warrants outstanding as at April 27, 2023.

	Warrants(#)		Amount
Balance - December 31, 2021	**283,446,320**	**$**	**10,301**
Expiry of warrants	(222,534,320)		(6,556)
Exercise of warrants	(11,140)		—
Balance – December 31, 2022 and April 27, 2023	**60,900,860**	**$**	**3,745**

Common share purchase warrants outstanding totaling 201,117,560 entitled the holders thereof to purchase one common share at an exchange ratio of 20 warrants per 1 common share, with an equivalent exercise price of CAD$6.66 per common share until February 9, 2022. On February 9, 2022, all unexercised common share purchase warrants expired and were delisted from the TSXV.

Common share purchase warrants totaling 20,930,000 were issued as part of a bought deal financing on April 16, 2021. Each common share purchase warrant entitled the holders thereof to purchase one common share at an exercise price of CAD$0.70 until October 16, 2022. On October 16, 2022, all unexercised common share purchase warrants expired.

Broker warrants totaling 1,255,800 were issued to the underwriters of the bought deal financing on April 16, 2021. Each broker warrant entitled the holders thereof to purchase one common share at an exercise price of CAD$0.55 until October 16, 2022. On October 16, 2022, all unexercised broker warrants expired.

Common share purchase warrants totaling 57,500,000 were issued as part of a bought deal financing on November 25, 2021. Each common share purchase warrant entitles the holders thereof to purchase one common share at an exercise price of CAD$0.45 until May 25, 2024. No common share purchase warrants were exercised during the year.

Broker warrants totaling 3,400,860 were issued to the underwriters of the bought deal financing on November 25, 2021. Each broker warrant entitles the holders thereof to purchase one common share at an exercise price of CAD$0.32 until May 25, 2024. No broker warrants were exercised during the year.

Outstanding stock options:

The number of stock options outstanding as at December 31, 2022 and April 27, 2023 was 1.8 million (December 31, 2021: 2.5 million) at a weighted average exercise price of CAD$0.31 (December 31, 2021: CAD$0.32). The number of stock options vested as at December 31, 2022 was 1.8 million (December 31, 2021: 2.4 million) and expire on August 12, 2030.

Outstanding Deferred stock units ("DSU") and Restricted stock units ("RSU"):

The number of DSUs outstanding as at December 31, 2022 and April 27, 2023 was 556 thousand (December 31, 2021: 411 thousand). The number of RSUs outstanding as at December 31, 2022 and April 27, 2023 was 481 thousand (December 31, 2021: 155 thousand). The DSUs vested immediately upon grant, the RSUs granted in 2021 vested on January 1, 2023 and the RSUs granted in 2022 will vest on January 1, 2024. During the year ended December 31, 2022, 508 thousand DSUs were redeemed (2021 – nil). During the year ended December 31, 2022, the total fair value of DSUs and RSUs granted during the year was $41 thousand (2021 - $132 thousand) and had a weighted average grant-date fair value of CAD$0.06 (2021 - CAD$0.31).

CONTINGENCIES AND COMMITMENTS

In the normal course of business, the Company is aware of certain claims and potential claims. The outcome of these claims and potential claims is not determinable at this time, although the Company does not believe these claims and potential claims will have a material adverse effect on the Company's results of operations or financial position.

Contractual obligations of the Company as at December 31, 2022 are as follows:

	1 year	1 - 3 years	More than 3 years	Total
Accounts payable and accrued liabilities	$ 729	$ —	$ —	$ 729
As at December 31, 2022	**$ 729**	**$ —**	**$ —**	**$ 729**

During the year ended December 31, 2021, the Company increased its ownership of MTV from 70% to 95.1% following its equity contributions of approximately $6.8 million, $1.0 million and $8.6 million on June 3, 2021, August 16, 2021 and December 2, 2021, respectively. This dilution resulted in a change to the non-controlling interest and a related charge to deficit amounting to $3.9 million in total. As a result of the Loss of Control Event, this same amount was charged to the gain on deconsolidation of MTV in the Consolidated Statements of Operations and Comprehensive Loss during the current year.

