Three Valley Copper Corp.

Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(Expressed in United States dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited consolidated financial statements, which consolidate the financial results of Three Valley Copper Corp. (the "**Company**"), were prepared by management, who are responsible for the integrity and fairness of all information presented in the audited consolidated financial statements and management's discussion and analysis ("**MD&A**") for the years ended December 31, 2022 and 2021. The audited consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards. Financial information presented in the MD&A is consistent with that in the audited consolidated financial statements.

In management's opinion, the audited consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized in note 2 of the audited consolidated financial statements. Management maintains a system of internal controls to meet its responsibilities for the integrity of the audited consolidated financial statements.

The board of directors (the "**Board of Directors**") of the Company appoints the Company's audit committee (the "**Audit Committee**") annually. Among other things, the mandate of the Audit Committee includes the review of the audited consolidated financial statements of the Company on a quarterly basis and the recommendation to the Board of Directors for approval. The Audit Committee has access to management and the auditors to review their activities and to discuss the external audit program, internal controls, accounting policies and financial reporting matters.

PricewaterhouseCoopers LLP performed an independent audit of the consolidated financial statements, as outlined in the auditors' report contained herein. PricewaterhouseCoopers LLP had, and has, full and unrestricted access to management of the Company, the Audit Committee and the Board of Directors to discuss their audit and related findings and have the right to request a meeting in the absence of management at any time.

(signed) "*Michael Staresinic"*

Michael Staresinic
President and Chief Executive Officer

(signed) "*Ian MacNeily*"

Ian MacNeily
Chief Financial Officer

April 28, 2023

Independent auditor's report

To the Shareholders of Three Valley Copper Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Three Valley Copper Corp. and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Key audit matters

Except for the matter which is described in the *Material uncertainty related to going concern* section, we have determined that there are no other key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mariano Ortego.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 28, 2023

Three Valley Copper Corp.
Consolidated Statements of Financial Position
As at December 31, 2022 and December 31, 2021
Amounts expressed in thousands of United States dollars except per share amounts and number of outstanding shares

	Note	**Dec. 31, 2022**	Dec. 31, 2021
ASSETS			
Cash and cash equivalents		**$ 5,134**	$ 13,656
Restricted cash		—	556
Trade and other receivables		**39**	1,705
Inventories	4,17	—	16,739
Prepaids and other current assets		**16**	1,528
Portfolio investments	5	**121**	2,101
Total current assets		**5,310**	36,285
Non-current portion of inventory	4,17	—	9,008
Mineral properties, plant and equipment	6,17	—	59,733
Exploration and evaluation asset	7,17	—	930
Intangible assets	8,17	—	1,160
Other		—	856
		5,310	71,687
Total assets		**$ 5,310**	$ 107,972
LIABILITIES			
Accounts payable and accrued liabilities	9	**$ 729**	$ 18,207
Deferred revenue		—	2,940
Current portion of loans and borrowings	10,17	—	74,251
Total current liabilities		**729**	95,398
Loans and borrowings	10,17	—	218
Reclamation and other closure provisions	11,17	—	4,438
Other non-current liabilities		—	1,740
		—	6,396
Total liabilities		**729**	101,794
SHAREHOLDERS' EQUITY			
Capital stock	12b	**321,787**	321,787
Common share purchase warrants	12c	**3,745**	10,301
Contributed surplus		**8,461**	1,880
Deficit		**(295,306)**	(288,632)
Accumulated other comprehensive loss		**(34,106)**	(37,582)
Total equity attributable to owners of the Company		**4,581**	7,754
Non-controlling interest		—	(1,576)
		4,581	6,178
Total liabilities and shareholders' equity		**$ 5,310**	$ 107,972

Basis of Preparation and Going Concern	2a
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Approved by the Board of Directors

(signed) "*Terrence Lyons*"
Chairman

(signed) "*Lenard F. Boggio*"
Director

The accompanying notes are an integral part of these consolidated financial statements.

Three Valley Copper Corp.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2022 and 2021
Amounts expressed in thousands of United States dollars except per share amounts and number of outstanding shares

	Note	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2021
Revenue	13	**$ 28,196**	$ 32,915
Cost of sales	14	**(35,570)**	(54,314)
Gross loss		**7,374**	21,399
Expenses			
General and administrative expenses	15	**5,238**	4,509
Severance expense		**1,969**	—
General exploration and evaluation expense		**193**	731
Gain on portfolio investments		**(135)**	(107)
Finance expenses, net		**12,467**	9,306
Other income, net	16	**(52)**	(4,423)
Impairment of non-current assets	17	**—**	9,377
Gain on deconsolidation of MTV	17	**(18,924)**	—
Net loss for the year		**$ 8,130**	$ 40,792
Net loss attributable to:			
Owners of the Company		**$ 6,674**	$ 37,363
Non-controlling interests		**1,456**	3,429
Net loss for the year		**$ 8,130**	$ 40,792
Basic and fully diluted net loss per share	19	**$ 0.07**	$ 0.74
Weighted average number of shares outstanding during the year			
Basic and fully diluted		**112,455,909**	54,905,064
Net loss for the year		**$ 8,130**	$ 40,792
Other comprehensive (income) loss			
Items that may be reclassified subsequently to net loss:			
Foreign currency translation differences		**511**	(204)
Total comprehensive loss		**$ 8,641**	$ 40,588
Comprehensive loss attributable to:			
Owners of the Company		**$ 7,185**	$ 37,159
Non-controlling interests		**1,456**	3,429
Total comprehensive loss		**$ 8,641**	$ 40,588

The accompanying notes are an integral part of these consolidated financial statements.

