Three Valley Copper Corp. (formerly SRHI Inc.)

Management's Discussion and Analysis
of Financial Position and Results of Operations
For the three and nine months ended September 30, 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 Three Valley Copper Corp. ("**TVC**" or the "**Company**"). This document is prepared as at November 26, 2021 (unless otherwise stated) and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 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.threevalleycopper.com*

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

BUSINESS OVERVIEW

Three Valley Copper Corp. (formerly SRHI Inc.), headquartered in Toronto, Ontario, Canada is listed on the TSX Venture Exchange ("**TSXV**") and 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 91.1% 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. Currently, ore is extracted primarily from the Don Gabriel open pit mine ("**Don Gabriel**") while the Papomono underground mine ("**Papomono**") is under development. Both mines are located approximately 10 kilometers north of the town of Salamanca, 300 kilometers north of Santiago, Chile.

In December 2020, MTV restarted mining operations after being idled since February 2020 as it went through a Judicial Reorganization Agreement ("**JRA**") with its key creditors. As a condition of the secured prepayment facility entered into with the MTV senior secured lenders (the "**Lenders**"), and later amended as part of the JRA (the "**Amended Facility**"),

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. In addition to the two current mine site operations, MTV owns a large regional land package which it plans to explore for minerals, primarily copper.

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

HIGHLIGHTS DURING Q3 2021

Effective August 1, 2021, TVC executed an amendment to the offtake agreement (the "**Offtake**") with Anglo American Marketing Limited ("**AAML**") specific to the fixed price sales component of the Offtake. Under the terms of the amendment, the remaining monthly deliveries of copper cathodes due under the fixed price portion of the Offtake are deferred until May 1, 2022 and all sales of copper cathodes commencing August 1, 2021 until April 30, 2022 will be sold at the prevailing spot price for copper cathode, less a nominal amount. The remaining 12 months of contracted delivery amounts of the fixed price portion of the Offtake (3,382 tonnes) will resume on May 1, 2022 at the previous agreed fixed price of $2.89/lb.

On August 16, 2021, The Company through its wholly-owned subsidiaries, indirectly subscribed for an additional $1 million of common shares of MTV. The minority shareholder of MTV (the **"Minority Shareholder"**) did not participate pro-rata in MTV's equity issuance resulting in TVC's indirect ownership of MTV increasing to 91.1%.

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

On September 17, 2021, the Company applied for its common shares to be trading on the OTC Markets, "QB" level, a trading platform operated by the OTC Markets Group in New York (the "**OTCQB**"). The listing of the Company's common shares on the OTCQB is subject to the approval of the OTCQB and the satisfaction of applicable listing requirements.

The Company continued to further advance the development of Papomono during the third quarter of 2021. MTV completed the critical ventilation shaft and the ore pass, which will further accelerate the speed of its continued advance. As at October 31, 2021, the development of Papomono is approximately 77% complete. The Company’s continued expectation is that Papomono will be completed early 2022 with the planned ramp-up of production during 2022.

During the three months ended September 30, 2021, ore production decreased by 17 thousand tonnes, or 9%, compared to the second quarter of 2021. During this quarter, 93% of the ore mined was extracted from Don Gabriel. Cathode production increased to 1,138 tonnes during the third quarter from 1,035 tonnes during the second quarter of 2021.

In September 2021, the Company commenced its 2021 near mine exploration drilling program on MTV focused on testing high-potential copper targets located between Don Gabriel and Papomono, which sit approximately 3 kilometers apart.

SUBSEQUENT EVENTS

On October 4, 2021, the Company delivered to the Minority Shareholder the required written notice of its intention to acquire the remaining interest in MTV held by the Minority Shareholder as per the call option notice requirements of the MTV shareholders' agreement (the **"SHA"**).

On October 20, 2021, the Company engaged an independent financial advisor to review and evaluate potential alternatives that may further maximize value for the shareholders of the Company. These alternatives may include, inter alia, potential mergers, strategic partnerships, acquisition or dispositions of assets and/or refinancing or amending terms of the Company's long term debt.

On November 25, 2021, the Company issued a total of 56,681,000 units (the “**Units**”) and 819,000 additional common share purchase warrants (each, an **“Additional Warrant**”) pursuant to a bought-deal offering (the "**Bought-Deal Financing**") at an offering price of CAD$0.32 per Unit for gross proceeds of CAD$18.2 million. Each Unit consists of one common share (a "**Common Share**") in the capital of the Company and one Common Share purchase warrant (each a **“Warrant”**). Each Additional Warrant and each Warrant is exercisable into one Common Share of the Company at an exercise price of CAD$0.45 for a period of 30 months from the closing date of the Bought-Deal Financing. The Warrant and the Additional Warrant are not public-listed securities.

Pursuant to the terms of the Bought-Deal Financing, the Company paid the underwriters a cash commission of 6% of the gross proceeds and issued 3,400,860 underwriter compensation warrants (each a “**Compensation Warrant**”). Each Compensation Warrant is exercisable into one common share of the Company at an exercise price of CAD$0.32 for a period of 30 months from the closing date of the Bought-Deal Financing.

On November 22, 2021, the Company and its subsidiaries executed an undertaking agreement (the **"Undertaking")** with the Lenders to execute a binding agreement to amend the loan repayment terms of the Amended Facility on or prior to September 30, 2022. Under the terms of the Undertaking the Lenders have agreed not to accelerate or enforce their rights or remedies under the Amended Facility should MTV fail to (i) make scheduled loan repayments on March 31, 2022, June 30, 2022 and September 30, 2022 and/or (ii) replenish the operating reserve account to reestablish the minimum reserve as required under the Amended Facility (each, a "**Specific Event of Default**"). As per the terms of the Undertaking, the forbearance period is from November 22, 2021 to October 1, 2022. The Undertaking also provides that the net proceeds of the Bought-Deal Financing will not be used to repay any of the loans outstanding under the Amended Facility during the forbearance period. The Lenders will cease to be bound by the Undertaking should the Company not invest the net proceeds received from CAD$16.0 million of the Bought-Deal Financing into MTV between the closing of the financing on November 25, 2021 and April 30, 2022, if an event of default occurs under the Amended Facility other than a Specified Event of Default, or if the Company and the Lenders fail to enter into a definitive agreement by September 30, 2022, pursuant to which the loan repayment schedule in the Amended Facility is revised.

On April 16, 2021, the Company completed a bought-deal financing (the "**Offering**") for net proceeds of approximately $8.4 million after exercise of the over-allotment option and deduction of fees and expenses in connection with the financing. The proposed uses of the aggregate proceeds of the financing were to develop the MTV Project, exploration and drilling and corporate and working capital purposes. The below table includes the proposed expenditures at the time of the filing of the final prospectus for the April 2021 financing and the actual expenditures incurred as of the date hereof:

Use of Proceeds		**Proposed Expenditures**		**Actual Expenditures**
Working capital purposes at MTV to proceed towards full production	$	4,300	$	7,700
Exploration and drilling in, around and between MTV's two main orebodies	$	2,500	$	300
Corporate, public company overheads and working capital purposes	$	1,600	$	400
Total	**$**	**8,400**	**$**	**8,400**

The final prospectus dated April 12, 2021 filed in connection with the financing indicated that approximately $4.3 million would be required for working capital purposes at MTV over an 18 month period until MTV could increase its production from the ramp-up of Papomono, which figure included a reserve for contingencies in the event of any unforeseen challenges resulting in cost overruns or delays. Management of the Company and MTV have subsequently reviewed the preliminary development and mining plans for the Papomono mine and have concluded the best way to improve the net economic value of Papomono is to increase its capital and sustaining capital expenditures in 2022 rather than defer expenditures to 2023 and beyond. Consequently, the Company is now forecasting that over a twelve- month period from this date additional capital of approximately $11 million will be required until MTV can increase its production from the ramp-up of Papomono.

