

Three Valley Copper Corp.

Condensed Interim Consolidated Financial Statements

First Quarter Ended March 31, 2023

(Unaudited – Expressed in United States dollars)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Three Valley Copper Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2023 have not been reviewed by the Company's auditors.

Three Valley Copper Corp.
Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2023 and December 31, 2022

Unaudited - Amounts expressed in thousands of United States dollars except per share amounts and number of outstanding shares

	Note	Mar. 31, 2023	Dec. 31, 2022
ASSETS			
Cash and cash equivalents		\$ 4,751	\$ 5,134
Trade and other receivables		46	39
Prepays and other current assets		16	16
Portfolio investment		121	121
Total assets		\$ 4,934	\$ 5,310
LIABILITIES			
Accounts payable and accrued liabilities	4	\$ 863	\$ 729
Total liabilities		863	729
SHAREHOLDERS' EQUITY			
Capital stock		321,787	321,787
Common share purchase warrants		3,745	3,745
Contributed surplus		8,461	8,461
Deficit		(295,821)	(295,306)
Accumulated other comprehensive loss		(34,101)	(34,106)
Total equity attributable to owners of the Company		4,071	4,581
Total liabilities and shareholders' equity		\$ 4,934	\$ 5,310
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Approved by the Board of Directors			
(signed) "Terrence Lyons"		(signed) "Lenard F. Boggio"	
Chairman		Director	

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Three Valley Copper Corp.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

For the three months ended March 31, 2023 and 2022

Unaudited - Amounts expressed in thousands of United States dollars except per share amounts and number of outstanding shares

	Note	Three Months Ended	
		Mar. 31, 2023	Mar. 31, 2022
Revenue		\$ —	\$ 10,878
Cost of sales		—	(12,309)
Gross loss		—	1,431
Expenses			
General and administrative expenses	5	561	1,033
General exploration and evaluation expense		—	175
Finance expenses, net		—	2,700
Other (income) expense, net	6	(46)	1,884
Net loss for the period		\$ 515	\$ 7,223
Net loss attributable to:			
Owners of the Company		\$ 515	\$ 6,833
Non-controlling interests		—	390
Net loss for the period		\$ 515	\$ 7,223
Basic and fully diluted net loss per share		\$ 0.00	\$ 0.06
Weighted average number of shares outstanding during the period			
Basic and fully diluted		112,463,854	112,452,943
Net loss for the period		\$ 515	\$ 7,223
Other comprehensive income			
Items that may be reclassified subsequently to net loss:			
Foreign currency translation differences		(5)	(103)
Total comprehensive loss		\$ 510	\$ 7,120
Comprehensive loss attributable to:			
Owners of the Company		\$ 510	\$ 6,730
Non-controlling interests		—	390
Total comprehensive loss		\$ 510	\$ 7,120

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Three Valley Copper Corp.
Condensed Interim Consolidated Statements of Changes in Equity
For the three months ended March 31, 2023 and 2022
Unaudited - Amounts expressed in thousands of United States dollars

	Capital Stock	Common Share Purchase Warrants	Treasury Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total	Non- controlling interest	Total Equity
Balance - January 1, 2022	\$ 321,787	\$ 10,301	\$ —	\$ 1,880	\$ (288,632)	\$ (37,582)	\$ 7,754	\$ (1,576)	\$ 6,178
Net loss for the period	—	—	—	—	(6,833)	—	(6,833)	(390)	(7,223)
Foreign currency translation differences	—	—	—	—	—	103	103	—	103
Expiration of warrants	—	(6,026)	—	6,026	—	—	—	—	—
Stock-based compensation	—	—	—	17	—	—	17	—	17
Balance - March 31, 2022	\$ 321,787	\$ 4,275	\$ —	\$ 7,923	\$ (295,465)	\$ (37,479)	\$ 1,041	\$ (1,966)	\$ (925)
Balance - January 1, 2023	\$ 321,787	\$ 3,745	\$ —	\$ 8,461	\$ (295,306)	\$ (34,106)	\$ 4,581	\$ —	\$ 4,581
Net loss for the period	—	—	—	—	(515)	—	(515)	—	(515)
Foreign currency translation differences	—	—	—	—	—	5	5	—	5
Balance - March 31, 2023	\$ 321,787	\$ 3,745	\$ —	\$ 8,461	\$ (295,821)	\$ (34,101)	\$ 4,071	\$ —	\$ 4,071