Three Valley Copper Corp.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
Amounts expressed in thousands of United States dollars

	Capital Stock	Common Share Purchase Warrants	Treasury Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total	Non-controlling interest	Total Equity
Balance - January 1, 2021	$ 303,990	$ 6,026	$ (101)	$ 1,908	$ (247,368)	$ (37,786)	$ 26,669	$ (2,021)	$ 24,648
Net loss for the year	—	—	—	—	(37,363)	—	(37,363)	(3,429)	(40,792)
Foreign currency translation differences	—	—	—	—	—	204	204	—	204
Change in other reserve	—	—	—	20	—	—	20	—	20
Change in non-controlling interest	—	—	—	—	(3,874)	—	(3,874)	3,874	—
Shares and warrants issued on bought-deal financings, net of issue cost	17,289	3,845	—	—	—	—	21,134	—	21,134
Non-transferrable compensation warrants issued to underwriters	—	462	—	—	—	—	462	—	462
Exercise of warrants	508	(32)	—	(62)	—	—	414	—	414
Stock-based compensation	—	—	—	88	—	—	88	—	88
Shares released on vesting of equity incentive plan	—	—	101	(74)	(27)	—	—	—	—
Balance - December 31, 2021	**$ 321,787**	**$ 10,301**	**$ —**	**$ 1,880**	**$ (288,632)**	**$ (37,582)**	**$ 7,754**	**$ (1,576)**	**$ 6,178**
Balance - January 1, 2022	$ 321,787	$ 10,301	$ —	$ 1,880	$ (288,632)	$ (37,582)	$ 7,754	$ (1,576)	$ 6,178
Net loss for the year	—	—	—	—	(6,674)	—	(6,674)	(1,456)	(8,130)
Foreign currency translation differences	—	—	—	—	—	(511)	(511)	—	(511)
Loss of control of MTV	—	—	—	—	—	3,987	3,987	3,032	7,019
Exercise of warrants	—	—	—	6	—		6	—	6
Expiration of warrants	—	(6,556)	—	6,556	—	—	—	—	—
Stock-based compensation	—	—	—	19	—	—	19	—	19
Balance - December 31, 2022	**$ 321,787**	**$ 3,745**	**$ —**	**$ 8,461**	**$ (295,306)**	**$ (34,106)**	**$ 4,581**	**$ —**	**$ 4,581**

The accompanying notes are an integral part of these consolidated financial statements.

	Note	Year Ended Dec. 31, 2022	Year Ended Dec. 31, 2021
Operating activities			
Net loss for the year		**$ (8,130)**	$ (40,792)
Items not affecting cash and other adjustments			
Gain on deconsolidation of MTV	17	**(18,924)**	—
Depreciation and amortization	14	**1,144**	5,102
Finance expense		**12,467**	9,306
Gain on portfolio investments		**(135)**	(107)
Foreign currency translation gain		**(286)**	(4,400)
Stock-based compensation		**19**	88
Write-down of inventory, net of reversals	14	**5,587**	16,758
Impairment of non-current assets	17	**—**	9,377
Change in non-current inventory		**—**	(1,294)
Other		**(31)**	—
Change in non-current asset and liabilities		**(747)**	(1,448)
		(9,036)	(7,410)
Changes in non-cash operating working capital	22	**3,676**	(4,635)
Cash used in operating activities		**(5,360)**	(12,045)
Cash flows from investing activities			
Additions of mineral properties, plant and equipment		**(4,487)**	(10,232)
Proceeds on sale of mining equipment		**455**	—
Proceeds of sale of portfolio investments		**2,019**	160
Cash used in investing activities		**(2,013)**	(10,072)
Cash flows from financing activities			
Proceeds from loans and borrowings		**—**	6,400
Loans and borrowings paid		**(372)**	(658)
Transaction costs		**—**	(390)
Proceeds on the issuance of common shares, net of issuance cost		**—**	21,596
Net proceeds from exercise of warrants		**6**	414
Interest paid		**(79)**	(2,663)
Decrease (increase) in restricted cash		**531**	(556)
Cash provided by financing activities		**86**	24,143
(Decrease) increase in cash and cash equivalents		**(7,287)**	2,026
Impact on foreign exchange on cash balances		**(474)**	(331)
Cash derecognized on loss of control of MTV		**(761)**	—
Cash and cash equivalents of continuing operations - Beginning of year		**13,656**	11,961
Cash and cash equivalents - End of year		**$ 5,134**	$ 13,656
Supplementary Cash Flow Information	22		

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Corporate Information

Three Valley Copper Corp. (together with its subsidiaries, "**TVC**" or the "**Company**"), was incorporated under the laws of British Columbia and continued under the *Canada Business Corporations Act* ("**CBCA**"). TVC is a publicly listed company on the TSX Venture Exchange ("**TSXV**") and on the OTCQB Venture Market (**"TVCCF").** Until December 2022, TVC focused on operating and expanding Minera Tres Valles SpA's ("**MTV**") copper mining operations in Chile. In December 2022, MTV filed for voluntary judicial liquidation in Chile and on December 29, 2022, TVC no longer controlled MTV (the "**Loss of Control Event**") and TVC deconsolidated the assets and liabilities of MTV effective this date (see Note 17).

Until December 2022, the Company's principal operating business was its 95.1% equity interest in MTV. MTV's main asset is the Minera Tres Valles mining project, in the Province of Choapa, Chile which includes fully integrated processing operations and its two main mines. The major ore extraction operations include the Don Gabriel open pit mine ("**Don Gabriel**") and the Papomono underground mine ("**Papomono**"). MTV recommenced mining operations in late 2020 after temporarily ceasing mining activities in early 2020 and successfully completing a Judicial Reorganization Agreement ("**JRA**") with its creditors and key stakeholders in August 2020. On June 13, 2022, MTV ceased all mining operations and applied for a Judicial Reorganization Procedure that was never granted by the Chilean courts and MTV filed for voluntary judicial liquidation in December 2022.

These Financial Statements (as defined below) were approved for issue by the Board of Directors (the "**Board**") on April 27, 2023.