Subsequent to TVC's equity contribution to MTV on June 3, 2021, the minority shareholder of MTV (the "**Minority Shareholder**"), who did not participate in the contribution of funding to MTV, commenced an arbitration proceeding against the Company and its subsidiaries claiming the funding to MTV was not completed in accordance with the terms of the MTV shareholders' agreement (the "**SHA**"). The Minority Shareholder filed a request for arbitration under the SHA pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce alleging that the equity contribution of TVC did not comply with the SHA and claiming damages of $16 million that was later amended to $11.8 million. The Company and its legal counsel believe the claims of the Minority Shareholder are without merit and the Company acted appropriately and in accordance with the SHA, and Chilean law in all respects. As the Company is confident in its legal position it has not provided for a possible settlement provision in these Financial Statements. The Company and the Minority Shareholder executed a binding term sheet for the settlement of this dispute, and it is expected the formal agreements will be executed in May 2023.

The liquidation of MTV resulted in the Company's equity and debt investments in MTV to be fair valued at $nil as at December 31, 2022. MTV has no recourse against the Company because of the liquidation of MTV.

TVC and certain of its subsidiaries remain party to the Amended Facility as at December 31, 2022. The Company has pledged the shares of these subsidiaries as security to the Lenders under the Amended Facility. The subsidiaries included are those whose only asset is the direct or indirect ownership of MTV. As at December 31, 2022, the Lenders have not exercised this security interest.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments by management represent an integral component of the Financial Statements prepared in conformity with IFRS. The estimates made in the Financial Statements reflect management's judgments based on past experiences, present conditions and expectations of future events. Where estimates were made, the reported amounts for assets, liabilities, revenues and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time the Financial Statements were prepared. Other than explained below, please refer to Note 3 of the Financial Statements for details on critical accounting estimates.

Areas where critical accounting estimates have the most significant effect on the amounts recognized in the Financial Statements include:

a. Mineral Reserve Estimates Including Life of Mine Plan

The Company estimates its recoverable reserves and resources based on information prepared by or under the supervision of qualified persons (as such term is defined in NI 43-101). Mineral reserves are used in the calculation of depreciation, impairment assessments and for forecasting the timing of payment of mine closure and rehabilitation costs. There are numerous uncertainties inherent in estimating mineral reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the estimation methodology, forecasted prices of commodities, exchange rates, production costs or recovery rates may change the economic status of mineral reserves and may, ultimately, result in changes in the mineral reserves.

The carrying amounts of the Company's mineral properties, plant and equipment are depleted based on recoverable mineral reserve tonnes processed, depending on the use of the asset. Changes to estimates of recoverable quantities of base metals, mineral reserve tonnes and depletable costs, including changes resulting from revisions to the Company's mine plans and changes in metals prices forecasts, can result in a change to future depreciation and depletion rates and may result in impairment charges.

b. Impairment of non-current assets - MTV CGU and Loss of Control

The Company reviews the carrying amounts of non-current assets whenever events or changes in circumstances indicate that the carrying amounts may exceed the estimated recoverable amounts determined by reference to estimated future operating results and discounted future cash flows. An impairment loss is recognized when the carrying amount of those assets is no longer considered recoverable. Non- current assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. Determining the recoverable amount of the MTV CGU requires management to make estimates and assumptions with respect to recoverable reserves and resources, future commodity prices, future production and sales volume, future operating, capital and reclamation costs, discount rates and exchange rates. These estimates are subject to various risks and uncertainties which may ultimately influence the estimated recoverability of the carrying amounts of non-current assets.

During December 2022, the Loss of Control Event was realized. As a result of MTV's liquidation filing, the associated appointment of a liquidator, and other circumstances outside the control of the Company, TVC ceased to have the power to direct the relevant activities of MTV because substantive rights were granted to other parties that restricted the decision-making ability of the Company to the extent that the Company was unable to demonstrate power over MTV and MTV was deconsolidated effective December 29, 2022. As a result of the Loss of Control Event, TVC presented its equity and debt investments in MTV as portfolio investments and remeasured these investments at their fair value as required. As at December 31, 2022, the Company fair valued both its equity and debt investments in MTV at $nil as it does not expect to receive any proceeds related to these investments as a result of MTV's liquidation. TVC does not have any liabilities associated with MTV.

For the year ended December 31, 2021, the Company recognized an impairment charge of mineral properties, plant and equipment of the MTV CGU of $9.4 million.

NON-IFRS PERFORMANCE MEASURES

This document includes certain non-IFRS performance measures that do not have a standardized meaning prescribed by IFRS. These measures may differ from those used by, and may not be comparable to such measures as reported by, other issuers. The Company believes that these measures are commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. These measures have been derived from the Financial Statements and applied on a consistent basis. The following tables provide a reconciliation of these non-IFRS measures to the most directly comparable IFRS measure.