Additionally, the Company had anticipated that copper production from Don Gabriel would support current operations and its ongoing Papomono construction project. Don Gabriel has to date experienced lower ore production and lower head grades than forecasted. As the Company's primary source of ore to produce copper cathodes for 2021, the underperformance in Don Gabriel production has resulted in the need to fund construction at Papomono through the proceeds of additional financings.

The April 2021 prospectus disclosed a proposed exploration program which involved the drilling of 20 to 30 holes with an approximate cost of $2.5 million and expected completion date of September 2022. As a result of increased expenditures related to the construction of Papomono and the underperformance of Don Gabriel, the Company temporarily delayed its planned exploration program but expects that this program will continue as originally disclosed in the April 2021 prospectus but instead be completed by March 2023.

FINANCIAL AND OPERATIONAL SUMMARY

Financial information (in thousands)	Three months ended Sept. 30, 2021	Three months ended Sept. 30, 2020	Nine months ended Sept. 30, 2021	Nine months ended Sept. 30, 2020
Revenue	**$ 8,362**	$ 5,610	**$ 22,873**	$ 17,700
Gross loss	**$ 881**	$ 552	**$ 3,070**	$ 9,546
Net loss from continuing operations	**$ 1,474**	$ 335	**$ 9,407**	$ 21,167
Net loss from discontinued operations	**$ —**	$ —	**$ —**	$ 2,241
Net loss for the period	**$ 1,474**	$ 335	**$ 9,407**	$ 23,408
Net loss per share attributable to owners of the Company	**$ 0.02**	$ 0.01	**$ 0.16**	$ 0.48
EBITDA from continuing operations [1]	**$ 2,254**	$ 1,873	**$ 1,347**	$ (12,695)
Adjusted EBITDA from continuing operations [2]	**$ (392)**	$ (926)	**$ 440**	$ (4,529)
Gain (loss) on portfolio investments	**$ —**	$ —	**$ 107**	$ (1,294)
Impairment of non-current assets	**$ —**	$ —	**$ —**	$ (7,628)
Reversal (write-down) of inventory	**$ —**	$ 665	**$ (2,474)**	$ (3,441)
Gain on modification of debt	**$ —**	$ 3,487	**$ —**	$ 3,487
Cash used in operating activities before working capital changes	**$ (1,229)**	$ (1,097)	**$ (103)**	$ (4,412)

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, income taxes, depreciation and amortization and further adjusted to remove the Company's gains and losses on portfolio investments, write-downs and reversals of previous write-downs of inventory, gains 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 Sept. 30, 2021	As at Dec. 31, 2020
Cash and cash equivalents	**$ 6,711**	$ 11,961
Net debt [1]	**$ 67,138**	$ 54,289
Working capital [1]	**$ 3,134**	$ 15,127
Total equity attributable to owners of the Company	**$ 25,350**	$ 26,669
Non-controlling interest	**$ (921)**	$ (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 Sept. 30, 2021	Three months ended Sept. 30, 2020	Nine months ended Sept. 30, 2021	Nine months ended Sept. 30, 2020
Copper (MTV Operations)				
Total ore mined (thousands of tonnes)	**178**	49	**550**	351
Grade of ore mined (% Cu)	**0.52 %**	0.88 %	**0.54 %**	0.86 %
Total waste mined (thousands of tonnes)	**739**	118	**1,358**	853
Ore Processed (thousands of tonnes)	**231**	90	**680**	474
Cu Production (tonnes)	**1,138**	1,077	**3,073**	3,789
Cu Production (thousands of pounds)	**2,509**	2,374	**6,775**	8,353
Change in inventory ($000s)	**$ 3,563**	(11)	**$ 10,427**	(4,421)
Cash cost of copper produced [1] (USD per pound)	**$ 3.40**	$ 2.44	**$ 3.49**	$ 2.75
Realized copper price [2] (USD per pound)	**$ 3.58**	$ 2.82	**$ 3.48**	$ 2.46

[1] *Cash cost per pound of copper produced includes all costs absorbed into inventory including inventory write-downs less non-cash items such as depreciation and non-site charges. 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 the remainder of 2021 is expected to come primarily from three sources; 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 to commence in 2022 will come from the higher-grade Papomono deposit.

Papomono is the Company's incline block caving underground mining project. Following the initial construction and development phase, which is expected to be completed early 2022, Papomono is expected to ramp up mine production during 2022 to ultimately generate underground production in excess of 2,000 tonnes per day while significantly reducing unit-mining costs. Construction and development continues and is approximately 77% complete as at October 31, 2021. Approximately $12 million has been incurred as of October 31, 2021 and a further approximately $18.0 million of combined capital and sustaining capital expenditures is forecast to be invested on Papomono over the following twelve months, including amounts that will now be spent in 2022 rather than in later years so as to maximize the economic value of Papomono. The $18.0 million expenditure forecast consists of: (i) $12.8 million for sustaining capital expenditures for Papomono over a twelve-month period, and (ii) $5.2 million for capital expenditures related to completion of the Papomono in January of 2022. This represents a 10% increase in capital required from the original forecast.

After the successful JRA in 2020 and completion of the associated customary documentation with 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.

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%.

During the third quarter of 2021, cathode production increased by 10% compared to the second quarter, mainly due to a higher average grade of the ore purchased from third-party small miners and Empresa Nacional de Minera ("**ENAMI**") and slightly higher tonnes of ore processed in the third quarter, compared to the second quarter of 2021.

Cash cost per pound (see *Non-IFRS Performance Measures* elsewhere in this MD&A) produced increased to $3.49 for the nine months ended September 30, 2021 compared to $2.75 for the nine months ended September 30, 2020. The difference in cash cost per pound across the comparative periods was largely driven by a 19% decrease in copper cathode production in 2021, coupled with a 43% increase in ore purchased from third party miners at higher copper prices in 2021, both compared to 2020.

Cash cost per pound produced increased to $3.40 for the three months ended September 30, 2021 compared to $2.44 for the three months ended September 30, 2020. The difference in cash cost per pound across the comparative periods was largely driven by significantly higher waste stripping costs in the third quarter of 2021, compared to the same period of 2020, coupled with a 20% increase in ore purchased from third party miners at higher prices in 2021. Additional tonnes under irrigation due to the increase in mining activities in 2021 coupled with the higher expected realized copper price as at September 30, 2021 has resulted in an increase in the net realizable value of work in progress inventory as at September 30, 2021. Also contributing to the lower cash cost per pound produced for the three months ended September 30, 2020 was a $0.7 million reversal of previous period write-downs of mine site inventory.

For the three months ended September 30, 2021, MTV operated, on average, at 55% of its crusher capacity and 25% of cathode capacity of 4,625t (18,500t annually), below expectations, due to fewer available areas to mine. High ore waste stripping costs are expected to continue for the next six to nine months at Don Gabriel as MTV opens up additional sources of ore to further extend the life of Don Gabriel until the end of 2022. To assist in this, a third mining contractor was brought on site in July 2021. This is expected to improve the amount of ore tonnes mined for in 2022.

Cash Position

Cash and cash equivalents decreased to $6.7 million at September 30, 2021 from $12.0 million at December 31, 2020 mainly due to $9.8 million used in operating activities, $7.7 million of disbursed capital expenditures related to the construction and development of Papomono and $1.8 million of interest payments; all partially offset by $8.3 million of net proceeds from the Offering, $6.2 million of net proceeds from loans and borrowings (see Note 8 of the Financial Statements) and $0.4 million of net proceeds from the exercise of warrants.