2. Accounting Policies and Going Concern

The following is a summary of the significant accounting policies applied in the preparation of these audited annual consolidated financial statements (**"Financial Statements**").

a. Basis of Preparation and Going Concern

These Financial Statements of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**") which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

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

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

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

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

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

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

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

Certain comparative figures have been reclassified to conform to the current period's presentation. Due to rounding, numbers presented may not add up precisely to totals provided.

b. Basis of Consolidation

The Financial Statements of the Company consolidate the accounts of TVC and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In many, but not all instances, control will exist when the Company owns more than one half of the voting rights of a corporation or trust. When the Company ceases to consolidate a subsidiary due to loss of control any retained interest in the entity is remeasured to its fair value with the change in carrying amount reflected in profit or loss. In addition, any amounts previously recognized in other comprehensive income in respect to that entity are accounted for as if the group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognized as other comprehensive income are reclassified to profit or loss. On December 29, 2022, TVC lost control of MTV and deconsolidated MTV effective this date.

The subsidiaries of TVC are listed below. Each of the entities has a December 31 year end.

Entity	Location	Proportion of Ownership Interest	Non-Controlling Interest
SRHI Resource Corp. ("**SRC**")	Canada	100%	—
ADI Mining Ltd. ("**ADM**")	Canada	100%	—
SRH Chile SpA	Chile	100%	—
MTV (until December 29, 2022)	Chile	95.1%	4.9%

The Company is deemed to control the 2014 Employee Profit Sharing Plan (the "**Trust**") which provides the Company with its equity incentive plan. Accounting policies of the subsidiaries have been conformed where necessary to ensure consistency with the policies adopted by the Company.

Substantially all of the Company's operating activities were conducted through a non-wholly owned subsidiary, MTV, until the Loss of Control Event on December 29, 2022, with the exception of the management of legacy portfolio investments and of general administration expenses incurred within the parent public company (TVC).

c. Business Combinations

A business combination is defined as an acquisition of assets and liabilities that constitute a business. A business is an integrated set of activities that consists of inputs, such as assets (including non-current assets), and processes that when applied to those inputs have the ability to create outputs that provide a return to the Company and its shareholders. A business also includes those assets and liabilities that do not necessarily have all the inputs and processes required to produce outputs but can be integrated with the inputs and processes of the Company to create outputs.

Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed, including contingent liabilities, are recorded at their fair values at the acquisition date. The acquisition date is the date at which the Company obtains control over the acquiree, which is generally the date that consideration is transferred, and the Company acquires the assets and assumes the liabilities of the acquiree. The Company considers all relevant facts and circumstances in determining the acquisition date.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets at the acquisition date transferred by the Company, the liabilities, including contingent consideration, incurred and payable by the Company to former owners of the acquiree and the equity interests issued by the Company. The measurement date for equity interests issued by the Company is the acquisition date. Acquisition-related costs are expensed as incurred.

Since the Company does not own 100% of its interest in MTV, the portion attributable to non-controlling shareholders is reflected in non-controlling interests. On December 29, 2022, the Company lost control of MTV and the portion attributable to non-controlling shareholders was reflected in profit and loss.

d. Non-Controlling Interests

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. The non-controlling interests' share of net income (loss) and comprehensive income (loss) is presented separately in the Consolidated Statements of Operations and Comprehensive Loss and directly in equity. Changes in the parent company's ownership interest in the subsidiaries that do not result in a loss of control are accounted for as equity transactions.

e. Functional and Presentation Currency

The functional currency of each entity within the Company is the currency of the primary economic environment in which it operates. For each of the Company's entities, CAD is the functional currency other than for SRH Chile SpA and MTV where the functional currency is USD. The Company’s presentation currency is USD.

Transactions denominated in currencies other than the functional currency are recorded using the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in the Consolidated Statements of Operations and Comprehensive Loss in the period in which they arise. Exchange differences arising on the translation of non-monetary items carried at fair value are included in the Consolidated Statements of Operations and Comprehensive Loss. However, exchange differences arising on the translation of certain non-monetary items are recognized as a separate component of equity.

On disposal of a foreign operation, the historical, cumulative amount of exchange differences recognized as a separate component of equity is reclassified and recognized in the Consolidated Statements of Operations and Comprehensive Loss.

For the purpose of presenting the Financial Statements, the assets and liabilities of the Company’s operations with a functional currency of CAD are translated into USD, which is the presentation currency of the group, at the rate of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period where these approximate the rates on the dates of transactions.

f. Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Investments in equity instruments, derivatives and debt instruments that do not meet the criteria for amortized cost (see below) are classified as FVTPL. Financial assets are designated at FVTPL if it eliminates or significantly reduces an accounting mismatch. Upon initial recognition, these financial assets are recognized at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

A debt instrument is measured at amortized cost if (i) the objective of the Company's business model is to hold the instrument in order to collect contractual cash flows and (ii) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Alternatively, debt instruments that meet the criteria for amortized cost may be designated as FVTPL on initial recognition if doing so eliminates or significantly reduces an accounting mismatch. Investments in equity instruments that are not held for trading may be irrevocably designated at fair value through other comprehensive income ("**FVTOCI**") on initial recognition. The Company has not designated any of its equity instruments or debt instruments as FVTOCI.

The Company recognizes purchases and sales of financial assets on the trade date, which is the date on which it commits to purchase or sell the asset. Transaction costs related to financial assets classified or designated as FVTPL are expensed as incurred. A financial asset is derecognized when the rights to receive cash flows from the investment have expired or have been transferred and when the Company has transferred substantially the risks and rewards of ownership of the asset.

Financial assets and liabilities measured at amortized cost, including the Company's cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings are recognized initially at the amount expected to be received or paid less, when material, a discount to reduce them to fair value. Subsequently, they are measured at amortized cost using the effective interest rate method less a provision for impairment, if any. Impairment is recorded based on an expected credit loss impairment model that requires more timely recognition of expected credit losses. Due to their short-term nature and low credit risk, the fair values of these financial assets and liabilities approximate their carrying amounts.

A financial asset is derecognized when the contractual rights to the cash flows from the financial assets expire, or the Company has transferred its contractual rights to receive cash flows from the financial asset or assumes an obligation to pay the cash flows in full without material delay to a third party and has transferred substantially all of the risks and rewards of the asset, or has neither transferred or retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when it is extinguished, that is when the obligation is discharged, cancelled, or expires. A financial liability is extinguished when the debtor discharges the liability by paying in cash other financial assets, goods or services, or is legally released from the liability.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less and which are subject to an insignificant risk of change in value.

h. Inventories

Finished product and ore stockpile inventories are valued at the lower of average cost and net realizable value ("**NRV**").