The following non-IFRS performance measures are for the year ended December 31, 2022 and 2021.

C1 Cash costs per pound produced

C1 Cash costs of production include all costs absorbed into inventory less non-cash items such as depreciation and non-site charges such as transportation costs of copper cathodes. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as costs of sales, certain investors use this information to evaluate the Company's performance and ability to generate operating income and cash flow from its mining operations. Management uses this metric as an important tool to monitor site operating costs. Site cash costs per pound produced are calculated by dividing the aggregate cash costs of production by copper pounds produced. These measures are calculated on a consistent basis for the periods presented.

	Three months ended		Year ended	
	Dec. 31, 2022	Dec. 31, 2021	**Dec. 31, 2022**	Dec. 31, 2021
Cost of Sales[1]	**$ 3,859**	$ 28,371	**$ 35,570**	$ 54,314
Depreciation	**(123)**	(1,175)	**(1,144)**	(5,102)
Write-down of non-current portion of inventory	**—**	(9,196)	**—**	(9,196)
Non-site inventory (write-down) reversal	**—**	(1,021)	**—**	107
Net change in copper cathodes inventory	**(153)**	738	**(3,629)**	1,488
Transportation costs	**(59)**	(114)	**(419)**	(397)
C1 Cash costs of production	**3,524**	17,603	**30,378**	41,214
Pounds of copper produced (thousands)	**831**	2,505	**5,838**	9,280
Cash cost of copper produced (USD per pound)	**$ 4.24**	$ 7.03	**$ 5.20**	$ 4.44

[1] *Includes write-down of inventory of $14.3 million for the three months ended December 31, 2021 and $16.8 million for the year ended December 31, 2021.*

Realized copper price

Realized copper price is calculated as total revenue from sale of copper cathodes divided by pounds of copper cathodes sold. The Company believes that measuring realized copper price enables investors to better understand performance in the current and prior periods.

	Three months ended		Year ended	
	Dec. 31, 2022	Dec. 31, 2021	**Dec. 31, 2022**	Dec. 31, 2021
Revenue from copper cathodes	**$ 3,494**	$ 10,042	**$ 28,196**	$ 32,857
Pounds of copper sold (thousands)	**886**	2,324	**6,834**	8,884
Average realized copper price (USD per pound)	**$ 3.94**	$ 4.32	**$ 4.13**	$ 3.70

MTV contracted to sell a fixed amount of copper cathode representing 40% of its expected copper cathode production at $2.89 per pound from August 2020 to July 2022. The volume of monthly copper cathode contracted to sell at $2.89 per pound was set in July 2020 based on expected production from August 2020 to July 2022 with 3,382 tonnes remaining as at December 31, 2022. In the event that monthly copper cathode production is in excess of the expected volume, less than 40% of copper produced in that month will be sold at $2.89 per pound. In the event that monthly copper cathode production is below the expected volume, greater than 40% of copper produced in that month will be sold at $2.89 per pound.

Effective August 1, 2021, the remaining 40% fixed price component of the Offtake was deferred for nine months until May 1, 2022. Under the terms of the amendment, the remaining monthly deliveries of copper cathode due under the fixed price portion of the Offtake were deferred until May 1, 2022 and all sales of copper cathode commencing August 1, 2021 until April 30, 2022 were sold at the prevailing spot price for copper cathode, less a nominal amount. The remaining 12 months of contracted delivery amounts of the fixed price portion of the contract were expected to resume on May 1, 2022 at the previous agreed fixed price of $2.89 per pound, however the agreed fixed price component was not enforced by the offtake provider during 2022 and all copper cathode sales in 2022 were at the prevailing spot price. During the three and twelve months ended December 31, 2022, 100% of copper cathodes produced by MTV was sold at the prevailing spot price for copper cathode, less a nominal amount.

Net Cash (Debt)

Net cash (debt) is determined based on cash and cash equivalents and loans and borrowings as presented in the Company's Financial Statements. The Company uses net cash as a measure of the Company's ability to pay down its debt and believes that in addition to conventional performance measures prepared in accordance with IFRS, net cash (debt) is a useful indicator to some investors to evaluate the Company's financial position. The following table provides a calculation of net cash (debt) based on amounts presented in the Financial Statements as at December 31, 2022 and December 31, 2021.

