SRHI Inc.

Management's Discussion and Analysis
of Financial Position and Results of Operations
First Quarter Ended March 31, 2021

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 SRHI Inc. ("**SRHI**" or the "**Company**"). This document is prepared as at May 12, 2021 (unless otherwise stated) and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2021, including the notes thereon (the "**Financial Statements**"), the Company's audited consolidated financial statements for the year ended December 31, 2020, including the notes thereon and the Company's MD&A for the year ended December 31, 2020. 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.srhi.ca.*

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

SRHI, headquartered in Toronto, Ontario, Canada is focused on growing copper production from, and further exploration of, its primary asset, Minera Tres Valles SpA ("**MTV**"). Located in Salamanca, Chile, MTV is 70% owned by the Company and 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 is located in the Province of Choapa, Chile which includes a fully integrated processing operation and two active mines. Ore is extracted primarily from the Don Gabriel open pit mine ("**Don Gabriel**") and the Papomono underground mine ("**Papomono**"), both of which are located approximately 10 kilometers north of the town of Salamanca, 300 kilometers north of Santiago, Chile. MTV's objective is to carry out mining activities associated with exploiting and processing minerals for which it has a crushing and processing plant with nameplate capacity of 7,000 tonnes per day. MTV's heap leach pads and solvent-extraction and electrowinning processing ("**SX-EW**") plant (production capacity of 18,500 tonnes per year of copper cathodes) are located approximately 7 kilometers north of Salamanca. The first shipment of copper cathodes from MTV took place in January 2011. Additional information on the Company and its operations, including its Technical Report, can be found on the Company's website at (www.srhi.ca) and on SEDAR www.sedar.com.

SUBSEQUENT EVENTS

On April 16, 2021, the Company announced it closed a bought deal financing (the "**Offering**") for gross proceeds of CAD$11.5 million (see *Liquidity and Capital Resources* elsewhere in this MD&A).

On April 27, 2021, the Company began trading on the TSX Venture Exchange (the "**TSXV**") after voluntarily delisting its securities from the Toronto Stock Exchange ("**TSX**").

On May 11, 2021, the Company filed the notice of its upcoming annual and special meeting of shareholders where it will seek approval from shareholders to change the name of the Company to "Three Valley Copper Corp.", or such other name as the board of directors (the "**Board**") deems appropriate.

FINANCIAL AND OPERATIONAL SUMMARY

Financial information (in thousands)		Three months ended Mar. 31, 2021		Mar. 31, 2020
Revenue	$	**7,000**	$	7,147
Gross profit (loss)	$	**2,141**	$	(6,982)
Net loss from continuing operations	$	**(655)**	$	(15,576)
Net loss from discontinued operations	$	**—**	$	(2,241)
Net loss for the period	$	**(655)**	$	(17,817)
Net loss per share attributable to owners of the Company	$	**(0.01)**	$	(0.37)
EBITDA from continuing operations [1]	$	**2,792**	$	(12,034)
Adjusted EBITDA from continuing operations [2]	$	**700**	$	(1,830)
Gain (loss) on portfolio investments	$	**107**	$	(2,332)
Impairment of non-current assets	$	**—**	$	(7,628)
Reversal (write-down) of inventory	$	**1,738**	$	(3,805)
Cash provided by (used in) operating activities before working capital changes	$	**709**	$	(2,246)

1 EBITDA represents earnings before interest, income taxes and depreciation. 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, taxes, depreciation and amortization and further adjusted to remove the Company's loss on portfolio investments, reversal (write-down) of inventory, loss 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.

(in thousands)		As at Mar. 31, 2021		Dec. 31, 2020
Cash and cash equivalents	$	**4,673**	$	11,961
Net debt [1]	$	**62,323**	$	54,289
Working capital [1]	$	**6,948**	$	15,127
Total equity attributable to owners of the Company	$	**26,497**	$	26,669
Non-controlling interest	$	**(2,414)**	$	(2,021)

1 Net debt and working capital 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:

Operating information	Three months ended Mar. 31, 2021	Mar. 31, 2020
Copper (MTV Operations)		
Total ore mined (thousands of tonnes)	**179**	249
Grade of ore mined (% Cu)	**0.57 %**	0.82 %
Total waste mined (thousands of tonnes)	**179**	638
Ore Processed (thousands of tonnes)	**223**	299

Operating information		Three months ended Mar. 31, 2021		Mar. 31, 2020
Copper (MTV Operations)				
Cu Production (tonnes)		**900**		1,484
Cu Production (thousands of pounds)		**1,985**		3,271
Change in inventory ($000s)	**$**	**6,034**	$	(3,226)
Cash cost of copper produced [1] (USD per pound)	**$**	**2.28**	$	3.23
Realized copper price [2] (USD per pound)	**$**	**3.47**	$	2.25

[1] *Cash cost per pound of copper produced includes all costs absorbed into inventory less non-cash items such as depreciation and non-site charges. 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.*

Key Growth Initiatives

Cathode production for 2021 is expected to come primarily from three sources including the open pit operations at Don Gabriel, third-party small miner supplied ore and existing inventory on the leach pad. A large component of ore production growth that is part of the long-term mine plan and is expected in 2022, will come from the higher-grade Papomono Masivo deposit.

Papomono Masivo is the Company's incline block caving underground mining project that is expected to be completed during the fourth quarter of 2021. In mid-November 2020, MTV contracted with Desarrollos Mineros Aura SpA for the initial construction and development of Papomono Masivo and following a 12 month construction phase, is expected to ultimately generate underground production in excess of 2,000 tonnes per day while significantly reducing unit-mining costs. Construction continues and is approximately 30% complete with $2.8 million of capital expenditures incurred in the three months ended March 31, 2021. This construction project remains on schedule and on budget targeting commercial production by early 2022.

After the successful Judicial Reorganization Agreement ("**JRA**") in 2020 and completion of the associated customary documentation with MTV's senior secured lenders (the "**Lenders**"), the open pit operations of Don Gabriel were restarted in mid-December 2020 after being idled midway through the first quarter of 2020, and its ore processed through MTV's chloride leaching ("**Salt Leach**") system. This was the first time that ore at MTV was processed through the Salt Leach while operating at design parameters and the benefits of this are still being assessed as the first full cycle of the Salt Leach is yet to be completed. During the first quarter of 2021, the restart of Don Gabriel's operations produced a natural lag in the production of copper cathodes given the leaching time required (approximately 160 days) to convert ore to copper cathode.