Ore stockpiles include materials extracted from the mine and stockpiled before and after the crushing process. Finished product inventories include copper cathodes located at the mine, port facility or in transit. Ore stockpiles not expected to be processed in the next twelve months, are included in non-current inventory. Ore stockpiles and finished product inventory costs include all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization, and directly attributable overhead costs. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. When inventories have been written down to net realizable value, a new assessment of net realizable value is made in each subsequent period. If the circumstances that caused the writedown no longer exist, the amount of the write-down is reversed. The Company reviews NRV at least annually. In particular, for the NRV of long-term inventory, the Company makes significant estimates in its use of a NRV model related to future production plans, forecasted commodity prices, reserve and resource quantities and future costs to complete. These estimates are subject to various risks and uncertainties and may have an effect on the NRV estimates and the carrying value of the long-term inventory.

For work in progress and raw materials, the Company has engaged an independent third party to estimate the tonnes of copper contained in the leaching piles and in the pregnant leaching solution ("**PLS**") pools (both included in work in progress), for the purpose of adjusting the balances of inventory to the tonnes of copper estimated to be recovered in the final cathode production process. Physical units (tonnes) of work in progress are adjusted with a charge or credit to cost of sales, using a weighted average cost method. Materials and supplies are valued at average acquisition cost. An obsolescence provision is applied for material slow moving and obsolete items upon periodic review of the aging of inventory.

i. Mineral Properties, Plant and Equipment

Mineral properties, plant and equipment ("**PP&E**") are measured at acquisition or construction cost, including capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses.

The cost of mineral properties includes the fair value attributable to proven and probable mineral reserves and mineral resources acquired in a business combination or asset acquisition, development assets costs, deferred stripping costs and the exploration and evaluation costs.

i. Development assets

When economically viable reserves have been determined and the decision to proceed with development has been approved in line with a technically and commercially viable plan for the ore bodies, the expenditures related to development and construction are capitalized and classified as a component of PP&E. Costs associated with the commissioning of new assets incurred in the period before they are operating in the manner intended by management, are capitalized.

The Company determines the date for commencement of production based on when the asset is available for its intended use.

ii. Stripping assets

The costs of removing waste and overburden (stripping costs) to access ore prior to the commencement of mine operations are capitalized as pre-production stripping costs and classified as a component of PP&E.

Stripping costs after the commencement of operations are incurred both in relation to the production of inventory of that period and also for improved access to ore to be mined in the future. Stripping costs incurred relating to current ore production are included as part of inventory, while stripping costs incurred relating to improved access and future development are capitalized as a stripping activity asset.

Stripping costs benefiting future periods are identified by reference to the waste to ore stripping ratio. In periods when the life of a mining phase stripping ratio exceeds the average expected stripping ratio, the excess costs over the mine stripping ratio expected costs are capitalized as stripping activity assets.

Stripping activity assets are amortized on a unit of production ("**UOP**") basis over the proven and probable reserves over the remaining life of each mining phase to which they relate.

iii. Plant and equipment

Plant and equipment are recorded at cost less accumulated amortization. Costs for facilities under construction include all expenditures incurred directly in connection with project development.

Depletion and depreciation

The depreciation method for each asset is evaluated on a line-by-line basis. MTV has made the determination of which PP&E assets are to be depreciated on a UOP basis, taking into account the following:

- assets directly used in the mines or production whose annual production may vary considerably over their useful economic life;
- assets whose loss in value is more closely linked to the quantities of minerals produced or the life of mine than to the passage of time;

Certain of MTV's PP&E assets are used interchangeably at the Don Gabriel and Papomono operations and will be depleted on a UOP basis based on the aggregate depletable reserves of both mines.

Mineral properties and building and mining facility assets are amortized on a UOP basis over proven and probable reserves and a conversion of measured and indicated resources. Other office and information technology equipment is recorded at cost and amortized over their estimated useful lives on a straight-line basis. Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required. Repairs and maintenance costs are expensed during the period in which they are incurred.

The following table outlines the methods used to amortize PP&E:

Asset	**Depreciation Method**
Mineral properties	Units of production
Building and infrastructure	Units of production
Mining facilities	Units of production
Mining machinery and equipment	Units of production
Vehicles	Units of production
Office and information technology equipment	Straight line

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the Consolidated Statements of Operations and Comprehensive Loss in the period in which they are incurred.

j. Exploration and Evaluation

Exploration expenditures relate to the initial search for a mineral deposit or the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. The exploration and evaluation (**"E&E"**) stage commences when Board approval is obtained to further explore and evaluate a mineral deposit to determine the technical feasibility and commercial viability of mining the mineral property, at which point expenses are capitalized as E&E assets. Costs incurred prior to receiving Board approval to further explore and evaluate a mineral deposit are expensed as incurred.

When the E&E of a mineral property indicates that development of the mineral property is technically and commercially viable, the related costs are transferred from E&E assets and classified as a separate component of PP&E.

Management reviews the carrying value of capitalized exploration costs for indicators that the carrying value is impaired at every reporting date. The review is based on the Company’s intentions for further exploration and development of the undeveloped property, results of drilling, commodity prices and other economic and geological factors. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a property does not prove viable, all non-recoverable costs associated with the project, net of any previous impairment provisions, are written off.

k. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at every reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Consolidated Statements of Operations and Comprehensive Loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statements of Operations and Comprehensive Loss when the asset is derecognised.

Intangible assets with indefinite useful lives are not amortized, but assets for which there is an active market are tested annually for impairment. MTV has water rights under this category and according to Chilean law, this type of right is perpetual and can be commercialized.

l. Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss.