Capital Expenditures

Total capital expenditures for the nine months ended September 30, 2021 amounted to $10.0 million of which $9.3 million consisted of Papomono expenditures. It is expected that a further $5.2 million of capital expenditures from the date hereof will be incurred for Papomono to complete the project.

OUTLOOK

Outlook

Expansion Projects and Production

The Company has plans to complete its remaining two expansion projects: Don Gabriel and the development and construction of the Papomono. 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. Drilling has begun.

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 early 2023. Thereafter, continued expansion of Don Gabriel remains part of the longer life of mine plan.

Operational issues caused by a shortage of equipment and equipment parts and the very competitive environment for skilled operators in Chile negatively impacted operations during the second and third quarters of 2021. As a result, some of the expected production for 2021 will be delayed until 2022. Management expects full year 2021 copper cathode production will approximate the lower end of the 4,500 - 5,500 tonnes range previously announced.

During the third quarter of 2021, the block caving construction project continued. As at October 31, 2021, construction was at approximately 77% complete. The construction is now on track for completion in early 2022 and 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 deposit to commence in early 2022 and is expected to ultimately generate underground production in excess of 2,000 tonnes per day while significantly reducing unit-mining costs.

Under the Offtake with AAML, MTV has 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 3,382 tonnes remaining as at September 30, 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 third quarter of 2021, 46% of copper cathode production was sold at $2.89/lb under the Fixed Priced portion of the Offtake.

The increasing copper price coupled with the Fixed Priced portion of the Offtake affected the economics of purchasing ore from third-party small miners until July 31, 2021. At times, these purchases were uneconomic, however, the Company continued 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.

Effective August 1, 2021, MTV executed an amendment to the Offtake specific to the Fixed Price sales component with AAML. Under the terms of the amendment, the remaining monthly deliveries of copper cathode due under the Fixed Price portion of the Offtake are deferred until May 1, 2022 and all sales of copper cathode commencing August 1, 2021 until April 30, 2022 will be sold at the prevailing spot price for copper cathode, less a nominal amount. The remaining 12 months of contracted delivery amounts of the Fixed Price portion of the contract will resume on May 1, 2022 at the previous agreed Fixed Price of $2.89/lb when copper cathode production is expected to include contributions from Papomono.

In the third quarter of 2021, third-party small miner ore supplied was lower than expected, but increased in August and September, compared to the monthly deliveries in the second quarter, mainly as a result of the amendment to the Offtake specific to the Fixed Price sales component. The amendment that became effective August 1, 2021 allowed the Company to purchase ore from third-party miners at more competitive rates driving an increase in third party miners supplying ore. ENAMI ore supplied was consistently higher than expected during the third quarter of 2021. Subsequent to the quarter end, the increase in third-party miners' interest in supplying ore continued in October, when MTV purchased over 21,000 tonnes, which was 17% above the expected 18,000 tonnes.

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 September 2021 average of $4.23 per pound. 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 94% 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 first quarter of 2021. However, in April 2021, Chile imposed its strictest measures to combat COVID-19 and beginning late April 2021, the Company experienced 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. In the third quarter of 2021, COVID-19 restrictions eased in Chile as cases trended downward, resulting in little impact on the Company's operations during this period. Should these restrictions reappear in the future, the effect of the COVID-19 pandemic on the Company's business activities will create elevated uncertainty and may further 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. During 2021, the social unrest had retreated as COVID-19 became 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 took place on May 15 and 16, 2021 and resulted in resounding victories for leftist and independent candidates. The process 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. A presidential election is currently underway in Chile with the election process expected to conclude in late December 2021. These geopolitical uncertainties and the current global economic uncertainties may reduce the attractiveness of Chile as an investment destination for capital providers.

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 and there is widespread concern in Chile regarding the lack of precipitation experienced to date in 2021. MTV's management is actively monitoring the water situation and developing contingencies in the event a water shortage does occur. However, should drought conditions or water supply challenges become acute, adjustments to the operations at MTV may be required.

OPERATIONAL UPDATE

Nine Months Ended September 30, 2021

	Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020
Tonnes mined - underground operations	**39,758**	28,312
Tonnes mined - open pit operations	**510,617**	322,539
Total ore mined (tonnes)	**550,375**	350,851
Waste mined - open pit operations (tonnes)	**1,357,715**	852,768
Waste to ore mined ratio - open pit operations	**2.66:1**	2.64:1
MTV mine processed ore (tonnes)	**531,803**	357,372
Third-party processed ore (tonnes)	**116,359**	81,222
ENAMI tolling processed ore (tonnes)	**32,054**	35,903
Total processed ore (tonnes)	**680,216**	474,497
Metallurgical recovery - underground material (%)	**72.1 %**	70.2 %
Metallurgical recovery - open pit material (%)	**71.4 %**	74.1 %
Underground average ore grade (Cu%)	**0.91 %**	0.90 %
Open pit average ore grade (Cu%)	**0.51 %**	0.85 %
Copper cathode production (tonnes)	**3,073**	3,789
Copper cathode sales (tonnes)	**2,975**	3,068
Toll processed and copper cathodes returned to ENAMI (tonnes)	**84**	877

During the nine months ended September 30, 2021, mining operations were affected by shortages of equipment, increased competition for skilled mining operators in Chile and, most recently, renewed movement of the paleo-slump, which following unseasonably high rainfalls in August began moving and creating rock slides onto operating areas of Don Gabriel. This required mitigating measures to continue mining operations safely which slowed ore production during the third quarter. Don Gabriel contributed 73% of ore production during the nine months ended September 30, 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.

Ore mined in the nine months ended September 30, 2021 increased compared to the same period in the prior year (550 thousand tonnes in the nine months ended September 30, 2021 compared to 351 thousand tonnes in the nine months ended September 30, 2020). The increase in ore mined in the nine months ended September 30, 2021 compared to 2020 was due to the idling of the Don Gabriel and Papomono mines at the end of March 2020 due to COVID-19 restrictions and working capital issues, prior to restarting in mid-December 2020. Total waste tonnes mined also increased in the nine months ended September 30, 2021 compared to the same period in the prior year (1.4 million tonnes for the nine months ended September 30, 2021 compared to 853 thousand tonnes in the same period of 2020) due to the restart of the Don Gabriel and Papomono mines in mid-December 2020.

Production for the nine months ended September 30, 2021 of 3,073 tonnes of copper cathodes was lower than the nine months ended September 30, 2020 of 3,789 tonnes. The impact on copper cathode production was largely driven by a lower than expected grade experienced at Don Gabriel in 2021 compared to higher grades experienced at Don Gabriel and the smaller Rajo Norte open pit in 2020.

OPERATIONAL UPDATE

Three Months Ended September 30, 2021

	Three months ended	
	Sept. 30, 2021	Sept. 30, 2020
Tonnes mined - underground operations	**12,279**	1,059
Tonnes mined - open pit operations	**165,222**	48,305
Total ore mined (tonnes)	**177,501**	49,364
Waste mined - open pit operations (tonnes)	**739,026**	117,860
Waste to ore mined ratio - open pit operations	**4.47:1**	2.44:1
MTV mine processed ore (tonnes)	**179,730**	48,314
Third-party processed ore (tonnes)	**37,858**	31,533
ENAMI tolling processed ore (tonnes)	**13,685**	9,688
Total processed ore (tonnes)	**231,273**	89,535
Metallurgical recovery - underground material (%)	**69.8 %**	69.8 %
Metallurgical recovery - open pit material (%)	**71.9 %**	77.6 %
Underground average ore grade (Cu%)	**1.18 %**	1.48 %
Open pit average ore grade (Cu%)	**0.47 %**	0.87 %
Copper cathode production (tonnes)	**1,138**	1,077
Copper cathode sales (tonnes)	**1,060**	858
Toll processed and copper cathodes returned to ENAMI (tonnes)	**—**	258

During the three months ended September 30, 2021, mining operations were affected by shortages of equipment parts and increased competition for skilled mining operators in Chile. Don Gabriel contributed 71% of ore production during the third quarter of 2021 with most of the remainder supplied by third-party miners and ENAMI.