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Current portion of loans and borrowings	**$ —**	$ (74,251)
Loans and borrowings	—	(218)
Less: cash and cash equivalents	**5,134**	13,656
Net cash (debt)	**$ 5,134**	$ (60,813)

Working Capital (Deficit)

Working capital is determined based on current assets and current liabilities as reported in the Financial Statements. The Company uses working capital as a measure of the Company's short-term financial health and operating efficiency. The Company believes that, in addition to conventional performance measures prepared in accordance with IFRS, working capital is a useful indicator to some investors to evaluate the Company's financial position. The following table provides a calculation of working capital based on amounts presented in the Financial Statements as at December 31, 2022 and December 31, 2021.

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Cash and cash equivalents	**$ 5,134**	$ 13,656
Restricted cash	**—**	556
Trade and other receivables	**39**	1,705
Inventories	**—**	16,739
Prepaids and other current assets	**16**	1,528
Portfolio investments	**121**	2,101
Current assets	**5,310**	36,285
Current liabilities	**729**	95,398
Working capital (deficit)[1]	**$ 4,581**	$ (59,113)

[1] *For 2021, working capital for the Corporate segment is $7.3 million and for the MTV segment there is a working capital deficit of $66.4 million.*

EBITDA and Adjusted EBITDA

EBITDA represents earnings before interest, income taxes, depreciation and gain on deconsolidation of MTV. Adjusted EBITDA includes further adjustments for non-recurring items and items not indicative to the operating performance of the Company. The Company uses adjusted EBITDA as a more appropriate supplemental measure of debt service capacity and performance of its operations. Adjusted EBITDA is calculated by removing the write-downs and reversals of previous write-downs of inventory, one-time material severance charges, gains and losses on portfolio investments, impairment of non-current assets, gains on modification of debt, stock-based compensation and unrealized foreign exchange gains and losses. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use these measures to evaluate the operating performance of the Company. Presenting these measures from period to period helps identify and evaluate earnings trends more readily in comparison with results from prior periods.

	Three months ended		Year ended	
	Dec. 31, 2022	Dec. 31, 2021	**Dec. 31, 2022**	Dec. 31, 2021
Net income (loss)	**$ 9,118**	$ (31,385)	**$ (8,130)**	$ (40,792)
Add:				
Finance expense	**3,512**	2,479	**12,467**	9,306
Depreciation	**123**	1,175	**1,144**	5,102
Less:				
Realized gain on deconsolidation of MTV	**(18,924)**	—	**(18,924)**	—
EBITDA	**(6,171)**	(27,731)	**(13,443)**	(26,384)
Write-down of inventory, net of reversals	—	14,284	**5,587**	16,758
Severance expense	—	—	**1,969**	—
Gain on portfolio investments	**(135)**	—	**(135)**	(107)
Impairment of non-current assets	—	9,377	**—**	9,377
Unrealized foreign exchange (gain) loss	**4,160**	(561)	**(444)**	(3,914)
Stock-based compensation	—	9	**19**	88
Adjusted EBITDA	**$ (2,146)**	$ (4,622)	**$ (6,447)**	$ (4,182)

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties during the year ended December 31, 2022.

(i) Key Management Compensation

Compensation for services paid or payable to executive officers and independent directors of the Company is shown below:

	Year ended			
	Dec. 31, 2022		Dec. 31, 2021	
Compensation paid by and on behalf of TVC for executive management services provided to the Company (including stock-based compensation)[1]	**$**	**740**	$	846
Directors fees and stock-based compensation[2]		**270**		278
	$	**1,010**	$	1,124

[1] During the year ended December 31, 2022, the Company issued 325,203 RSUs (2021 – 155,312) and $15 thousand (2021 - $32 thousand) was recognized as compensation paid for executive management services. The RSUs vest on January 1, 2024 and January 1, 2023 respectively.
[2] During the year ended December 31, 2022, the Company issued 508,130 DSUs (2021 – 398,720) and $38 thousand (2021 – $56 thousand) was recognized as stock-based compensation. All DSUs have vested.

(ii) Mine Contracting Services

As at December 31, 2021, a balance of $7.7 million payable to Porto San Giorgio SpA remained outstanding as unsecured debt. Porto San Giorgio SpA is the minority shareholder of MTV and Vecchiola S.A. is a subsidiary of Porto San Giorgio SpA. No transactions occurred in 2022 and the balance was derecognized upon the deconsolidation of MTV.

(iii) MTV Management Loan

In 2018 and 2019, certain executives of MTV entered into loan agreements with MTV. Effective December 16, 2019, all principal and interest was subordinated to MTV's senior secured prepayment credit.