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

Three Valley Copper Corp.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2023 and 2022
Unaudited - Amounts expressed in thousands of United States dollars

	Note	Year Ended	
		Mar. 31, 2023	Mar. 31, 2022
Operating activities			
Net loss for the period		\$ (515)	\$ (7,223)
Items not affecting cash and other adjustments			
Depreciation and amortization		—	535
Finance expense		—	2,700
Foreign currency translation loss		—	1,994
Stock-based compensation		—	17
Write-down of inventory, net of reversals		—	701
Change in non-current asset and liabilities		—	64
		(515)	(1,212)
Changes in non-cash operating working capital	8	127	(1,201)
Cash used in operating activities		(388)	(2,413)
Cash flows from investing activities			
Additions of mineral properties, plant and equipment		—	(3,573)
Proceeds of sale of portfolio investments		—	1,351
Cash used in investing activities		—	(2,222)
Cash flows from financing activities			
Interest paid		—	(52)
Decrease in restricted cash		—	85
Cash provided by financing activities		—	33
Decrease in cash and cash equivalents		(388)	(4,602)
Impact on foreign exchange on cash balances		5	200
Cash and cash equivalents - Beginning of period		5,134	13,656
Cash and cash equivalents - End of period		\$ 4,751	\$ 9,254
Supplementary Cash Flow Information	8		

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements.

1. Corporate Information

Three Valley Copper Corp. (together with its subsidiaries, "**TVC**" or the "**Company**"), was incorporated under the laws of British Columbia and continued under the *Canada Business Corporations Act* ("**CBCA**"). TVC is a publicly listed company on the NEX board of the TSX Venture Exchange ("**TSXV**"). Until December 2022, TVC focused on operating and expanding Minera Tres Valles SpA's ("**MTV**", it's 95.1% indirectly owned subsidiary) 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.

These Financial Statements (as defined below) were approved for issue by the Board of Directors (the "**Board**") on May 26, 2023.

2. Accounting Policies and Going Concern

Basis of Preparation and Going Concern

These unaudited condensed interim consolidated financial statements ("**Financial Statements**") of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards 34 - *Interim Financial Reporting*, and accordingly, assumes that the Company will be able to continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they come due. They do not contain all the information and disclosures required for complete financial statements in accordance with the International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**"). Therefore, they should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022.

As a result of the Loss of Control Event, the Company deconsolidated the assets and liabilities of MTV effective December 29, 2022.

As at March 31, 2023, the Company has working capital of \$4.1 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.

In May 2023, the board of directors (the "**Board**") accepted a proposal by the Company's largest shareholder to apply to the TSXV for a change of business. As part of this proposal, the current Board will not stand for reelection at the Company's upcoming annual general meeting on June 23, 2023. Further information is provided in the Company's management information circular filed on the Company's website at www.threevalleycopper.com and on SEDAR at www.sedar.com. 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.

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.

The Company's presentation currency is the United States ("**USD**") dollar. Reference herein of \$ or USD is to USD dollars, CAD is to Canadian dollars and CLP refers to the Chilean peso.

These Financial Statements have been prepared on a historical cost basis except for financial assets valued at fair value through profit or loss ("**FVTPL**") which is measured at fair value.

Balance sheet items are classified as current if receipt or payment is due within twelve months. Otherwise, they are presented as non-current.

Due to rounding, numbers presented may not add up precisely to totals provided.

3. Significant Judgments, Estimates and Assumptions

The preparation of these Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. These estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ materially from the amounts included in the Financial Statements.

In preparing these Financial Statements, there were no significant judgments made by management in applying the Company's accounting policies and there were no significant key sources of estimation uncertainty.

4. Accounts Payable and Accrued Liabilities

	As at	
	Mar 31, 2023	Dec. 31, 2022
Trade accounts payable	\$ 133	\$ 104
Accrued liabilities	730	625
	\$ 863	\$ 729

5. General and Administrative Expenses

	Three months ended	
	Mar. 31, 2023	Mar. 31, 2022
Salaries and contracted services	\$ 410	\$ 283
Public company reporting costs	119	237
Other office expenses	32	513
	\$ 561	\$ 1,033

6. Other Income (Expense), Net

	Three months ended	
	Mar. 31, 2023	Mar. 31, 2022
Interest and other income	\$ 50	\$ 110
Foreign currency translation loss	(4)	(1,994)
	\$ 46	\$ (1,884)

7. Contingencies and Commitments

Contractual obligations of the Company as at March 31, 2023 are as follows:

	1 year	1 - 3 years	More than 3 years	Total
Accounts payable and accrued liabilities	\$ 863	\$ —	\$ —	\$ 863
As at March 31, 2023	\$ 863	\$ —	\$ —	\$ 863

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 the near future.