Construction and development continues at the Papomono underground site with limited ore being extracted during the process. During the third quarter of 2021, the block caving construction project continued but July was still impacted by the low availability of certain equipment of the contractor's fleet and increased competition for skilled labor within the Chilean mining industry. In August 2021, MTV negotiated an extension of Aura's contract to include the remaining development work following the initial construction and development phase of the block caving project. This has enabled Aura to have more success with their recruiting efforts of skilled workers, and as a result, performance improved significantly in August and September with over 200 meters of advance each month, the best two months since commencement of the project.The block caving construction project is on track for completion in early 2022.

Ore mined in the three months ended September 30, 2021 increased compared to the same period in the prior year (178 thousand tonnes in the three months ended September 30, 2021 compared to 49 thousand tonnes in the three months ended September 30, 2020). The increase in ore mined in the three months ended September 30, 2021 was driven by the restart of Don Gabriel in mid-December 2020 while the Don Gabriel and Papomono mines remained idle and only the smaller Rajo Norte open pit continued to operate during the three months ended September 30, 2020. Rajo Norte ceased operations in December 2020.Total waste tonnes mined increased in the three months ended September 30, 2021 compared to the same period in the prior year (739 thousand tonnes for the three months ended September 30, 2021 compared to 118 thousand tonnes in the same period of 2020) due to the restart of the Don Gabriel and Papomono mines in mid-December 2020, coupled with an expected waste removal phase at Don Gabriel as MTV opens up additional sources of ore within this deposit.

Production for the three months ended September 30, 2021 of 1,138 tonnes of copper cathodes was higher than the three months ended September 30, 2020 of 1,077 tonnes, despite a lower than expected grade experienced at Don Gabriel in 2021, compared to 2020. The increase in copper cathode production was mainly due to the increase of ore processed during the third quarter of 2021, including increases in the ore supplied by third-party small miners and ENAMI. All compared to the same period of 2020.

	Three months ended			
	Dec. 31, 2020	**Mar. 31, 2021**	**Jun. 30, 2021**	**Sept. 30, 2021**
Total ore mined (tonnes)	57,274	178,766	194,108	**177,501**
Waste mined - open pit mine (tonnes)	57,082	269,372	349,321	**739,026**
Copper cathode production (tonnes)	1,094	900	1,035	**1,138**
Operations capacity	24 %	53 %	54 %	**55 %**

The Company, on average, operated at approximately 55% of its crusher capacity and 25% of cathode capacity of 4,625t (18,500t annually) in the third 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 September 30, 2021, the Company held cash and cash equivalents of $6.7 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 $5.3 million in the nine months ended September 30, 2021 primarily as a result of $9.8 million used in operating activities, $7.7 million of disbursed capital expenditures related to the construction and development of the Papomono and $1.8 million of interest payments; all partially offset by $8.3 million of net proceeds from the Offering (defined below), $6.2 million of net proceeds from loans and borrowings (see Note 8 of the Financial Statements) and $0.4 million of net proceeds from the exercise of warrants.

On April 16, 2021, the Company completed the Offering and issued a total of 20.9 million units (the "**Offering Units**") for net proceeds of $8.3 million. Each Unit consists of one Common Share in the capital of the Company and one Common Share purchase warrant (an "**Offering Warrant**"). Each Offering Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD$0.70 until October 16, 2022. In addition, the Company issued 1.3 million non-transferable compensation warrants ("**Offering Broker Warrants**"). Each Offering Broker Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD$0.55 until October 16, 2022. The Company used 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) the first phase of MTV's exploration program focused on identifying highly prospective exploration targets within MTV's significant land package.

On November 25, 2021, the Company issued a total of 56,681,000 Units and 819,000 Additional Warrants pursuant to the Bought-Deal Financing at an offering price of CAD$0.32 per Unit for gross proceeds of CAD$18.2 million. Each Unit consists of one common share in the capital of the Company and one Warrant. Each Additional Warrant and each Warrant is exercisable into one common share of the Company at an exercise price of CAD$0.45 for a period of 30 months from the closing date of the Bought-Deal Financing.

Pursuant to the terms of the Bought-Deal Financing, the Company paid the underwriters a cash commission of 6% of the gross proceeds and issued 3,400,860 Compensation Warrant. Each Compensation Warrant is exercisable into one common share of the Company at an exercise price of CAD$0.32 for a period of 30 months from the closing date of the Bought-Deal Financing.

Working Capital

At September 30, 2021, the Company had consolidated working capital of $3.1 million. Included in this working capital is cash of $6.7 million, restricted cash of $0.5 million, trade and other receivables of $1.4 million, current inventories of $21.2 million, prepaids and other current assets of $1.1 million, and portfolio investments of $2.1 million. Liabilities included in the working capital include accounts payable and accrued liabilities of $12.7 million, deferred revenue of $1.8 million and MTV's current portion of loans and borrowings of $15.3 million. . Excluding the MTV Segment, the Company had working capital of $3.6 million as at September 30, 2021. On November 22, 2021, the Company executed the Undertaking with the Lenders to amend the repayment terms of the loan payments due in the first nine months of 2022 (see Note 21 of the Financial Statements and elsewhere in this MD&A).

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 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 September 30, 2021, the Company's consolidated long-term debt was $58.5 million. The Company's book value at September 30, 2021 was $24.4 million. The Company is substantially leveraged through the long-term debt at MTV.

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 September 30, 2021, MTV was in compliance with all operating and financial covenants in the Amended Facility. In November, MTV did not transfer $1 million to satisfy its minimum reserve requirement for October resulting in a review event.

On November 22, 2021, the Company and its subsidiaries executed the Undertaking with the Lenders to execute a binding agreement to amend the loan repayment terms of the Amended Facility on or prior to September 30, 2022. Under the terms of the Undertaking the Lenders have agreed not to accelerate or enforce their rights or remedies under the Amended Facility should MTV fail to (i) make scheduled loan repayments on March 31, 2022, June 30, 2022 and September 30, 2022 and/or (ii) replenish the operating reserve account to reestablish the minimum reserve as required under the Amended Facility. The forbearance period per the Undertaking is from November 22, 2021 to October 1, 2022. The Undertaking also requires the Company to invest the net proceeds received from CAD$16.0 million of the Bought-Deal Financing into MTV prior to April 30, 2022. Should the Company fail to invest the net proceeds of the Bought-Deal Financing, the Lenders will cease to be bound by the terms of the Undertaking. The Company has also agreed to not use any of the net proceeds of the Bought-Deal Financing to repay loans 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 $257.9 million. Although it has consolidated working capital of $3.1 million at September 30, 2021, and the Company has consolidated working capital of approximately $27.5 million as at the date hereof (reflecting the impacts of the Undertaking and the Bought-Deal Financing), it will require further financing to meet its financial obligations, sustain its operations, complete ongoing capital projects in the normal course, secure the remaining 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 and continue as a going concern. These adjustments could be material.

MTV currently operates in a high-cost environment as it expands production. Working capital stresses will exist in the future at MTV and additional sources of capital (in addition to the Offering) will be required to execute MTV's planned operations. Such financing 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, (v) geopolitical issues in Chile and (vi) engineering, production, geological and environmental risks. 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 and is the publicly listed company.