As of December 31, 2021, $0.8 million of principal and interest was outstanding. There were no transactions in 2022 and the loan balance was derecognized upon the deconsolidation of MTV.

FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial instruments and risks to which it is exposed, most of which are beyond the control of the Company, and assesses the impact and likelihood of those risks. These risks may include market risk, interest rate risk, foreign currency risk, commodity price risk, credit risk and liquidity risk. Where material, these risks are reviewed and monitored by experienced managers, advisors and consultants, by maintaining adequate liquidity, and by cost control initiatives.

The Company's activities expose it to certain financial risks during or at the end of the reporting period as described below.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices. The purpose of market risk management is to manage and control exposures to market risks, within acceptable parameters, while optimizing return. The sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rates and changes in foreign currency rates.

Interest Rate Risk

The Company's interest rate risk arises primarily from the interest received on cash and cash equivalents and any interest paid on floating rate borrowings.

Cash and cash equivalents are invested on a short-term basis to ensure minimal interest rate risk and to adequately provide liquidity for payment of operational and capital expenditures. To date, no interest-rate management products, such as swaps, are used in relation to cash and cash equivalents.

Foreign Currency Risk

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency for results and financial position of Canadian entities is CAD while for Chilean entities is USD. The presentation currency for the Financial Statements is USD.

During 2022, the Company incurs expenditures in CAD other than through its subsidiary, MTV, whose expenditures were in USD and CLP. The Company's exposure to foreign currency risk at December 31, 2022 is nominal due to the loss of control of MTV and its deconsolidation from TVC. Cash held in foreign currencies is subject to foreign currency risk.

As at December 31, 2022, approximately $0.1 million or 2% (December 31, 2021: $2.1 million or 2%) of the total assets were invested in portfolio investments priced in CAD, and approximately $6.4. million or 89% of total assets was held in CAD cash (December 31, 2021: $5.3 million or 5%). As at December 31, 2022, had the exchange rate between the USD and the Canadian dollar increased or decreased by 10%, with all other variables held constant, the increase or decrease, respectively, in net loss for the year ended December 31, 2022 would have amounted to approximately $0.4 million (December 31, 2021: $0.9 million).

Credit Risk

Credit risk is the risk that a third party will fail to meet its contractual obligations, which could result in the Company incurring a loss and arises primarily from the Company's receivables from customers and its cash and cash equivalents deposited with financial institutions.

The Company invests cash and cash equivalents with financial institutions that are financially sound based on their credit rating with the majority of the Company's cash held through large Canadian and US financial institutions with credit ratings of AA or higher. The Company’s exposure to credit risk associated with accounts receivable is influenced mainly by the individual characteristics of each customer. MTV had one customer that represented 100% of revenue for the year ended December 31, 2022 and was considered low risk as it is a large public company with operations throughout the world. The Company has not incurred any credit losses during the year ended December 31, 2022 other than those occurring from the deconsolidation of MTV and its debt owing to TVC nor does the Company have an allowance for expected credit losses.

The carrying value of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk associated with the difficulties that the Company may have meeting the obligations associated with financial liabilities that are settled with cash payments or with another financial asset. The Company manages liquidity risk by utilizing budgets and cash flow forecasts to assist the Company with maintaining sufficient cash to meet operating and capital obligations.

The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis. A maturity analysis was performed for all financial liabilities.

The Company currently has investments in securities of private companies. In some cases, the Company may be restricted by contract or by applicable securities laws or for other reasons from selling such securities for a period of time. The inability to sell such securities may impair the Company's ability to exit these portfolio investments when the Company considers it appropriate.

SCIENTIFIC AND TECHNICAL INFORMATION

Unless otherwise noted or indicated, scientific and technical content contained in this MD&A related to MTV is based on information contained in the Technical Report, which was prepared by Dr Antonio Luraschi, RM CMC, Manager of Metallurgic Development and Senior Financial Analyst, Wood, Mr Alfonso Ovalle, RM CMC, Mining Engineer, Wood, Mr Michael G. Hester, FAusIMM, Vice President and Principal Mining Engineer, Independent Mining Consultants, Inc., Mr Enrique Quiroga, RM CMC, Mining Engineer, Q&Q Ltda, Mr Gabriel Vera, RM CMC, Metallurgical Process Consultant, GVMetallurgy, and Mr Sergio Alvarado, RM CMC, Consultant Geologist, General Manager and Partner, Geoinvestment Sergio Alvarado Casas E.I.R.L. all of whom were independent qualified persons as defined by NI 43-101 at the time the Technical Report was prepared. The Technical Report was filed by TVC on SEDAR (www.sedar.com) on December 14, 2018 and subsequently amended and restated on May 27, 2021. Readers are encouraged to read the Technical Report in its entirety except for certain sections withdrawn by the Company in relation to disclosure regarding the Preliminary Economic Assessment appearing in the Technical Report (see press release dated April 12, 2021).