Salt Leaching involves adding rock salt (NaCl) in the agglomeration stage of the crushing plant allowing the mixed sulphide and oxide material to cure on the heap for at least 30 days before commencing leaching. The accelerated oxidation of sulphide material by the addition of salt to the heaps is expected to improve copper recoveries by approximately 5% - 10%, reduce acid consumption by up to 40%, and decrease the leach time by approximately 40%.

Cash cost per pound (see *Non-IFRS Performance Measures* elsewhere in this MD&A) produced decreased to $2.28 for the three months ended March 31, 2021 compared to $3.23 for the three months ended March 31, 2020. The difference in cash cost per pound across the comparative periods is largely driven by the $3.7 million site inventory write-down in 2020 that was not experienced in the same period of 2021 together with a reversal of a previous site inventory write-down of $0.3 million for the three months ended March 31, 2021. For the three months ended March 31, 2021, MTV operated, on average, at 53% of its potential capacity, consistent with its expectations, due to fewer available areas to mine.

Cash Position

Cash and cash equivalents decreased to $4.7 million at March 31, 2021 from $12.0 million at December 31, 2020 mainly due to $3.9 million used in operating activities, $2.8 million of capital expenditures related to the construction and development of the Papomono Masivo and $0.6 million of interest payments. In April 2021, the Company strengthened its cash position with gross proceeds of CAD$11.5 million from the Offering (see *Liquidity and Capital Resources* elsewhere in this MD&A).

Capital Expenditures

Capital expenditures for the three months ended March 31, 2021 amounted to $2.8 million and mainly consisted of Papomono Masivo expenditures. It is expected that a further $8.7 million of capital expenditures will be incurred for Papomono Masivo during the remainder of 2021.

OUTLOOK

Outlook

Expansion Projects and Production

The Company has plans to complete its remaining two expansion projects: the Don Gabriel expansion and the development and construction of the Papomono Masivo. It has also commenced the first phase of its exploration program consisting of compiling the property's geological data to identify highly prospective exploration targets including the 100 outcrop copper occurrences identified on its significant land package of over 46,000 hectares of mineral rights.

The expansion of Don Gabriel began in the second half of 2018 supported by the Company's working capital and MTV's operational cash flows. In the first quarter of 2020, the expansion at Don Gabriel was halted and mining restarted in December 2020 and is expected to continue until Papomono Masivo begins its initial production in late 2021. Continued expansion of Don Gabriel remains part of the longer life of mine plan.

During the first quarter of 2021, the proportion of waste to ore mined at Don Gabriel was higher than planned together with lower than expected grade. This is partially a result of the ramping up process after restarting in mid-December 2020. As a result, it is possible that some of the expected production for 2021 will be delayed until 2022. For the first time, ore was processed through the Salt Leach while operating at design parameters and improvements in contained copper recoveries are expected and will be monitored in the coming months.

In the first quarter of 2021, third-party small miner and ENAMI ore supplied was near expectations but beginning in the second half of April 2021, MTV began to experience lower than expected supplies of third-party small miner ore. Management is uncertain if this lower than expected supply is temporary as a result of the increased COVID-19 restrictions introduced in Chile at the beginning of April 2021, or systematic in nature.

During the first quarter of 2021, the block caving construction project continued as planned. The construction is still on track for completion at the end of 2021 but the Company is closely monitoring this timeline as the high copper price environment has created intense competition leading to low availability of certain contractor equipment and increased competition for skilled labor affecting contractors throughout Chile. Completion of the expenditures as currently planned will allow for production of this higher-grade Papomono Masivo deposit to commence in late 2021 and is expected to ultimately generate underground production in excess of 2,000 tonnes per day while significantly reducing unit-mining costs.

The Company, on average, operated at approximately 53% of its potential capacity in the first quarter of 2021, consistent with expectations due to fewer available areas to mine. It is expected that as the Company increases production during the second half of 2022, its capacity utilization will increase thereby lowering unit costs across the operation.

Under the offtake agreement (the "**Offtake**") with Anglo American Marketing Limited ("**AAML**"), MTV has currently 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 "**Fixed Price**"). 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 4,390 tonnes remaining as at March 31, 2021. In the event that 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 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. During the first quarter of 2021, 46% of copper produced was sold at $2.89 per pound.

The increasing copper price coupled with the Fixed Priced portion of the Offtake is affecting the economics of purchasing ore from third-party small miners at market. At times, these purchases may be uneconomic, however, the Company continues this practice as the relationship with these third parties to the business is of strategic importance as is the continued access to the ore they produce. The Company is currently assessing its options under the offtake agreement and continuing an open dialogue with the offtaker to explore alternatives to resolve this.

Management together with operations and technical staff are assessing the developments at Don Gabriel and Papomono Masivo to determine if any adjustments may be required to the Company's prior guidance for the remainder of 2021.

The Company intends to use the majority of the net proceeds of the Offering for (i) working capital purposes at MTV as the operation proceeds towards full production and (ii) exploration and infill drilling in, around and between Don Gabriel and Papomono. The Company is of the belief that it may require further financing to meet its financial obligations, sustain its operations and ongoing capital projects in the normal course of business, and expand its inventory of reserves and resources.

COVID-19

At the onset of the COVID-19 outbreak, the virus created near-term copper price uncertainty and volatility, and significant losses across the world's financial marketplace and social dislocation. Since March 23, 2020 when the copper price reached a low of $2.10 per pound, it has rallied considerably to a March 2021 average of $4.08 per pound and reaching over $4.70 in May 2021. The Company remains confident in the long-term outlook for copper, however global economic uncertainty and the unknown effects of COVID-19 could lead to volatility of copper prices in the coming quarters. Although global financial markets and the copper price have recovered impressively since March 2020, the extent and duration of impacts that the pandemic may still have on the copper price, suppliers and employees and on global financial markets is not known at this time, and could be material.

Beginning in March 2021 and in conjunction with the Chilean Ministry of Mining, the Ministry of Health and the Regional Mining Secretary of Coquimbo, MTV initiated an on-site vaccination program by offering vaccinations to all MTV employees and contractors. To date, approximately 30% of the workforce have received both doses of the vaccine and nearly 100% of the workforce has opted to participate. The Company continues its preventative, mitigating and containment measures to actively minimize the spread of COVID-19.