Significant information relating to reportable operating segments is summarized below:

As at September 30, 2021		**MTV**		**Corporate**		**Total**
Total assets	$	115,963	$	3,884	**$**	**119,847**
Total liabilities	$	95,131	$	287	**$**	**95,418**

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

Nine Months Ended September 30, 2021		**MTV**		**Corporate**		**Total**
Revenue	$	22,873	$	—	**$**	**22,873**
Cost of sales		(25,943)		—		**(25,943)**
Gross loss		3,070		—		**3,070**
Expenses						
General and administrative expenses		1,920		1,270		**3,190**
Gain on portfolio investments		—		(107)		**(107)**
Finance expenses, net		6,827		—		**6,827**
Other (income) expense, net		(3,586)		13		**(3,573)**
Net loss for the period	$	8,231	$	1,176	**$**	**9,407**

Nine Months Ended September 30, 2020		MTV		Corporate		Total
Revenue	$	17,700	$	—	**$**	**17,700**
Cost of sales		(27,246)		—		**(27,246)**
Gross loss		9,546		—		**9,546**
Expenses						
General and administrative expenses		1,677		1,566		**3,243**
Loss on portfolio investments		—		1,294		**1,294**
Finance expenses, net		4,484		—		**4,484**
Other income, net		(4,710)		(318)		**(5,028)**
Impairment of non-current assets		7,628		—		**7,628**
Net loss from continuing operations		18,625		2,542		**21,167**
Net loss from discontinued operations		—		2,241		**2,241**
Net loss for the period	$	18,625	$	4,783	**$**	**23,408**

Three Months Ended September 30, 2021		MTV		Corporate		Total
Revenue	$	8,362	$	—	**$**	**8,362**
Cost of sales		(9,243)		—		**(9,243)**
Gross loss		881		—		**881**
Expenses						
General and administrative expenses		775		548		**1,323**
Finance expenses, net		2,387		—		**2,387**
Other income, net		(3,114)		(3)		**(3,117)**
Net loss for the period	$	929	$	545	**$**	**1,474**

Three Months Ended September 30, 2020		MTV		Corporate		Total
Revenue	$	5,610	$	—	**$**	**5,610**
Cost of sales		(6,162)		—		**(6,162)**
Gross loss		552		—		**552**
Expenses						
General and administrative expenses		259		586		**845**
Finance expenses, net		1,223		—		**1,223**
Other (income) expense, net		(2,475)		190		**(2,285)**
Net (income) loss for the period	$	(441)	$	776	**$**	**335**

For the nine months ended September 30, 2021, 99.7% of the revenue ($22.8 million) was from one customer. For the nine months ended September 30, 2020, 89% of the revenues ($15.8 million) was from one customer. As at September 30, 2021, there was $nil (December 31, 2020: $0.2 million) outstanding in trade and other receivables from this customer.

During the nine months ended September 30, 2021, the Company recorded a net write-down of inventory of $2.5 million, net of reversals of previous write-downs of inventory of $1.7 million. During the nine months ended September 30, 2020 the Company recorded a net write-down of inventory of $3.4 million, net of reversals of previous write-downs of inventory of $1.9 million.

FINANCIAL UPDATE

Nine Months Ended September 30, 2021

	Nine months ended	
(in thousands)	**Sept. 30, 2021**	Sept. 30, 2020
Revenue	**$ 22,873**	$ 17,700
Cost of sales	**(25,943)**	(27,246)
Gross loss	**$ 3,070**	$ 9,546

Revenue

During the nine months ended September 30, 2021, the Company recognized revenues of $22.9 million (nine months ended September 30, 2020: $17.7 million) which included revenue from the sale of 2,975 tonnes of copper cathodes for $22.8 million (nine months ended September 30, 2020: 3,068 tonnes of copper cathodes for $16.6 million) and revenues from tolling services of $0.1 million (nine months ended September 30, 2020: $1.1 million). Revenues were based on an average realized copper price of $3.48 per pound (nine months ended September 30, 2020: $2.46 per pound). In accordance with the Offtake, MTV sold 54% of its copper cathode production at $2.89 per pound for the nine months ended September 30, 2021. This percentage is higher than the expected 40% as copper cathode production was lower during the nine months ended September 30, 2021 than was anticipated when the fixed priced portion of the Offtake 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. Cost of sales decreased in the nine months ended September 30, 2021 compared to the same period of 2020, mainly due to fewer tonnes of copper cathodes produced, and as noted below, the lower write-down of inventory in the nine months ended September 30, 2021.

As at June 30, 2021, the carrying value of inventory was determined to be in excess of its net realizable value and a net write-down of inventory of $2.5 million was recognized as an increase to cost of sales. There was no write-down or reversal of previous write-down of inventory recognized in the third of quarter of 2021. As at September 30, 2020, the carrying value of inventory was determined to be in excess of its net realizable value and a net write-down of inventory of $3.4 million was recognized as an increase of cost of sales.

	Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020
General and administrative expenses	**$ 3,190**	$ 3,243

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

In June 2021, the Company recognized retroactive tax credits from the Government of Canada that were previously not available to it representing the main driver in the reduction of the Company's G&A for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020.

	Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020
(Gain) loss on portfolio investments	**$ (107)**	$ 1,294

For the nine months ended September 30, 2021, the realized gain on portfolio investments of $0.1 million was solely from the sale of a legacy portfolio investment, which the Company disposed in February 2021 for gross proceeds of $0.4 million.

During the nine months ended September 30, 2020, the Company disposed of its shares in two legacy portfolio investments for gross proceeds of $2.8 million resulting in a realized loss on portfolio investments of $27.3 million from the moment of acquisition of the investments. For the nine months ended September 30, 2020, the change in unrealized gains on portfolio investments was $26.0 million and was predominantly due to the reversal of previously recorded unrealized losses triggered by the dispositions of these two portfolio investments.

	Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020
Finance expenses, net	**$ 6,827**	$ 4,484

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 $6.8 million, amounts paid as cash for the nine months ended September 30, 2021 totaled $1.8 million (nine months ended September 30, 2020 - $1.6 million). The increase in finance expense is largely due to the higher average outstanding balance of loans and borrowings for the nine months ended September 30, 2021 ($70.0 million) compared to the nine months ended September 30, 2020 ($54.1 million).

	Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020
Other income, net	**$ 3,573**	$ 5,028

Foreign currency translation gain

During the nine months ended September 30, 2021, the $3.6 million foreign currency gain was generated by the strengthening of the US dollar of approximately 13% compared to the Chilean peso and approximately 0.1% compared to the Canadian dollar. During the nine months ended September 30, 2020, a $1.2 million foreign currency gain was generated by the strengthening of the US dollar of approximately 5% compared to the Chilean peso and 3% compared to the Canadian dollar.

Gain on modification of debt

The conversion of the accounts payable of MTV to Unsecured Debt was accounted for as debt modification and a non-cash gain of $3.5 million was recorded during the three months ended September 30, 2020. The amount was determined by calculating the difference between the carrying value of the accounts payable and accrued liabilities subject to the JRA on August 24, 2020, and the net present value of the future cash outflows associated with the Unsecured Debt using the new contracted payment terms under the JRA discounted at 13%.

Three Months Ended September 30, 2021

(in thousands)	Three months ended Sept. 30, 2021	Three months ended Sept. 30, 2020
Revenue	**$ 8,362**	$ 5,610
Cost of sales	**(9,243)**	(6,162)
Gross loss	**$ 881**	$ 552

Revenue

During the three months ended September 30, 2021, the Company recognized revenues of $8.4 million (three months ended September 30, 2020: $5.6 million) which included revenue from the sale of 1,060 tonnes of copper cathodes for $8.4 million (three months ended September 30, 2020: 858 tonnes of copper cathodes for $5.3 million) and revenues from tolling services of $nil (three months ended September 30, 2020: $0.3 million). Revenues were based on an average realized copper price of $3.58 per pound (three months ended September 30, 2020: $2.82 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 September 30, 2021. This percentage is higher than the expected 40% as copper cathode production was lower than anticipated when the fixed priced portion of the Offtake was entered into.