For financial assets carried at amortized cost, the loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

m. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of non-financial assets for impairment indicators at the end of each reporting period or whenever facts and circumstances suggest that the carrying amounts may be impaired. If there are indicators of impairment, the Company estimates the recoverable amount of the asset in order to determine the extent of any impairment of an individual asset or the cash-generating unit ("**CGU**" or "**CGUs**") to which the assets belong. The recoverable amount of an asset is determined as the higher of its fair value less costs of disposal and its value in use. Value in use is calculated using a discounted cash flow model with a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In assessing fair value less costs of disposal, fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. For mining assets, the fair value less costs of disposal is typically estimated using a discounted cash flow model. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying value, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. When an impairment loss exists, it is recorded as an expense immediately.

Where an impairment loss subsequently reverses, the carrying value of the asset is increased to the recoverable amount net of depreciation. The increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as a gain in the Consolidated Statements of Operations and Comprehensive Loss in the period it is determined.

n. Leases

Right-of-use assets and lease liabilities are recognized at the commencement date of a lease. Lease liabilities are initially measured at the present value of lease payments to be paid after the lease’s commencement date, discounted using the interest rate implicit in the lease, or if not readily determinable, the Company's incremental borrowing rate.

Right-of-use assets are initially measured at cost, which consists of the initial amount of the lease liability adjusted for any lease payments made on or before the lease’s commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle or restore the leased asset, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset or the term of the lease. If a purchase option is expected to be exercised, the asset is amortized over its useful life.

Lease liabilities are subsequently measured at amortized cost using the effective interest method whereby the balance is increased by interest expense and decreased by lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

o. Embedded Derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: (i) the economic characteristics and risks are not closely related to the host; (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (iii) the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

p. Reclamation and Other Closure Provisions

The Company has obligations for reclamation and other closure costs such as site restoration, decommissioning activities and end of mine life severance related to its mineral properties. These costs are a normal consequence of mining, and the majority of these expenditures are incurred at the end of the life of the mine.

The future obligations for mine closure activities are estimated by the Company using mine closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Since the obligations are dependent on the laws and regulations of the country in which the mine operates, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies.

As the estimate of the obligations is based on future expectations, a number of assumptions are made by management in the determination of closure provisions. The closure provisions are more uncertain the further into the future the mine closure activities are to be carried out.

The Company records the fair value of its reclamation and other closure provisions as a liability as incurred and records a corresponding increase in the carrying value of the related asset. The initial provision is recorded discounting risk adjusted cash flows using a current foreign exchange and risk-free discount rate. Charges for accretion and reclamation expenditures are recorded as finance costs in the Consolidated Statements of Operations and Comprehensive Loss. Reclamation and other closure provisions are recorded as part of the mineral property and depreciated accordingly. In subsequent periods, the carrying amount of the liability is accreted by a charge to the Consolidated Statements of Operations and Comprehensive Loss to reflect the passage of time and the liability is adjusted to reflect any changes in the timing of the underlying future cash flows.

The liability is discounted and revalued at the end of each period using current discount and foreign exchange rates. Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of costs are recognized as an increase or decrease in the reclamation and other closure provision, and a corresponding change in the carrying amount of the related long-lived asset. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, a provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the Consolidated Statements of Operations and Comprehensive Loss.

q. Deferred Revenue

Deferred revenue consists of an upfront cash payment received by the Company in exchange for the monetization of its rights to proceeds from future copper cathode production. The Company recognizes deferred revenue in the event it receives payments from customers before a sale meets criteria for revenue recognition. As copper cathodes are shipped and control of the product passes to the customer, the deferred revenue amount is drawn down.

r. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

s. Capital Stock

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from capital stock.

t. Common Share Purchase Warrants

Common share purchase warrants are classified as equity. Incremental costs directly attributable to the issuance of common share purchase warrants are recognized as a deduction from warrants. The Company engages in equity financing transactions to obtain the funds necessary to invest in the natural resource sector and for general working capital purposes. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of common share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the common share purchase warrants are exercisable into additional common shares prior to expiry at a price stipulated by the equity financing agreement. Common share purchase warrants that are part of units are measured at fair value on the date of issue using the Black-Scholes option pricing model and included in equity with the common shares that were concurrently issued.

u. Treasury Stock

Treasury shares are classified as equity. Treasury shares arise when the Trust purchases shares on the open market for the purpose of the equity incentive plan.

v. Revenue Recognition

Sale of Copper Cathodes

Sales of copper cathodes are recognized on a provisional pricing basis when control of the promised asset passes to the customer, which occurs upon shipment. Final pricing for copper cathodes sold is not determined at that time as it is contractually linked to market prices at a subsequent date. These pricing arrangements have the characteristics of a derivative instrument as the value of the accounts receivable or deferred revenue will vary as prices for the underlying commodities vary in the metal markets. These price adjustments result in gains in a rising price environment and losses in a declining price environment and are recorded as adjustments to revenues.

w. Gain (Loss) on Portfolio Investments

Realized and unrealized gains and losses arising on the disposition and remeasurement of portfolio investments at fair value, including foreign exchange gains and losses, are included in gain (loss) on portfolio investments in the Consolidated Statements of Operations and Comprehensive Loss.

x. Gain on Deconsolidation of MTV

Gains and losses arising on the deconsolidation of MTV, including non-controlling interests and accumulated other comprehensive income, are included in gain on deconsolidation of MTV in the Consolidated Statements of Operations and Comprehensive Loss.

y. Stock-based compensation

Options, Warrants and Treasury stocks

The Company uses the fair value method to account for equity settled share-based payments for the granting of stock options and warrants. Compensation expense is determined using the Black-Scholes option valuation model for stock options. Stock options and common shares held by the Trust vest in installments which require a graded vesting methodology to account for these share-based awards. On the exercise of stock options for shares, the contributed surplus previously recorded with respect to the exercised options and the consideration paid is credited to capital stock. On the vesting of common shares in the Trust, the contributed surplus previously recorded is credited to treasury stock. Compensation expense for the Company's Trust is determined based on the value of the Company's common shares on the grant date.