The Company experienced little impact to its operations in the three months ended March 31, 2021. However, beginning in April 2021, Chile imposed its strictest measures to combat COVID-19 to date. Beginning late April 2021, the Company began experiencing some impacts from these restrictions resulting in disruptions to delivery of supplies, contractor productivity and reduced operations of third-party small miners providing ore to MTV's facilities. Should these restrictions continue for an extended period of time, the effect of the COVID-19 pandemic on the Company's business activities will create elevated uncertainty and may impact production and previous guidance.

Geopolitical Uncertainties

In October 2019, social unrest in Chile erupted throughout the country. Deaths, vandalism and looting were reported in Santiago and other regions of the country. As of March 31, 2021, the social unrest had retreated as COVID-19 is the focus of the country but its impacts on Chile's economy continue. As a result, Chile started a process to replace its Constitution by means of a Constitutional Assembly tasked with drafting the new text. The elections of the members of the Assembly are scheduled to take place mid-May 2021 after COVID-19 delayed the previously scheduled April 2021 election and it will include a thorough discussion on Labour Constitutional Rights, including a possible reformulation of the Right to Unionize and the Right to Strike, expanding its application. This geopolitical uncertainty and the current global economic uncertainties may reduce the attractiveness of Chile as an investment destination for capital providers.

During April 2021, the unionized employees of MTV went on strike. The union agreed to a new 3-year contract without an increase in remuneration. The union initially rejected MTV's first offer returning to later accept this offer 8 days later. Unionized employees make up less than 10% of MTV's workforce and approximately 40% of the unionized workforce were still required to work during the negotiation period as they were deemed essential for health, safety and environment well-being purposes.

Chile's Drought

The drought experienced during the first quarter of 2020 in the province of Coquimbo, where the mine is located, was the most severe drought in 60 years, which affected water access to the heaps and impacted copper production. During the peak of the drought, the flow of water from various sources including the Choapa River, was not sufficient to fulfill MTV's water rights necessitating production curtailment.

Since that time, MTV has been able to secure water sources that currently yield the required water flows to maintain its revised planned operations. There is currently no water supply issues affecting MTV's mining operations although continued droughts are reported throughout Chile. However, should drought conditions or water supply challenges reappear in the foreseeable future, further adjustments to the operations at MTV may be required.

OPERATIONAL UPDATE

Three Months Ended March 31, 2021

	Three months ended	
	Mar. 31, 2021	**Mar. 31, 2020**
Tonnes mined - underground operations	**11,476**	26,773
Tonnes mined - open pit operations	**167,290**	222,043
Total ore mined (tonnes)	**178,766**	248,816
Waste mined - open pit operations (tonnes)	**178,908**	638,266
MTV mine processed ore (tonnes)	**173,875**	254,032
Third-party processed ore (tonnes)	**41,857**	29,890
ENAMI tolling processed ore (tonnes)	**7,474**	14,986
Total processed ore (tonnes)	**223,206**	298,908
Metallurgical recovery - underground material (%)	**73.3 %**	70.2 %
Metallurgical recovery - open pit material (%)	**69.1 %**	74.1 %
Underground average ore grade (Cu%)	**0.75 %**	0.86 %
Open pit average ore grade (Cu%)	**0.56 %**	0.82 %
Copper cathode production (tonnes)	**900**	1,484
Copper cathode sales (tonnes)	**906**	1,354
Toll processed and copper cathodes returned to ENAMI (tonnes)	**84**	339

During the three months ended March 31, 2021, the mining operation was ramping up after Don Gabriel restarted operations in mid-December 2020. Don Gabriel contributed 73% of ore production during the first quarter of 2021 with most of the remainder supplied by third-party miners and ENAMI. Beginning in the first quarter of 2021, the ENAMI tolling contract was converted to an ore purchase contract with similar economics to the Company.

Construction and development continues at the Papomono underground site with limited ore being extracted during the process. During the first quarter of 2021, the block caving construction project continued as planned despite being impacted by the low availability of certain equipment of the contractor's fleet and increased competition for skilled labor within the Chilean mining industry. The construction is still on track for completion at the end of 2021.

Total ore and waste tonnes mined decreased compared to the same quarter in the prior year (358 thousand tonnes in the three months ended March 31, 2021 compared to 887 thousand tonnes in the three months ended March 31, 2020). This is largely due to a significant decrease in tonnes of waste moved in the first quarter of 2021 and is a result of the lower strip ratio planned and encountered in 2021 (179 thousand tonnes compared to 638 thousand tonnes for the three months ended March 31, 2020). Ore mined in the first quarter of 2021 also decreased compared to the same quarter in the prior year (179 thousand tonnes in the three months ended March 31, 2021 compared to 249 thousand tonnes in the three months ended March 31, 2020). The reduction in ore mined in the first quarter of 2021 was a result of (i) the ramping up process after restarting Don Gabriel in mid-December 2020 and (ii) a higher proportion of waste to ore mined.

Production for the three months ended March 31, 2021 of 900 tonnes of copper cathodes was lower than the three months ended March 31, 2020 of 1,484 tonnes. The impact on copper production was largely driven by (i) less ore mined and stacked on the heap leach pads as the mines only restarted in mid-December 2020, (ii) a lower grade experienced and, (iii) the first full leaching cycle remaining incomplete.

	Three months ended			
	Jun. 30, 2020	Sept. 30, 2020	Dec. 31, 2020	Mar. 31, 2021
Total ore mined (tonnes)	52,671	49,364	57,274	**178,766**
Waste mined - open pit mine (tonnes)	96,642	117,860	57,082	**178,908**
Copper cathode production (tonnes)	1,228	1,077	1,094	**900**
Operations capacity	20 %	21 %	24 %	**53 %**

The Company, on average, operated at approximately 53% of its potential capacity in the first quarter of 2021. It is expected that as the Company increases production during the second half of 2022, its capacity utilization will increase thereby lowering unit costs across the operation.

LIQUIDITY AND CAPITAL RESOURCES

Cash

At March 31, 2021, the Company held cash and cash equivalents of $4.7 million. Cash and cash equivalents are primarily 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 $7.3 million in the three months ended March 31, 2021 primarily as a result of cash and cash equivalents used in operating activities of $3.9 million, capital expenditures of $2.8 million and interest paid of $0.6 million.