Cost of sales

Cost of sales represent direct mining and plant costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. Cost of sales increased in the three months ended September 30, 2021, compared to the same quarter of 2020, mainly due to more tonnes of copper cathodes sold and higher operating costs resulting from lower grades of the ore mined in the three months ended September 30, 2021, compared to the same quarter of 2020. A $0.7 million reversal of previous write-down of inventory recognized as a reduction to cost of sales in the three months ended September 30, 2020 also contributed to the difference between these comparatives periods as explained below.

During the three months ended September 30, 2021, there was no write-down or reversal of previous write-down of inventory, while during the three months ended September 30, 2020, the company recognized a reversal of a previous write-down of current inventory of $0.7 million, reflecting both the fixed price portion of future sales under the offtake agreement and the higher current and expected short-term copper price.

	Three months ended Sept. 30, 2021	Three months ended Sept. 30, 2020
General and administrative expenses	**$ 1,323**	$ 845

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 September 30, 2021 increased compared to the three months ended September 30, 2020 mainly due to higher marketing expenses during the current quarter.

	Three months ended Sept. 30, 2021	Three months ended Sept. 30, 2020
Finance expenses, net	**$ 2,387**	$ 1,223

Finance expenses primarily consist of interest on loans and the interest accretion on the decommissioning liability. The increase in finance expense is largely due to the higher average outstanding balance of the long-term debt for the three months ended September 30, 2021 ($70.4 million) compared to the three months ended September 30, 2020 ($55.2 million).

		Three months ended	
		Sept. 30, 2021	Sept. 30, 2020
Other income, net	**$**	**3,117**	$ 2,285

Foreign currency translation gain (loss)

During the three months ended September 30, 2021, the $3.0 million foreign currency gain was generated by the strengthening of the US dollar of approximately 9% compared to the Chilean peso and 3% compared to the Canadian dollar. During the three months ended September 30, 2020, a $1.2 million foreign currency loss was generated by the weakening of the US dollar of approximately 4% compared to the Chilean peso and 2% compared to the Canadian dollar.

Gain on modification of debt

The conversion of the accounts payable of MTV to Unsecured Debt was accounted for as debt modification and a non-cash gain of $3.5 million was recorded during the three months ended September 30, 2020. The amount was determined by calculating the difference between the carrying value of the accounts payable and accrued liabilities subject to the JRA on August 24, 2020, and the net present value of the future cash outlfows associated with the Unsecured Debt using the new contracted payment terms under the JRA discounted at 13%.

IMPAIRMENT OF MTV CASH GENERATING UNIT ("CGU")

During the nine months ended September 30, 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. As a result, 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.

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)	**Sept**	Jun	Mar	Dec	Sept	Jun	Mar	Dec
Revenue	**$ 8,362**	$ 7,511	$ 7,000	$ 6,003	$ 5,610	$ 4,943	$ 7,147	$ 9,352
Gross loss (profit)	**$ 881**	$ 4,330	$ (2,141)	$ 1,204	$ 552	$ 2,012	$ 6,982	$ 4,454
(Gain) loss on portfolio investments	**$ —**	$ —	$ (107)	$ 380	$ —	$ (1,038)	$ 2,332	$ 1,358
Net loss from continuing operations	**$ 1,474**	$ 7,278	$ 655	$ 6,920	$ 335	$ 5,256	$ 15,576	$ 21,398
Net loss for the period	**$ 1,474**	$ 7,278	$ 655	$ 6,920	$ 335	$ 5,256	$ 17,817	$ 25,825
Other comprehensive loss (income)	**$ 131**	$ (372)	$ (62)	$ (606)	$ (405)	$ (116)	$ 1,762	$ (318)
Basic and diluted loss per share from continuing operations	**$ 0.03**	$ 0.14	$ 0.02	$ 0.21	$ 0.01	$ 0.16	$ 0.46	$ 0.63
Basic and diluted net loss per share	**$ 0.03**	$ 0.14	$ 0.02	$ 0.21	$ 0.01	$ 0.16	$ 0.53	$ 0.76

The Company is not impacted materially by seasonality.

FINANCING ACTIVITIES BY THE COMPANY

It has been the Company's policy to have the capital available and/or continue to obtain the necessary capital to support its long-term business strategy. This will depend on its ability to obtain additional equity financing 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 completed the Offering for net proceeds of $8.3 million. Subsequent to the completion of the Offering, the Company through its indirectly held subsidiary (SRH Chile SpA) subscribed for additional common shares of MTV for approximately $6.8 million and $1 million, effective June 3, 2021 and August 16, 2021, respectively. The Minority Shareholder did not participate pro-rata in MTV's equity issuances, resulting in the Company's indirect holding of MTV increasing from 70% to 91.1%.

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

On November 25, 2021, the Company issued a total of 56,681,000 Units and 819,000 Additional Warrants pursuant to the Bought-Deal Financing at an offering price of CAD$0.32 per Unit for gross proceeds of CAD$18.2 million. Each Unit consists of one common share in the capital of the Company and one Warrant. Each Additional Warrant and each Warrant is exercisable into one common share of the Company at an exercise price of CAD$0.45 for a period of 30 months from the closing date of the Bought-Deal Financing.

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

EQUITY DATA

Authorized capital:

Common shares, no par value, unlimited shares.

Issued and outstanding:

The Company had 112,452,942 common shares issued and outstanding as at November 26, 2021.

	Common shares (#)		Amount
Balance - December 31, 2020	**34,083,005**	**$**	**303,990**
Shares issued on Offering, net of issue costs	20,930,000		7,708
Exercise of warrants	758,937		508
Balance - September 30, 2021	**55,771,942**	**$**	**312,206**
Shares issued on Bought-Deal Financing, net of issue costs	56,681,000		9,680
Balance - November 26, 2021	**112,452,942**	**$**	**321,886**

On April 16, 2021, the Company completed its Offering and issued a total of 20,930,000 Offering Units at CAD$0.55 per Unit on a bought deal basis for net proceeds of $8.3 million. Each Unit consists of one Common Share in the capital of the Company and one Offering Warrant. Each Offering Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD$0.70 until October 16, 2022.

On November 25, 2021, the Company issued a total of 56,681,000 Units and 819,000 Additional Warrants pursuant to the Bought-Deal Financing at an offering price of CAD$0.32 per Unit for gross proceeds of CAD$18.2 million. Each Unit consists of one common share in the capital of the Company and one Warrant. Each Additional Warrant and each Warrant is exercisable into one common share of the Company at an exercise price of CAD$0.45 for a period of 30 months from the closing date of the Bought-Deal Financing.

Pursuant to the terms of the Bought-Deal Financing, the Company paid the underwriters a cash commission of 6% of the gross proceeds and issued 3,400,860 Compensation Warrants. Each Compensation Warrant is exercisable into one common share of the Company at an exercise price of CAD$0.32 for a period of 30 months from the closing date of the Bought-Deal Financing.

Outstanding warrants:

The Company had 283,495,460 common share purchase warrants outstanding as at November 26, 2021.