Deferred share units

The Company has other stock-based compensation plans in the form of deferred stock units ("**DSU**"). Units granted under these share-based compensation plans are recorded at fair value on the grant date and are adjusted for changes in fair value each reporting period until settled. The expense, and any changes in the Consolidated Statements of Operations and Comprehensive Loss with the corresponding liability recorded on the Consolidated Statements of Financial Position. On the exercise of cash-settled DSUs, the liability previously recorded is credited to cash (see Note 12e).

Restricted stock units

Restricted stock units ("**RSU**") may be granted to employees of the Company. Subject to the determination of the Board, RSU can be cash-settled or equity-settled. The RSUs vest over a period of time as established by the Board. The fair value and vesting terms for RSUs granted are specific to each individual grant as determined and approved by the Board. The fair value of the RSUs is calculated on the date of grant and is expensed over the vesting period specific to the grant. The fair value of RSUs is determined by reference to the Company’s share price when the units are awarded. The expense, and any changes in the Consolidated Statements of Operations and Comprehensive Loss with the corresponding entry to contributed surplus (see Note 12e).

z. Income Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Consolidated Statements of Financial Position date.

Deferred income tax assets and liabilities are provided on all temporary differences at the Consolidated Statements of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are recognized for all taxable temporary differences except:

- When the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit or taxable income or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, the timing of the reversal of the temporary difference can be controlled, it is probable that the temporary difference will not reverse in the foreseeable future and, for deferred income tax assets, taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred income tax assets is reviewed at each Consolidated Statements of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the Consolidated Statements of Financial Position date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

aa. Earnings (Loss) per Share

Earnings (loss) per share are presented for basic and diluted earnings. Basic per share information is computed by dividing the net income or loss of the Company by the weighted average number of common shares outstanding during the period. The weighted average number of shares for fully diluted earnings per share information is calculated using the treasury stock method whereby it is assumed that (i) proceeds obtained upon exercise of options and warrants would be used to purchase common shares at the average market price during the period and (ii) all unvested treasury shares are deemed to have vested. Under the treasury stock method, options and warrants have a dilutive effect only when the average market price of the common shares during the period exceeds the exercise price of the options and warrants (they are "in-the-money"). Exercise of in-the-money options and warrants is assumed at the beginning of the period or date of issuance, if later. Unvested treasury shares are assumed to have vested at the beginning of the period or date of issuance, if later. Should the Company have a loss for the period, options, warrants and unvested treasury shares would be anti-dilutive and therefore would have no effect on the determination of diluted loss per share.

bb. Accounting Standards Adopted

Amendments to Business Combinations ("IFRS 3")

Amendments to IFRS 3 clarify the definition of a business. The amendments help entities determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments also introduce an optional "concentration test" that can lead to a conclusion that the acquisition is not a business combination. Since the amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020, the Company will not be affected by these amendments on transition.

cc. Recently adopted accounting standard

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 (Financial Instruments), IAS 39 (Financial Instruments: Recognition and Measurement), IFRS 7 (Financial Instruments: Disclosures), IFRS 4 (Insurance Contracts) and IFRS 16 (Leases)):

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2, which amends IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments complement those issued in September 2019 and focus on the effects on financial statement when a company replaces a previous interest rate benchmark with an alternative benchmark as a result of Interbank Offered Rates (IBOR) reform. The Phase 2 amendments were effective for the Company's fiscal year commencing January 1, 2021, and the Company adopted the amendments as of such date. As of December 31, 2022, applicable interest rate benchmarks in the Company's agreements have not been replaced. As a result, the adoption of the Phase 2 amendments had no impact on the year ended December 31, 2022 Financial Statements. The Company will continue to monitor the relevant developments and will evaluate the impact of the Phase 2 amendments on our consolidated Financial Statements as IBOR reform progresses.

dd. Accounting Standards Issued but not yet Effective

Classification of Liabilities as Current or Non-current (Amendments to IAS 1, Presentation of Financial Statements)

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangement in place at the reporting date. The amendments clarify how to classify debt and other liabilities as either current or non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively.

Disclosure of Accounting Policies (Amendments to IAS 1)

The amendments to IAS 1 require an entity to disclose its material accounting policies instead of its significant accounting policies. The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied prospectively.

There are no other accounting standards issued but not yet applied that would be expected to have a material impact on the Company.

3. Significant Judgments, Estimates and Assumptions

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

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

a. Mineral Reserve Estimates Including Life of Mine Plan

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

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

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

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

During December 2022, the Loss of Control Event was realized. As a result of MTV's liquidation filing, the associated appointment of a liquidator, and other circumstances outside the control of the Company, TVC ceased to have the power to direct the relevant activities of MTV because substantive rights were granted to other parties that restricted the decision-making ability of the Company to the extent that the Company was unable to demonstrate power over MTV and MTV was deconsolidated effective December 29, 2022. As a result of the Loss of Control Event, TVC presented its equity and debt investments in MTV as portfolio investments and remeasured these investments at their fair value as required. As at December 31, 2022, the Company fair valued both its equity and debt investments in MTV at $nil as it does not expect to receive any proceeds related to these investments as a result of MTV's liquidation. TVC does not have any liabilities associated with MTV (see Note 17).

For the year ended December 31, 2022, the Company did not recognize an impairment charge of mineral properties, plant and equipment of the MTV CGU (December 31, 2021: $9.4 million impairment charge) (see Note 17).

4. Inventories

	As at	
	Dec. 31, 2022	**Dec. 31, 2021**
Supplies and consumables	**$ —**	$ 1,156
Work in progress	**—**	11,950
Copper cathodes	**—**	3,633
	—	16,739
Non-current portion of inventory	**—**	9,008
	$ —	$ 25,747

Inventories are valued at the lower of cost and net realizable value at each reporting period. For the year ended December 31, 2022, the Company recorded a net write-down of work-in-progress inventory of $5.6 million, primarily due to increased operating unit costs from the suspension of mining activities during the year. Inventories are assets of MTV and the full carrying value was de-recognized as part of the accounting for loss of control (see Note 17).