On April 16, 2021, the Company issued a total of 20,930,000 units (the “**Units**”) on a bought deal basis, at an offering price of CAD$0.55 per Unit, which included 2,730,000 Units issued pursuant to the exercise of the over-allotment option, in full, for gross proceeds of CAD$11.5 million. Each Unit consists of one Class A common share (a “**Common Share**”) in the capital of the Company and one Common Share purchase warrant (a “**Warrant**”). Each Warrant entitles the holder thereof to purchase one Common Share at a price of CAD$0.70 for a period of 18 months following the closing of the Offering. The Company intends to use the majority of the net proceeds of the Offering for (i) working capital purposes at MTV as the operation proceeds towards full production and (ii) exploration and infill drilling in, around and between Don Gabriel and Papomono.

As a condition of the secured prepayment facility entered into with the Lenders, and later amended as part of the JRA (the "**Amended Facility**"), the Company provided the Lenders with a $10 million guarantee that is reduced dollar for dollar as SRHI supports MTV with new capital in accordance with the terms of the JRA. As at March 31, 2021 and May 12, 2021, the amount outstanding under this guarantee was $1 million and $nil, respectively.

Working Capital

At March 31, 2021, the Company had consolidated working capital of $6.9 million. Included in this working capital is cash of $4.7 million, trade and other receivables of $1.3 million, current inventories of $11.4 million, prepaids and other current assets of $2.9 million, and portfolio investments of $2.1 million. Liabilities included in the working capital include accounts payable and accrued liabilities of $10.9 million and MTV's current portion of loans and borrowings of $4.5 million. The first installment of loans and borrowings as set out in the JRA is due March 31, 2022 and as a result, is now included in the current portion of loans and borrowings. The current portion of loans and borrowings will increase each quarter during 2021 as MTV approaches its first installment date of March 31, 2022 that may result in the Company reporting a working capital deficit in the future. Excluding the MTV Segment, the Company had working capital of $4.3 million as at March 31, 2021.

Commodity price variability will impact the Company as it undertakes to expand the mining operations at Papomono and Don Gabriel and increase throughput of the plant from its current sub-optimal utilization. The commodity price and exchange rate environment is volatile and accordingly will have an impact on the Company's cash flows.

Capital Resources and Going Concern

The Company’s primary sources of capital resources are comprised of cash and cash equivalents, divestment of its remaining portfolio investments and its loans and borrowings.

In February 2021, the Company sold a legacy portfolio investment for gross proceeds of $0.4 million.

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 or new debt as necessary.

The Company's capital structure is represented by its issued equity and the long-term debt at MTV. At March 31, 2021, the Company's consolidated long-term debt was $62.5 million. The Company's book value at March 31, 2021 was $24.1 million. The Company is substantially leveraged.

The Amended Facility contains various operating and financial covenants. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the Amended Facility. As at March 31, 2021, MTV was not in compliance with one operating covenant related to its copper production that resulted in a review event (and not an event of default) as defined under the Amended Facility. The Lenders were notified in accordance with the requirements under the Amended Facility.

The Company has incurred significant operating losses and negative cash flows from operations in recent years and has an accumulated deficit of $247.6 million. Although it has consolidated working capital of $6.9 million at March 31, 2021 and approximately $13.9 million as at the date hereof, the Company may require further financing to meet its financial obligations, sustain its operations and ongoing capital projects in the normal course, secure the 30% non-controlling interest of MTV and expand its inventory of reserves and resources. 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 (if required) and continue as a going concern. These adjustments could be material.

The Company may need to raise capital in order to further support MTV's operations including development of its mineral properties and general working capital purposes. MTV currently operates in a high-cost environment as it expands production. Working capital stresses could exist in the future at MTV and additional sources of capital (in addition to the Offering) may be required to execute MTV's planned operations. Such financing, if sought, will depend on a number of unpredictable factors, which are often beyond the control of the Company and MTV such as actual copper produced from MTV's operating mines and actual capital expenditures. Raising capital may be adversely impacted by, amongst other factors: (i) a lack of normally available financing, (ii) volatile market conditions, (iii) extended and unforeseen issues resulting from the current COVID-19 pandemic, (iv) uncertain water supply in Chile and (v) geopolitical issues in Chile. To address its financing requirements, the Company may seek financing through joint venture agreements, debt and equity financings, asset sales, rights offerings to existing shareholders or restructuring MTV's debt and payment terms with critical suppliers. The outcome of these matters cannot be predicted at this time and there can be no assurance that capital will be available to the Company or MTV in the amount required at any particular time or for any particular period, or, if available, that such financing can be obtained on satisfactory terms. The Company and MTV are exposed to liquidity risk.

The Company continues to review its near-term operating plans and take steps to reduce costs and maximize cash flow from operations.

Certain loan agreements contain operating and financial covenants that restrict the ability of MTV to, among other things, incur additional indebtedness needed to fund its operations, pay dividends or make other distributions, make investments, create liens, sell or transfer assets or enter into transactions with affiliates.

OPERATING SEGMENTS

The Company has two reportable segments. MTV is the Company's principal operating business. Corporate includes the Canadian corporate office that holds its legacy portfolio investments.

Significant information relating to reportable operating segments is summarized below:

As at March 31, 2021		**MTV**		**Corporate**		**Total**
Total assets	$	105,152	$	4,811	**$**	**109,963**
Total liabilities	$	85,400	$	480	**$**	**85,880**

As at December 31, 2020	MTV	Corporate	Total
Total assets	$ 98,804	$ 11,570	**$ 110,374**
Total liabilities	$ 85,106	$ 620	**$ 85,726**

Three Months Ended March 31, 2021	**MTV**	**Corporate**	**Total**
Revenue	$ 7,000	$ —	**$ 7,000**
Cost of sales	(4,859)	—	**(4,859)**
Gross profit	2,141	—	**2,141**
Expenses			
General and administrative expenses	547	409	**956**
Gain on portfolio investments	—	(107)	**(107)**
Finance expenses, net	2,212	—	**2,212**
Other income, net	(261)	(4)	**(265)**
Net loss for the period	$ (357)	$ (298)	**$ (655)**

Three Months Ended March 31, 2020	**MTV**	**Corporate**	**Total**
Revenue	$ 7,147	$ —	**$ 7,147**
Cost of sales	(14,129)	—	**(14,129)**
Gross loss	(6,982)	—	**(6,982)**
Expenses			
General and administrative expenses	763	476	**1,239**
Loss on portfolio investments	—	2,332	**2,332**
Finance expenses, net	1,578	—	**1,578**
Other income, net	(3,329)	(854)	**(4,183)**
Impairment of non-current assets	7,628	—	**7,628**
Net loss from continuing operations	(13,622)	(1,954)	**(15,576)**
Net loss from discontinued operations	—	(2,241)	**(2,241)**
Net loss for the period	$ (13,622)	$ (4,195)	**$ (17,817)**

For the three months ended March 31, 2021, 99% of the revenue ($6.9 million) was from one customer. For the three months ended March 31, 2020, 84% of the revenue ($6.0 million) was from one customer. As at March 31, 2021, there was $0.3 million (December 31, 2020: $0.2 million) outstanding in trade and other receivables.