	Warrants(#)		Amount
Balance - December 31, 2020	**201,138,300**	**$**	**6,026**
Warrants issued on Offering, net of issue cost	20,930,000		604
Offering Broker Warrants issued on Offering	1,255,800		80
Exercise of warrants	(778,640)		(32)
Balance - September 30, 2021	**222,545,460**	**$**	**6,678**
Warrants and Additional Warrants issued on Bought-Deal Financing, net of issue cost	57,500,000		3,200
Compensation Warrants issued to underwriters on Bought-Deal Financing	3,450,000		381
Balance - November 26, 2021	**283,495,460**	**$**	**10,259**

Common share purchase warrants totaling 201,117,560 entitles the holders thereof to purchase one common share at an exchange ratio of 20 warrants per 1 common share, with an equivalent exercise price of CAD$6.66 per common share until February 9, 2022. During the nine months ended September 30, 2021, 20,740 of these common share purchase warrants were exercised.

Offering Warrants totaling 20,930,000 entitle the holders thereof to purchase one common share at an exercise price of CAD$0.70 until October 16, 2022. During the nine months ended September 30, 2021, 550,000 of these common share purchase warrants were exercised.

Offering Broker Warrants totaling 1,255,800 were issued to the Offering underwriters. Each Offering Broker Warrant entitles the holders thereof to purchase one common share at an exercise price of CAD$0.55 until October 16, 2022. During the nine months ended September 30, 2021, 207,900 of these Offering Broker Warrants were exercised.

On November 25, 2021 Warrants and Additional Warrants totaling 57,500,000 entitle the holders thereof to purchase one common share at a price of CAD$0.45 per common share purchase warrant until May 25, 2024.

On November 25, 2021 Compensation Warrants totaling 3,450,000 were issued to the underwriters of the Bought-Deal Financing. Each Compensation Warrant entitles the holder to purchase one common share at an exercise price of CAD$0.32 until May 25, 2024.

Outstanding stock options:

The number of stock options outstanding as at September 30, 2021 and November 26, 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 September 30, 2021 was 2.4 million (December 31, 2020: 1.2 million). 2.4 million stock options expire on August 12, 2030 and 0.1 million stock options expire on March 3, 2031.

CONTINGENCIES AND COMMITMENTS

Contractual obligations of the Company as at September 30, 2021 are as follows:

	1 year	1 - 3 years	More than 3 years	Total
Accounts payable and accrued liabilities	$ 17,226	$ 141	$ —	$ 17,367
Amended Facility	13,530	36,081	4,510	54,121
Unsecured debt under the JRA	1,980	5,279	16,583	23,842
Leases	268	130	284	682
Term Loan	401	—	—	401
Other liabilities	466	1,552	849	2,867
Reclamation and other closure provisions	—	—	5,009	5,009
As at September 30, 2021	**$ 33,871**	**$ 43,183**	**$ 27,235**	**$ 104,289**

As of September 30, 2021, remaining commitments to purchase (i) property, plant and equipment amounted to $5.2 million primarily for the construction and development of Papomono and (ii) mining operating supplies amounted to $0.2 million.

During the nine months ended September 30, 2021, the Company increased its ownership of MTV from 70% to 91.1% following its equity contributions of approximately $6.8 million and $1.0 million on June 3, 2021 and August 16, 2021, respectively. This dilution resulted in a change to the non-controlling interest and a related charge to deficit amounting to $2.9 million in total.

Subsequent to TVC's equity contribution to MTV on June 3, 2021, the Minority Shareholder of MTV, 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 SHA. The Minority Shareholder has filed a request for arbitration under the SHA pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce (the **"ICC"**) alleging that the equity contribution of TVC did not comply with the SHA and claiming damages of $16 million. The Company and its legal counsel believe the allegations made by the Minority Shareholder are baseless and unsubstantiated and reflect the Minority Shareholder’s attempt to receive preferential treatment contrary to the terms of the SHA. The Company and its legal counsel are of the strong and steadfast position that the claim is without merit and the Company has acted appropriately and in accordance with Chilean law, the JRA, the by-laws of MTV and the SHA in all respects. As the Company is confident in its legal position it has not provided for a possible settlement provision in its Financial Statements. It is expected that the ICC arbitration will be completed in mid-2022 based on the timelines agreed to in the SHA. The Company will continue to monitor the arbitration proceedings.

On November 22, 2021, the Company and its subsidiaries executed the Undertaking with the Lenders to amend the loan repayment terms of the Amended Facility. The Company and the Lenders have undertaken to execute a binding agreement to amend the loan repayment terms of the Amended Facility on or prior to September 30, 2022. Under the terms of the Undertaking the Lenders have agreed not to accelerate or enforce their rights or remedies under the Amended Facility should MTV fail to (i) make scheduled loan repayments on March 31, 2022, June 30, 2022 and September 30, 2022 and/or (ii) replenish the operating reserve account to reestablish the minimum reserve as required under the Amended Facility. The forbearance period per the Undertaking is from November 22, 2021 to October 1, 2022 (see *Subsequent Events* elsewhere in this MD&A).

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 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.

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 and nine months ended September 30, 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		Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020	**Sept. 30, 2021**	Sept. 30, 2020
Cost of Sales[1]	**$ 9,243**	$ 6,162	**$ 25,943**	$ 27,246
Depreciation	**(1,341)**	(985)	**(3,927)**	(3,988)
Non-site inventory reversal	**—**	665	**1,128**	528
Net change in finished goods inventory	**745**	41	**750**	(532)
Transportation costs	**(107)**	(91)	**(283)**	(311)
C1 Cash costs of production	**8,540**	5,792	**23,611**	22,943
Pounds of copper produced (thousands)	**2,509**	2,374	**6,775**	8,353
Cash cost of copper produced (USD per pound)	**$ 3.40**	**$ 2.44**	**$ 3.49**	**$ 2.75**

[1] *Includes write-down of inventory of $nil for the three months ended September 30, 2021 and $2.5 million for the nine months ended September 30, 2021, which is net of a $1.7 million inventory reversal of previous inventory write-downs 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		Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020	**Sept. 30, 2021**	Sept. 30, 2020
Revenue from copper cathodes	**$ 8,362**	$ 5,333	**$ 22,815**	$ 16,620
Pounds of copper sold (thousands)	**2,337**	1,892	**6,561**	6,760
Average realized copper price (USD per pound)	**$ 3.58**	$ 2.82	**$ 3.48**	$ 2.46

During the third quarter of 2021, 46% of copper produced was sold at $2.89 per pound under the Offtake. MTV contracted to sell a fixed amount of copper cathode representing 40% of its expected copper cathode production at $2.89 per pound from August 2020 to July 2022. The volume of monthly copper cathode contracted to sell at $2.89 per pound was set in July 2020 based on expected production from August 2020 to July 2022 with 3,382 tonnes remaining as at September 30, 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.

Effective August 1, 2021, the remaining 40% fixed price component of the Offtake has been deferred for nine months until May 1, 2022 (see *Outlook* elsewhere in this MD&A).

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 September 30, 2021 and December 31, 2020.

	As at	
	Sept. 30, 2021	Dec. 31, 2020
Current portion of loans and borrowings	**$ 15,315**	$ 627
Loans and borrowings	**58,534**	65,623
Less: cash and cash equivalents	**(6,711)**	(11,961)
Net debt	**$ 67,138**	$ 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 September 30, 2021 and December 31, 2020.

	As at	
	Sept. 30, 2021	Dec. 31, 2020
Cash and cash equivalents	**$ 6,711**	$ 11,961
Restricted cash	**490**	—
Trade and other receivables	**1,390**	1,020
Inventories	**21,179**	8,426
Prepaids and other current assets	**1,102**	3,647
Portfolio investments	**2,091**	2,145
Current assets	**32,963**	27,199
Current liabilities	**29,829**	12,072
Working capital [1]	**$ 3,134**	$ 15,127

[1] *Working capital for the Corporate segment is $3.6 million and for the MTV segment there is working capital deficit of $0.5 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-downs and reversals of previous write-downs of inventory, gains and losses on portfolio investments, impairment of non-current assets, gains on modification of debt, stock-based compensation and unrealized foreign exchange gains and losses.