The liquidation of MTV resulted in the Company's equity and debt investments in MTV to be fair valued at \$nil as at March 31, 2023. MTV has no recourse against the Company because of the liquidation of MTV.

TVC and certain of its subsidiaries remain party to MTV's senior secured prepayment facility as at March 31, 2023. The Company has pledged the shares of these subsidiaries as security to the senior lenders under this facility. The subsidiaries included are those whose only asset is the direct or indirect ownership of MTV. As at March 31, 2023, the senior lenders have not exercised this security interest.

8. Supplementary Cash Flow Information

Net Change in Non-Cash Operating Working Capital

	Three months ended	
	Mar. 31, 2023	Mar. 31, 2022
Net (increase) decrease in:		
Trade and other receivables	\$ (7)	\$ 457
Inventories	—	296
Other current assets	—	50
Net increase (decrease) in:		
Accounts payable and accrued liabilities	134	(1,573)
Deferred revenue	—	(431)
Net change in non-cash operating working capital	\$ 127	\$ (1,201)

9. Related Party Transactions

The Company entered into the following transactions with related parties during the three months ended March 31, 2023 and 2022. Transactions with related parties are recorded at the price agreed between the parties. Transactions in the normal course of business are measured at the monetary amount, which is the amount of consideration established, agreed to and paid by the related parties based on standard commercial terms.

a) 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, 2023	Mar. 31, 2022
Compensation paid by and on behalf of TVC for executive management services provided to the Company (including stock-based compensation) ⁽¹⁾	\$ 406	\$ 111
Directors' fees and stock-based compensation ⁽²⁾	52	64
	\$ 458	\$ 175

⁽¹⁾ During the three months ended March 31, 2023, the Company did not issue any restricted stock units (2022 – 325,203) and \$nil (2022 - \$16 thousand) was recognized as compensation paid for executive management services. The restricted stock units vest on January 1, 2024.

⁽²⁾ During the three months ended March 31, 2023, the Company did not issue any deferred stock units (2022 – 508,130) and \$nil (2022 – \$25 thousand) was recognized as stock-based compensation. All DSUs have vested.

10. Financial Risk Management

The Company's activities may 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 the first quarter of 2023, the Company incurs expenditures in CAD other than through its subsidiary, SRH Chile SpA, whose expenditures are limited and were in USD and CLP. The Company's exposure to foreign currency risk at March 31, 2023 is nominal due to the loss of control of MTV and its deconsolidation from TVC on December 29, 2022. Cash held in foreign currencies is subject to foreign currency risk.

As at March 31, 2023, approximately \$0.1 million or less than 1% (December 31, 2022: \$0.1 million or 2%) of the total assets were invested in portfolio investments priced in CAD, and approximately \$4.5 million or 92% of total assets was held in CAD cash (December 31, 2022: \$6.4 million or 89%).

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 financial institutions with credit ratings of AA or higher. The Company has not incurred any credit losses during the three months ended March 31, 2023 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 (see Note 7).

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.

11. Capital Management

The Company defines capital as shareholders' equity (excluding accumulated other comprehensive income). The Company's corporate office is responsible for capital management. The objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The primary capital management objective of the Company is to ensure adequate working capital is available to adequately fund the Board-approved business plans.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. Capital management is undertaken to ensure a secure, cost-effective supply of funds to ensure the Company's operating, administrative and capital expenditure requirements are met. To maintain or adjust its capital structure, the Company may attempt to issue new shares, repurchase for cancellation outstanding shares, acquire or dispose of assets, incur short-term or long-term debt or adjust the amount of cash and cash equivalents and portfolio investments.

Corporate Information

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Directors & Officers

Terrence A. Lyons, Chairman
Lenard Boggio, Director
Joan Dunne, Director
Joe Phillips, Director
Michael Staresinic, Director, President and Chief Executive Officer
Ian MacNeily, Chief Financial Officer

Investor Relations

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Stock Information

Three Valley Copper Corp. common shares are traded on the NEX
board of the TSX Venture Exchange under the symbol "TVC.H" and
on the OTCQB Venture Market under the symbol "TVCCF".

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