For the year ended December 31, 2021, the Company recorded a net write-down of inventory of $16.8 million primarily due to changes in the timing of and the expected costs to completion of copper cathodes in work-in-progress inventory.

The write-down of inventories has been presented in a separate component of cost of sales (see Note 14).

5. Portfolio Investments

The Company has an equity investment in a private company (agriculture). The following is a summary of the Company's portfolio investment and its fair value:

	As at	
	Dec. 31, 2022	**Dec. 31, 2021**
Mining	**$ —**	$ 1,972
Agriculture	**121**	129
Total portfolio investments owned, at fair value	**$ 121**	$ 2,101

The Company's portfolio investments are comprised of equity and are not traded on a publicly listed exchange as at December 31, 2022 and December 31, 2021.As at December 31, 2022, the remaining equity investment is in an inactive company that is being dissolved which is nearing completion and the Company expects to receive a final distribution of its share of the investee's net cash in 2023.

During the year ended December 31, 2022, the Company received $2.0 million related to a mining portfolio investment that was liquidated.

During the year ended December 31, 2021, the Company exercised rights and warrants associated with an investment which were subsequently sold for gross proceeds of $0.4 million.

6. Mineral Properties, Plant and Equipment

Cost		**Mineral properties**		**Land**		**Building and mining facilities**		**Machinery and equipment**		**Total**
As at January 1, 2021	$	36,013	$	665	$	44,015	$	16,630	**$**	**97,323**
Additions, net of disposals		13,297		—		183		776		**14,256**
Foreign exchange impact		(553)		—		—		—		**(553)**
As at December 31, 2021		48,757		665		44,198		17,406		**111,026**
Additions, net of disposals		6,755		—		—		(455)		**6,300**
Foreign exchange impact		537		—		—		—		**537**
Loss of control		(56,049)		(665)		(44,198)		(16,951)		**(117,863)**
As at December 31, 2022	**$**	—	**$**	—	**$**	—	**$**	—	**$**	—

Accumulated depreciation		**Mineral properties**		**Land**		**Building and mining facilities**		**Machinery and equipment**		**Total**
As at January 1, 2021	$	(14,977)	$	—	$	(17,471)	$	(4,829)	**$**	**(37,277)**
Depreciation expense		(1,714)		—		(1,714)		(1,211)		**(4,639)**
Impairment		(3,611)		—		(4,603)		(1,163)		**(9,377)**
As at December 31, 2021		(20,302)		—		(23,788)		(7,203)		**(51,293)**
Depreciation expense		(163)		—		(400)		(260)		**(823)**
Loss of control		20,465		—		24,188		7,463		**52,116**
As at December 31, 2022	**$**	—	**$**	**—**	**$**	—	**$**	—	**$**	—

Net book value										
As at December 31, 2021	$	28,455	$	665	$	20,410	$	10,203	$	59,733
As at December 31, 2022	**$**	—	**$**	—	**$**	—	**$**	—	**$**	—

As of December 31, 2022, included in Mineral properties is $nil (December 31, 2021: $4.8 million) of stripping assets. Mineral properties, plant and equipment were part of MTV and the full carrying value was de-recognized as part of the accounting for loss of control (see Note 17).

During the year ended December 31, 2022, the Company did not recognize impairment charges of mineral properties, plant and equipment (year ended December 31, 2021: $9.4 million of impairment charges) (see Note 17).

7. Exploration and Evaluation Asset

Cost		**Drilling**		**Total**
As at January 1, 2021	$	1,046	**$**	**1,046**
Reclassification to Mineral Properties, Plant and Equipment		(116)		**(116)**
As at December 31, 2021		930		**930**
Loss of control		(930)		**(930)**
As at December 31, 2022	$	—	**$**	**—**

Exploration and Evaluation Asset was part of MTV and the full carrying value was de-recognized as part of the accounting for loss of control (see Note 17).

8. Intangible Assets

		Easements		**Water rights**		**Foundation**		**Other**		**Total**
As at January 1, 2021	$	630	$	354	$	276	$	167	$	**1,427**
Amortization		(167)		—		(40)		(60)		**(267)**
As at December 31, 2021		463		354		236		107		**1,160**
Amortization		(167)		—		(40)		(60)		**(267)**
Loss of control		(296)		(354)		(196)		(47)		**(893)**
As at December 31, 2022	**$**	—	**$**	—	**$**	—	**$**	—	**$**	—

Intangible Assets were part of MTV and the full carrying value was de-recognized as part of the accounting for loss of control (see Note 17).

9. Accounts Payable and Accrued Liabilities

	As at			
		Dec 31, 2022		**Dec. 31, 2021**
Trade accounts payable	**$**	**104**	$	12,975
Accrued liabilities		**625**		4,629
Other provisions		—		603
	$	**729**	$	18,207

A majority of Accounts Payable and Accrued Liabilities were liabilities of MTV and the full carrying value was de-recognized as part of the accounting for loss of control (see Note 17).

10. Loans and Borrowings

	As at	
	Dec. 31, 2022	**Dec. 31, 2021**
Secured prepayment facility (the "**Amended Facility**")	**$** —	$ 53,067
Secured term loan	—	292
Unsecured Debt [1]	—	20,750
Leases	—	360
Total	—	74,469
Less: current portion	—	74,251
	$ —	$ 218

[1] Included in Unsecured Debt is subordinated debt of $nil (December 31, 2021 - $0.8 million) due to certain executives of MTV and subordinated debt of $nil (December 31, 2021 - $5.7 million) due to Porto San Giorgio SpA, the minority shareholder of MTV. All principal and interest associated with these amounts are subordinated to the JRA and Amended Facility.

On August 24, 2020, creditors of MTV approved the JRA with support from 100% of the senior lenders to MTV (the "**Lenders**") and 93% of unsecured creditors (the "**Unsecured Creditors**"). As a result of the JRA, a significant portion of accounts payable and accrued liabilities at that date were converted to long-term debt (the "**Unsecured Debt**") and the terms of the secured prepayment facility (the "**Facility**") were amended (the "**Amended Facility**"). As a condition of the Amended Facility, the Company provided the Lenders with a $10 million guarantee that was reduced dollar for dollar as TVC supported MTV with new capital in accordance with the terms of the JRA. During 2021, TVC fulfilled the $10 million guarantee by supporting MTV with $10 million of new capital.