FINANCIAL UPDATE

Three Months Ended March 31, 2021

Gross profit (loss)

(in thousands)	Three months ended Mar. 31, 2021	Mar. 31, 2020
Revenue	**$ 7,000**	$ 7,147
Cost of sales	**(4,859)**	(14,129)
Gross profit (loss)	**$ 2,141**	$ (6,982)

Revenue

During the three months ended March 31, 2021, the Company recognized revenues of $7.0 million (three months ended March 31, 2020: $7.1 million) which included revenue from the sale of 906 tonnes of copper cathodes for $6.9 million (three months ended March 31, 2020: 1,354 tonnes of copper cathodes for $6.7 million) and revenues from tolling services of $0.1 million (three months ended March 31, 2020: $0.4 million). Revenues were based on an average realized copper price of $3.47 per pound (three months ended March 31, 2020: $2.25 per pound). In accordance with the Offtake, MTV sold 46% of its copper cathode production at $2.89 per pound for the three months ended March 31, 2021. This percentage is higher than the expected 40% as copper cathode production was lower during the three months ended March 31, 2021 than was anticipated when the fixed priced portion of the contract was entered into (see *Outlook* elsewhere in this MD&A).

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. As at March 31, 2021, the book value of inventory was determined to be below its net realizable value and a reversal of a previous write-down of inventory of $1.7 million was recognized as a reduction to cost of sales. As at March 31, 2020, the book value of inventory was determined to be in excess of its net realizable value and an impairment in inventory of $3.8 million was recognized as an increase to cost of sales.

General and administrative expenses

	Three months ended Mar. 31, 2021	Mar. 31, 2020
General and administrative expenses	**$ 956**	$ 1,239

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

The Company's G&A for the three months ended March 31, 2021 compared with the three months ended March 31, 2020 decreased as the Company continues to focus on reducing G&A costs throughout the organization.

(Gain) loss on portfolio investments

	Three months ended Mar. 31, 2021	Mar. 31, 2020
(Gain) loss on portfolio investments	**$ (107)**	$ 2,332

The Company disposed of a portfolio investment in February 2021 for gross proceeds of $0.4 million. There were no dispositions of portfolio investments during the three months ended March 31, 2020.

For the three months ended March 31, 2021, the realized gain on portfolio investments of $0.1 million was solely from the sale of its investment in Uranium Royalty Corp. For the three months ended March 31, 2020, the unrealized loss on portfolio investments was $2.3 million and was predominantly due to the decreased value of the Company's public investment in Corsa Coal Corp.

Finance expenses, net

	Three months ended	
	Mar. 31, 2021	Mar. 31, 2020
Finance expenses, net	**$ 2,212**	$ 1,578

Finance expenses primarily consist of interest on loans and the interest accretion on the decommissioning liability. Under the terms of the JRA, only a portion of interest is payable and the remainder is capitalized until March 31, 2022. Of the Finance expenses of $2.2 million, amounts paid as cash for the three months ended March 31, 2021 totaled $0.6 million (three months ended March 31, 2020 - $0.1 million. The increase in Finance expense is largely due to the higher average outstanding balance of loans and borrowings for the three months ended March 31, 2021 ($66.6 million) compared to the three months ended March 31, 2020 ($44.5 million).

Other income, net

	Three months ended	
	Mar. 31, 2021	Mar. 31, 2020
Interest and other (loss) income	**$ (142)**	$ 356
Foreign currency translation gain	**407**	3,827
Other income, net	**$ 265**	$ 4,183

Foreign currency translation gain

During the three months ended March 31, 2021, the foreign currency gain was generated by the strengthening of the US dollar of approximately 1% compared to the Chilean peso, partially offset by the weakening of US dollars of approximately 1% compared to the Canadian dollar. During the three months ended March 31, 2020, the foreign currency gain was generated by the strengthening of the US dollar of approximately 14% compared to the Chilean peso and 9% compared to the Canadian dollar.

IMPAIRMENT OF MTV CASH GENERATING UNIT ("CGU")

During the three months ended March 31, 2021, there was no impairment charge or reversal of a previously recorded impairment charge recognized.

During the three months ended March 31, 2020, management observed a reduction in the current and future outlook of copper prices, primarily triggered by the ongoing COVID-19 virus pandemic. The anticipated impact to the Company's cash flows resulted in a trigger for an impairment test.

The recoverable amount of the MTV CGU was based on a fair value less cost of disposal approach (Level 3) using a discounted cash flow model of an indicative life of mine model of 8 years adjusted for current market multiples of similar public companies. This discounted cash flow model was management's best estimate of the recoverable amount of MTV's net assets at March 31, 2020.

Management engaged an independent third-party to assist management in preparing an impairment test that concluded that the recoverable amount of the MTV CGU was lower than its carrying value as at March 31, 2020. From this test, management concluded that an impairment charge of $7.6 million was necessary and recorded a reduction in the carrying value of MTV's assets to the Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2020.

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.

	2021	2020				2019		
(in thousands, except per share amounts)	**Mar**	Dec	Sept	Jun	Mar	Dec	Sept	Jun
Revenue	**$ 7,000**	$ 6,003	$ 5,610	$ 4,943	$ 7,147	$ 9,352	$ 9,650	$ 8,078
Gross profit (loss)	**$ 2,141**	$ (1,204)	$ (552)	$ (2,012)	$ (6,982)	$ (4,454)	$ (4,259)	$ (3,103)
Gain (loss) on portfolio investments	**$ 107**	$ (380)	$ —	$ 1,038	$ (2,332)	$ (1,358)	$ (3,419)	$ (6,821)
Net loss from continuing operations	**$ (655)**	$ (6,920)	$ (335)	$ (5,256)	$(15,576)	$(21,398)	$ (8,619)	$(12,708)
Net loss for the period	**$ (655)**	$ (6,920)	$ (335)	$ (5,256)	$(17,817)	$(25,825)	$ (8,993)	$(13,245)
Other comprehensive income (loss)	**$ 62**	$ 606	$ 405	$ 116	$ (1,762)	$ 318	$ (326)	$ 544
Basic and diluted loss per share from continuing operations	**$ (0.02)**	$ (0.21)	$ (0.01)	$ (0.16)	$ (0.46)	$ (0.63)	$ (0.25)	$ (0.37)
Basic and diluted net loss per share	**$ (0.02)**	$ (0.21)	$ (0.01)	$ (0.16)	$ (0.53)	$ (0.76)	$ (0.26)	$ (0.39)

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 to support its long-term business strategy. This will depend on its ability to obtain additional equity financing and to guarantee operational cash flow from its commercial copper production revenues. 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.