	Three months ended		Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020	**Sept. 30, 2021**	Sept. 30, 2020
Net loss from continuing operations	**$ 1,474**	$ 335	**$ 9,407**	$ 21,167
Add:				
Finance expense	**2,387**	1,223	**6,827**	4,484
Depreciation	**1,341**	985	**3,927**	3,988
EBITDA from continuing operations	**2,254**	1,873	**1,347**	(12,695)
(Reversal) write-down of inventory	**—**	(665)	**2,474**	3,441
(Gain) loss on portfolio investments	**—**	—	**(107)**	1,294
Impairment of non-current assets	**—**	—	**—**	7,628
Unrealized foreign exchange (gain) loss	**(2,666)**	1,197	**(3,353)**	(908)
Stock-based compensation	**20**	156	**79**	198
Gain on modification of debt	**—**	(3,487)	**—**	(3,487)
Adjusted EBITDA from continuing operations	**$ (392)**	$ (926)	**$ 440**	$ (4,529)

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties during the three and nine months ended September 30, 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		Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020	**Sept. 30, 2021**	Sept. 30, 2020
Compensation paid by and on behalf of TVC for executive management services provided to the Company (including stock-based compensation)	**$ 88**	$ 198	**$ 247**	$ 321
Directors fees and stock-based compensation	**81**	172	**258**	350
	$ 169	$ 370	**$ 505**	$ 671

(ii) Mine Contracting Services

As at September 30, 2021, a balance of $7.7 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 September 30, 2021, $0.8 million of principal and interest was outstanding (December 31, 2020: $0.8 million).

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 September 30, 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.

During July 2021, MTV executed an agreement whereby it purchased a series of put options maturing monthly commencing July 30, 2021 and ending February 25, 2022 on approximately $6.5 million equivalent of CLP in total. Total premium paid for this option was $0.1 million. The currency amounts in total are equivalent to what the Company expects to spend in USD to complete the development of the Papomono underground mine over the upcoming months ending in early 2022.

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.

Under the Offtake with AAML, MTV has 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. 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 third quarter of 2021, 46% of copper produced was sold at $2.89 per pound as production was below forecast.

Effective August 1, 2021, MTV executed an amendment to the Offtake specific to the fixed price sales component with its principal buyer of copper cathode. Under the terms of the amendment, the remaining monthly deliveries of copper cathode due under the fixed price portion of the Offtake are deferred until May 1, 2022 and all sales of copper cathode commencing August 1, 2021 until April 30, 2022 will be sold at the prevailing spot price for copper cathode, less a nominal amount. The remaining 12 months of contracted delivery amounts of the fixed price portion of the contract will resume on May 1, 2022 at the previous agreed fixed price of $2.89/lb.

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 100% of revenue for the nine months ended September 30, 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 and nine months ended September 30, 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 *Contingencies and 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 will need to raise capital in order to further support MTV's operations including development of its mineral properties, securing the remaining 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 will be required to execute MTV's planned operations in addition to the financings obtained on April 16, 2021 (see *Equity Data* elsewhere in this MD&A), and on November 25, 2021 (see *Subsequent Events* elsewhere in this MD&A). Additional financings 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 (v) geopolitical issues in Chile and (vi) engineering, production, geological and environmental risks. 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.

As a condition of the Amended Facility, the Company provided the Lenders with a $10 million guarantee that is reduced dollar for dollar as TVC supports MTV with the new capital in accordance with the terms of the JRA. As at September 30, 2021, TVC fulfilled the $10 million guarantee.

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

OFF-BALANCE SHEET ARRANGEMENTS

In order to ensure that the Company has appropriate control and direction over MTV, the Company entered into the SHA with the Minority Shareholder on October 2, 2017. Under the SHA, the Company has the right of first refusal to purchase the remaining ownership percentage (the **"Minority Position"**) of MTV from the Minority Shareholder. The Company also had the option to purchase (the **"Call Option"**) the Minority Position by delivering a written notice within 30 days after October 2, 2021. Should the Company not have exercised its Call Option within the stipulated time period, the Minority Shareholder would have had the right to initiate a sale process for up to 100% of MTV. On October 4, 2021, the Company delivered to the Minority Shareholder the required written notice of its intention to acquire the Minority Position held by the Minority Shareholder as per the Call Option notice requirements of the SHA.

ADVISORY

Forward-Looking Information

Certain statements in this MD&A, and in particular the "Outlook" and "Liquidity and Capital Resources" sections, contain forward-looking information (collectively referred to herein as the "**Forward-Looking Statements**") within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the forgoing, this MD&A contains Forward-Looking Statements pertaining to: (i) the impact of COVID-19 on the Company's operations, demand and price of copper and ability to obtain funding; (ii) expectations and requirements for additional capital; (iii) expectations regarding the costs, timing and benefits of constructing and mining Papomono; (iv) expectations regarding the costs, timing and benefits of restarting, expanding and mining Don Gabriel; (v) expectations regarding the costs, supply, timing and benefits of processing third-party mined ore; (vi) expectations regarding the strip ratio and grade mined at Don Gabriel; (vii) expectations regarding the benefits of the Salt Leach; (viii) expectations regarding MTV production and the effect of the $2.89 per pound fixed price contract portion on such production; (ix) expectations regarding the MTV mine expansion and processing capacity, including the anticipated expansion methods, costs, timing and the benefits derived from the expansion; (x) uncertainty whether the 2021 mine plan will require updating; (xi) 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 remaining 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; (xii) the economic and technical study parameters of MTV; (xiii) mineral resource and mineral reserve estimates; (xiv) the cost and timing of development of MTV ore bodies; (xv) the proposed mine plan and mining methods; (xvi) dilution and extraction recoveries; (xvii) processing method and rates and production rates; (xviii) projected metallurgical recovery rates; (xix) additional infrastructure requirements or infrastructure modifications; (xx) capital, operating and sustaining cost estimates; (xxii) the projected life of mine and other expected attributes of MTV; (xxii) the NPV and IRR and payback period of capital; (xxiii) future copper prices; (xxiv) future foreign exchange rates; (xxv) changes to MTV’s configuration that may be requested as a result of stakeholder or government input; (xxvi) government regulations and permitting timelines; (xxvii) estimates of reclamation obligations and expectations regarding future obligations for mine closure activities; (xxviii) environmental risks; (xxix) future purchasing of mineralized material; (xxx) continued purchasing of mineralized material from a large number of small-scale third-party miners and from ENAMI; (xxxi) expectations regarding the copper market, including supply, demand, pricing and value drivers; (xxxii) expectations regarding imposed tariffs on economic growth; (xxxiii) Chilean elections and the effect thereof; (xxxiv) potential unrest in Chile; (xxxv) sales under the Offtake; (xxxvi) anticipated divestitures of the remaining Investment Portfolio and timing thereof; (xxxvii) MTV's labour and health and safety initiatives and expectations; (xxxviii) general business and economic conditions and (xxxix) outcome of litigation.

Although TVC believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) there being no significant 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); (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) political developments in Chile being inconsistent with current expectations including, without limitation, the impact of any political tensions or uncertainty in Chile or actions taken by any local or national government, including but not limited to amendments to mining laws and regulatory actions, (xiv) the impact and probability of operational, geological and environmental risks at MTV being different than expectations; (xv) those risks disclosed herein under the heading "Risk Management"; and (xiv) those risks disclosed under the heading "Risk Factors" or in TVC's Annual Information Form dated March 3, 2021. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and TVC does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

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

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.threevalleycopper.com.