OFF-BALANCE SHEET ARRANGEMENTS

In order to ensure that the Company had appropriate control and direction over MTV, the Company entered into the SHA with the Minority Shareholder on October 2, 2017. Under the SHA, the Company had the right of first refusal to purchase the remaining ownership percentage (the "**Minority Position**") of MTV from the Minority Shareholder. The Company also had the option to purchase (the "**Call Option**") the Minority Position by delivering a written notice within 30 days after October 2, 2021. Should the Company not have exercised its Call Option within the stipulated time period, the Minority Shareholder would have had the right to initiate a sale process for up to 100% of MTV. On October 4, 2021, the Company delivered to the Minority Shareholder the required written notice of its intention to acquire the Minority Position held by the Minority Shareholder as per the Call Option notice requirements of the SHA. The Minority Shareholder refused to recognize the established process under the SHA and this dispute was included in the ongoing arbitration initiated under the SHA pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce (see *Contingencies and Commitments* elsewhere in this MD&A Company). The Company and the Minority Shareholder executed a binding term sheet for the settlement of this dispute, and it is expected the formal agreements will be executed in May 2023.

ADVISORY

Forward-Looking Information

Certain statements in this MD&A, and in particular the "Outlook" and "Liquidity and Capital Resources" sections, contain forward-looking information (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the forgoing, this MD&A contains Forward-Looking Statements pertaining to: (i) expectations and requirements for additional capital to continue operating as a reporting issuer; (ii) expectations detailed in the "Liquidity and Capital Resources" section, including statements that the Company may require further financing to meet its financial obligations and sustain its operations in the normal course, (iii) the Company issuing new common shares or new debt as necessary; (iv) the capital resources of the Company could be negatively or positively impacted depending on market conditions; (v) future foreign exchange rates; (vi) general business and economic conditions; (vii) expectations and outcome of litigation; (viii) expectations regarding the outcome of judicial liquidation of MTV; (ix) expectations related to the Loss of Control Event and deconsolidation of the assets and liabilities of MTV; and (x) expectations related to potential business combinations, acquisitions, change in corporate strategy or sale of the Company.

Although TVC believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) there being no significant or unforeseen liabilities related to the outcome of judicial liquidation of MTV; (ii) the effects of regulations and tax laws of governmental agencies will not materially change; (iii) foreign exchange variability; (iv) critical accounting estimates; (v) general marketing, political, business and economic conditions; (vi) the Company will have access to capital in order to fund future operations; and (vii) the ability of the Company to continue as a going concern.

Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) significant or unforeseen liabilities related to the outcome of judicial liquidation of MTV; (ii) litigation risk; (iii) reporting issuer risk; (iv) risks related to regulation by governmental authorities; (v) risks related to potential failure of the Company to identify, negotiate or finance future acquisitions successfully; (vi) risks associated with TVC's equity investments; (vii) general economic, market and business conditions; (viii) market volatility that would affect the ability to enter or exit investments; (ix) failure to secure additional financing for the Company in the future on acceptable terms to the Company, if at all; (x) commodity price fluctuations and uncertainties impacting the Company's ability to complete acquisitions or dispositions; (xi) risks associated with catastrophic events, manmade disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises, including COVID-19; and (xii) those risks disclosed herein under the heading "Financial Risk Management". The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and TVC does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

Cautionary Note to United States Investors Concerning Estimates of measured, indicated and inferred mineral resources

Disclosure regarding the Company's mineral properties, including with respect to mineral reserve and mineral resource estimates included in this MD&A, was prepared in accordance with NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 differs significantly from the disclosure requirements of the Securities and Exchange Commission (the "**SEC**") generally applicable to U.S. companies. Accordingly, information contained in this MD&A is not comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

ADDITIONAL INFORMATION

Additional information related to the Company and its business activities is available for viewing on SEDAR at www.SEDAR.com and on the Company's website at www.threevalleycopper.com.