On April 16, 2021, the Company announced it closed its previously announced Offering for gross proceeds of CAD$11.5 million.

See the sections *Liquidity and Capital Resources* 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 34,083,042 common shares issued and outstanding as at March 31, 2021 and 55,770,942 common shares on the date hereof.

	Common shares (#)	Amount
Balance - December 31, 2020	34,083,005	$ 303,990
Exercise of warrants	37	—
Balance - March 31, 2021	**34,083,042**	**$ 303,990**
Shares issued on Offering, net of issue costs	20,930,000	7,851
Exercise of warrants	757,900	503
Balance - May 12, 2021	**55,770,942**	**$ 312,344**

Outstanding warrants:

The Company had 201,137,560 common share purchase warrants outstanding as at March 31, 2021 and 222,565,460 on the date hereof.

	Warrants(#)	Amount
Balance - December 31, 2020	201,138,300	$ 6,026
Exercise of warrants	(740)	—
Balance - March 31, 2021	**201,137,560**	**$ 6,026**
Warrants issued on Offering, net of issue cost	20,930,000	616
Non-transferable compensation warrants issued to underwriters	1,255,800	80
Exercise of warrants	(757,900)	(31)
Balance - May 12, 2021	**222,565,460**	**$ 6,691**

Common share purchase warrants totaling 201,137,560 entitles the holders thereof to purchase one common share at a price of CAD$6.66 per twenty (20) common share purchase warrants until February 9, 2022.

Common share purchase warrants totaling 20,930,000 entitle the holders thereof to purchase one common share at a price of CAD$0.70 per common share purchase warrant until October 16, 2022. As of May 12, 2021, 550,000 of these common share purchase warrants were exercised.

Non-transferable compensation warrants totaling 1,255,800 were issued to underwriters to purchase one common share at a price of CAD$0.55 per common share purchase warrant until October 16, 2022. As of May 12, 2021, 207,900 of these non-transferrable compensation warrants were exercised.

Outstanding stock options:

The number of stock options outstanding as at March 31, 2021 was 2.5 million (December 31, 2020: 2.4 million) at a weighted average exercise price of CAD$0.32 (December 31, 2020: CAD$0.31). The number of stock options vested as at March 31, 2021 was 1.2 million (December 31, 2020: 1.2 million).

COMMITMENTS

Contractual obligations of the Company as at March 31, 2021 are as follows:

	1 year	1 - 3 years	More than 3 years	Total
Accounts payable and accrued liabilities	$ 18,740	$ 281	$ —	$ 19,021
Amended Facility	3,966	31,734	11,900	47,600
Unsecured debt under the JRA	713	5,702	19,190	25,605
Leases	468	73	107	648
Other liabilities	835	1,708	757	3,300
Reclamation and other closure provisions	—	—	5,503	5,503
As at March 31, 2021	**$ 24,722**	**$ 39,498**	**$ 37,457**	**$ 101,677**

As of March 31, 2021, commitments to purchase (i) property, plant and equipment amounted to $8.7 million primarily for the construction and development of Papomono Masivo and (ii) mining operating supplies amounted to $0.3 million.

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.

The Company's significant accounting policies and accounting estimates are contained in the Company's December 31, 2020 consolidated financial statements. Certain of these policies, such as, mineral reserve estimates including life of mine plan, reclamation and other closure provisions, work-in-process inventory and production costs, and impairment of non-current assets involve critical accounting estimates s because they require management of the Company to make subjective or complex judgments about matters that are inherently uncertain, and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

In preparing its Financial Statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of the assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Please refer to Note 3 of the Financial Statements for details on critical accounting estimates.

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties during the three months ended March 31, 2021.

(i) Key Management Compensation

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

	Three months ended	
	Mar. 31, 2021	Mar. 31, 2020
Compensation paid by and on behalf of SRHI for executive management services provided to the Company (including stock-based compensation)	**$ 82**	$ 65
Directors fees and stock-based compensation	**76**	88
	$ 158	$ 153

(ii) Mine Contracting Services

For the three months ended March 31, 2021, $nil was paid to Vecchiola S.A. (three months ended March 31, 2020: $5 thousand), a mining contractor. As at March 31, 2021, a balance of $8.1 million (December 31, 2020: $7.9 million) payable to Vecchiola S.A. remained outstanding as unsecured debt as a result of the JRA (see Note 8 of the Financial Statements). Vecchiola S.A. is a related party to MTV through MTV's minority shareholder.

(iii) MTV Management Loan

In 2018 and 2019, certain senior managers of MTV entered into loan agreements with MTV. Effective December 16, 2019 all principal and interest was subordinated to the Facility and remained that way with the execution of the JRA and Amended Facility.

As of March 31, 2021, $0.8 million of principal and interest was outstanding (December 31, 2020: $0.8 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 below provide a reconciliation of these non-IFRS measures to the most directly comparable IFRS measure.

The following non-IFRS performance measures are for the three months ended March 31, 2021 and 2020.

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 trucking charges capitalized to inventory. Site cash costs per pound produced are calculated by dividing the aggregate of the applicable costs by copper pounds produced. These measures are calculated on a consistent basis for the periods presented.

	Three months ended	
	Mar. 31, 2021	Mar. 31, 2020
Cost of Sales[1]	**$ 4,859**	$ 14,129
Depreciation	**(1,235)**	(1,964)
Non-site inventory reversal (write-down)	**1,435**	(137)
Net change in finished goods inventory	**(454)**	(1,338)
Transportation costs	**(86)**	(119)
C1 Cash costs of production	**$ 4,519**	$ 10,571
Pounds of copper produced (thousands)	**1,985**	3,271
Cash cost of copper produced (USD per pound)	**$ 2.28**	$ 3.23

[1] *Includes reversal of a previous write-down of inventory of $1.7 million for the three months ended March 31, 2021 and write-down of inventory of $3.8 million for the three months ended March 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.

	Three months ended	
	Mar. 31, 2021	Mar. 31, 2020
Revenue from copper cathodes	**$ 6,942**	$ 6,724
Pounds of copper sold (thousands)	**1,998**	2,985
Average realized copper price (USD per pound)	**$ 3.47**	$ 2.25

During the first quarter of 2021, 46% of copper produced was sold at $2.89 per pound under the Offtake. MTV has currently 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 4,390 tonnes remaining as at March 31, 2021. In the event that 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 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.

Net Debt

Net 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 debt as a measure of the Company's ability to pay down its debt. The following table provides a calculation of net debt based on amounts presented in the Financial Statements as at March 31, 2021 and December 31, 2020.

		As at	
		Mar. 31, 2021	Dec. 31, 2020
Current portion of loans and borrowings	**$**	**4,505** $	627
Loans and borrowings		**62,491**	65,623
Less: cash and cash equivalents		**(4,673)**	(11,961)
Net debt	**$**	**62,323** $	54,289

Working Capital

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 following table provides a calculation of working capital based on amounts presented in the Financial Statements as at March 31, 2021 and December 31, 2020.

		As at	
		Mar. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	**$**	**4,673** $	11,961
Trade and other receivables		**1,257**	1,020
Inventories		**11,405**	8,426
Prepaids and other current assets		**2,907**	3,647
Portfolio investments		**2,118**	2,145
Current assets		**22,360**	27,199
Current liabilities		**15,412**	12,072
Working capital [1]	**$**	**6,948** $	15,127

[1] *Working capital for the Corporate segment is $4.3 million and for the MTV segment there is working capital of $2.6 million.*

EBITDA and Adjusted EBITDA

EBITDA represents earnings before interest, income taxes and depreciation. Adjusted EBITDA includes further adjustments for non-recurring items and items not indicative to the operating performance of the Company. The Company believes adjusted EBITDA is a more appropriate supplemental measure of debt service capacity and performance of its operations. Adjusted EBITDA is calculated by removing the write-down of inventory, loss on portfolio investments, impairment of non-current assets, loss (gain) on modification of debt, stock-based compensation and unrealized foreign exchange loss (gain).

		Three months ended	
		Mar. 31, 2021	Mar. 31, 2020
Net loss from continuing operations	**$**	**(655)**	$ (15,576)
Add:			
Finance expense		**2,212**	1,578
Depreciation		**1,235**	1,964
EBITDA from continuing operations		**2,792**	(12,034)
Write-down (reversal) of inventory		**(1,738)**	3,805
(Gain) loss on portfolio investments		**(107)**	2,332
Impairment of non-current assets		**—**	7,628
Unrealized foreign exchange loss (gain)		**(439)**	(3,583)
Stock-based compensation		**28**	22
Loss on modification of debt		**164**	—
Adjusted EBITDA from continuing operations	**$**	**700**	$ (1,830)

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no significant changes in the Company's internal controls over financial reporting that occurred during the three months ended March 31, 2021, that have materially affected, or are reasonably likely to have materially affected, the Company's internal controls over financial reporting. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

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 or the Amended Facility.

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.

The Company incurs expenditures in CAD other than through its subsidiary, MTV, whose expenditures are in USD and CLP. The Company's exposure to foreign currency risk at March 31, 2021 arises primarily from those transactions carried out at MTV in CLP rather than USD and that have a direct effect on the operating results, such as wages and its planned capital expenditures for Papomono Masivo. The Company does not engage in programs to mitigate its foreign currency exposure.

Commodity Price Risk

Commodity price risk is the risk that the fair values or cash flows associated with the Company's revenues and portfolio investments will vary due to changes in the prices of a particular commodity, e.g. copper. The Company does not engage in programs to mitigate its copper commodity exposure.

The Company is exposed to commodity price risk in respect of its revenues as all of its revenues are generated from the sale of copper cathodes. The price of this commodity is volatile and subject to fluctuations that may have a significant effect on the ability of the Company to meet its obligations, capital spending targets or commitments, and expected operational results which in turn impacts the cash flows of the Company.

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. The Company had one customer that represented 99% of revenue for the three months ended March 31, 2021 and which is 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 three months ended March 31, 2021 nor does it 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 (see *Commitments* elsewhere in this MD&A).

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.

The Company may need to raise capital in order to further support MTV's operations including development of its mineral properties, securing the 30% non-controlling interest of MTV and general working capital purposes. MTV currently operates in a high-cost environment as it expands production. Working capital stresses exist at MTV and additional sources of capital may be required to execute MTV's planned operations in addition to the Offering (see *Liquidity and Capital Resources* elsewhere in this MD&A). Such financing, if sought, will depend on a number of unpredictable factors, which are often beyond the control of the Company and MTV. Raising capital may be adversely impacted by, amongst other factors: (i) a lack of normally available financing, (ii) volatile market conditions, (iii) extended and unforeseen issues resulting from the current COVID-19 pandemic, (iv) uncertain water supply in Chile and (v) geopolitical issues in Chile. To address its financing requirements, the Company may seek financing through joint venture agreements, debt and equity financings, asset sales, rights offerings to existing shareholders or restructuring MTV's debt and payment terms with critical suppliers. The outcome of these matters cannot be predicted at this time and there can be no assurance that capital will be available to the Company or MTV in the amount required at any particular time or for any particular period, or, if available, that such financing can be obtained on satisfactory terms. The Company and MTV are exposed to liquidity risk.

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 prepared by Dr Antonio Luraschi, RM CMC, Manager of Metallurgic Development and Senior Financial Analyst, Wood, Mr Sergio Navarrete, RM CMC, Mining Engineer, 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 SRHI on SEDAR on December 14, 2018 at www.sedar.com. 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

As at March 31, 2021 and as a condition of the Amended Facility, the Company has provided the Lenders with a $10 million guarantee that is reduced dollar for dollar as SRHI supports MTV with additional capital in accordance with the terms of the JRA. This amount is not included in the consolidated financial statements.

As of March 31, 2021 and the date hereof, the remaining balance of this guarantee was $1.0 million and $nil, respectively.

In order to ensure that the Company has appropriate control and direction over MTV, the Company entered into a shareholders agreement (the "**SA**") with the other shareholder of MTV (the "**Minority Shareholder**") on October 2, 2017. Under the SA, the Company has the right of first refusal to purchase the remaining 30% (the "**Minority Position**") of MTV from the Minority Shareholder. The Company also has 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 exercise its Call Option within the stipulated time period, the Minority Shareholder shall have the right to initiate a sale process for up to 100% of MTV.

ADVISORY

Forward-Looking Information

Certain statements in this MD&A, and in particular the "Financial Restructuring", "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) the impact of COVID-19 on the Company's operations, demand and price of copper and ability to obtain funding; (ii) expectations regarding the $10 million guarantee and its expected drawdown; (iii) the use of proceeds from the Offering; (iv) expectations and requirements for additional capital; (v) expectations regarding the costs, timing and benefits of constructing and mining Papomono Masivo; (vi) expectations regarding the costs, timing and benefits of restarting, expanding and mining Don Gabriel; (vii) expectations regarding the costs, supply, timing and benefits of processing third-party mined ore; (viii) expectations regarding the strip ratio and grade mined at Don Gabriel; (ix) expectations regarding the benefits of the Salt Leach; (x) expectations regarding MTV production and the effect of the $2.89 per pound fixed price contract portion on such production; (xi) expectations regarding the MTV mine expansion and processing capacity, including the anticipated expansion methods, costs, timing and the benefits derived from the expansion; (xii) uncertainty whether the 2021 mine plan will require updating; (xiii) expectations detailed in the "Liquidity and Capital Resources" section, including statements that the Company may require further financing to meet its financial obligations, sustain its operations and ongoing capital projects in the normal course, secure the 30% non-controlling interest of MTV and expand its inventory of reserves and resources; additional sources of capital may be required to execute MTV's planned operations; the Company may issue new common shares or new debt as necessary; the capital resources of the Company and MTV could be negatively or positively impacted depending on market conditions; expected repayment of the Amended Facility and the timing thereof, compliance with debt covenants; MTV's ability to continue as a going concern; (xiv) the economic and technical study parameters of MTV; (xv) mineral resource and mineral reserve estimates; (xvi) the cost and timing of development of MTV; (xvii) the proposed mine plan and mining methods; (xviii) dilution and extraction recoveries; (xix) processing method and rates and production rates; (xx) projected metallurgical recovery rates; (xxii) additional infrastructure requirements or infrastructure modifications; (xxii) capital, operating and sustaining cost estimates; (xxiii) the projected life of mine and other expected attributes of MTV; (xxiv) the NPV and IRR and payback period of capital; (xxv) future copper prices; (xxvi) future foreign exchange rates; (xxvii) changes to MTV’s configuration that may be requested as a result of stakeholder or government input; (xxviii) government regulations and permitting timelines; (xxix) estimates of reclamation obligations and expectations regarding future obligations for mine closure activities; (xxx) environmental risks; (xxxi) future purchasing of mineralized material; (xxxii) continued purchasing of mineralized material from a large number of small-scale third-party miners and from ENAMI; (xxxiii) expectations regarding the copper market, including supply, demand, pricing and value drivers; (xxxiv) expectations regarding imposed tariffs on economic growth; (xxxv) Chilean elections and the effect thereof; (xxxvi) continued unrest in Chile; (xxxvii) sales under the Offtake; (xxxviii) anticipated divestitures of the remaining Investment Portfolio and timing thereof; (xxxix) MTV's labour and health and safety initiatives and expectations; (xxxx) the timing and completion of the Company's proposed name change and (xxxxi) general business and economic conditions.

Although SRHI 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 disruptions affecting the development and operation of MTV; (ii) the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions in the Technical Report; (iii) labour and materials costs being approximately consistent with assumptions in the Technical Report; (iv) fixed operating costs being approximately consistent with assumptions in the Technical Report;(v) permitting and arrangements with stakeholders being consistent with current expectations as outlined in the Technical Report; (vi) certain tax rates, including the allocation of certain tax attributes, being applicable to MTV; (vii) the availability of financing for MTV’s planned development activities; (viii) assumptions made in mineral resource and mineral reserve estimates and the financial analysis based on these estimates, including (as applicable), but not limited to, geological interpretation, grades, commodity price assumptions, extraction and mining recovery rates, hydrological and hydrogeological assumptions, capital and operating cost estimates; (ix) natural resource markets and the price of copper in the future; (x) the continued availability of quality management; (xi) the effects of regulation and tax laws of governmental agencies will not materially change; (xii) commodity prices variability; (xiii) foreign exchange variability; (xiv) critical accounting estimates; (xv) general marketing, political, business and economic conditions; (xvi) existing water supply will continue (xvii) supplemental water availability will continue; and (xviii) the Company will have access to capital and has the ability to exercise the Call Option.

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) possible variations in grade or recovery rates; (ii) commodity price fluctuations and uncertainties, including for copper; (iii) delays in obtaining governmental approvals or financing; (iv) risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to mineral reserves, production, costs and expenses; and labour, health, safety and environmental risks) and risks associated with the other portfolio companies' industries in general; (v) performance of the counterparty to the ENAMI Contract; (vi) risks associated with investments in emerging markets; (vii) general economic, market and business conditions; (viii) market volatility that would affect the ability to enter or exit investments; (ix) failure to secure financing in the future on terms acceptable to the Company, if at all; (x) commodity price fluctuations and uncertainties; (xi) failure to successfully acquire the Minority Position; (xii) 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; (xiii) those risks disclosed herein under the heading "Risk Management"; and (xiv) those risks disclosed under the heading "Risk Factors" or in SRHI’s Annual Information Form dated March 3, 2021. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and SRHI 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

This MD&A may use the terms "measured", "indicated" and "inferred" mineral resources. Historically, while such terms were recognized and required by Canadian regulations, they were not recognized by the United States Securities and Exchange Commission (the “**SEC**”). The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the Securities and Exchange Act of 1934, as amended (the “**Exchange Act**”). These amendments became effective February 25, 2019 (the “**SEC Modernization Rules**”) with compliance required for the first fiscal year beginning on or after January 1, 2021. The SEC Modernization Rules replace the historical property disclosure requirements for mining registrants that were included in SEC Industry Guide 7, which will be rescinded from and after the required compliance date of the SEC Modernization Rules. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of “measured”, “indicated” and “inferred” mineral resources. In addition, the SEC has amended its definitions of “proven mineral reserves” and “probable mineral reserves” to be substantially similar to the corresponding Canadian Institute of Mining, Metallurgy and Petroleum definitions, as required by NI 43-101. Investors are cautioned that "Inferred mineral resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

ADDITIONAL INFORMATION

Additional information related to the Company and its business activities, including the Annual Information Form, is available for viewing on SEDAR at www.SEDAR.com and on the Company's website at www.srhi.ca.