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 December 31, 2021, MTV was not in compliance with an operating covenant related to its copper production that resulted in a review event (not an event of default) as defined in the Amended Facility. The Lenders were notified in accordance with the requirements under the Amended Facility and no further action was required. Given the financial situation of MTV and continuing events of default occurring after December 31, 2021, the Company classified the entire amounts owing under the Amended Facility and the amounts owing to the Unsecured Creditors as a current liability as at December 31, 2021.

During 2022, the terms of the Unsecured Debt and Amended Facility were further breached by MTV and as a result of numerous events of default, all amounts under the Unsecured Debt and Amended Facility continued to be immediately due and presented as current liabilities.

Loans and borrowings were liabilities of MTV and the full carrying value was de-recognized as part of the accounting for loss of control (see Note 17).

The Company, until the Loss of Control Event, leased various offices and infrastructure, vehicles and equipment. Rental contracts are typically made for fixed periods of 6 months to 3 years, but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocated the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interest in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes (with the exception of financial leases).

Leases had interest rates between 15.3% and 16.2%. The Company does not have any leases other than those at MTV where MTV is the lessee. All leases were assets and liabilities of MTV and the full carrying value was de-recognized as part of the accounting for loss of control (see Note 17).

11. Reclamation and Other Closure Provisions

	As at	
	Dec. 31, 2022	**Dec. 31, 2021**
Opening Balance	**$ 4,438**	$ 5,572
Interest accretion on decommissioning liability	**(189)**	(162)
Effect of change in discount rate	**379**	(419)
Effect of foreign exchange	**537**	(553)
Loss of control	**(5,165)**	—
Ending Balance	**$ —**	$ 4,438

Reclamation and Other Closure Provisions were associated with MTV and the full carrying value was de-recognized as part of the accounting for loss of control (see Note 17).

12. Equity

a) Authorized

Unlimited common shares with no par value.

The holders of the common shares are entitled to one vote per share and are entitled to dividends, when and if declared by the Board, and to the distribution of the residual assets of the Company in the event of the liquidation, dissolution or winding-up of the Company.

b) Issued and outstanding

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

c) Common Share purchase warrants

Common share purchase warrants outstanding were as follows:

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

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

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

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

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

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

d) Stock options

The number of stock options outstanding as at December 31, 2022 was 1.8 million (December 31, 2021: 2.5 million) at a weighted average exercise price of CAD$0.31 (December 31, 2021: CAD$0.32). The number of stock options vested as at December 31, 2022 was 1.8 million (December 31, 2021: 2.4 million).

	Stock options (#)	Weighted average exercise price (per unit), CAD
Balance - December 31, 2021	**2,500,000**	**$ 0.32**
Forfeited	(700,000)	0.36
Balance - December 31, 2022	**1,800,000**	**$ 0.31**

e) DSUs and RSUs

	DSUs (#)	RSUs (#)
Outstanding, December 31, 2021	**410,963**	**155,312**
Granted	508,130	325,203
Redeemed	(362,740)	—
Outstanding, December 31, 2022	**556,353**	**480,515**

During the year ended December 31, 2022, the total fair value of DSUs and RSUs granted during the year was $41 thousand (2021 - $132 thousand) and had a weighted average grant-date fair value of CAD$0.06 (2021 - CAD$0.31).

13. Revenues

	Year ended	
	Dec. 31, 2022	**Dec. 31, 2021**
Copper cathodes	**$ 28,196**	$ 32,857
Tolling	**—**	58
	$ 28,196	$ 32,915

During 2020, MTV and the offtake provider (one of MTV's Lenders) agreed to and executed an increase to the fixed price portion originally agreed to in the Offtake from 25% to 40% of forecasted copper production at a fixed price of $2.89 per pound from August 2020 to July 2022.

Effective August 1, 2021, MTV executed an amendment to the Offtake specific to the fixed price sales component with the offtake provider. Under the terms of the amendment, the remaining monthly deliveries of copper cathodes due under the fixed price portion of the Offtake were deferred until May 1, 2022 and all sales of copper cathodes commencing August 1, 2021 until April 30, 2022 were sold at the prevailing spot price for copper cathode, less a nominal amount. The remaining 12 months of contracted delivery amounts of the fixed price portion of the contract was due to resume on May 1, 2022 at the previous agreed fixed price of $2.89/lb, however the agreed fixed price component was not enforced by the offtake provider during 2022 and all copper cathode sales in 2022 were at the prevailing spot price.

14. Cost of Sales

	Year ended	
	Dec. 31, 2022	**Dec. 31, 2021**
Direct mining and plant costs	**$ 13,282**	$ 27,523
Write-down (reversal) of inventory	**5,587**	16,758
Salaries	**4,507**	6,157
Depreciation and amortization	**1,144**	5,102
Purchase of ore from third parties	**5,027**	9,975
Other	**726**	1,912
Change in inventory	**5,297**	(13,113)
	$ 35,570	$ 54,314

Write-down of inventory includes $nil of inventory write-down reversals for the year ended December 31, 2022 ($1.7 million for the year ended December 31, 2021).

15. General and Administrative Expenses

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

16. Other Income, Net

	Year ended	
	Dec. 31, 2022	**Dec. 31, 2021**
Interest and other income (loss)	**$ (234)**	$ 23
Foreign currency translation gain	**286**	4,400
	$ 52	$ 4,423

17. Impairment of MTV CGU and Loss of Control of MTV

Loss of control of MTV

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

Following the deconsolidation, the carrying values of the assets and liabilities of MTV were removed from TVC's consolidated statements of financial position.

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

TVC recognized a net gain on the deconsolidation of the net assets of MTV of $18.9 million which is recognized in the Consolidated Statements of Operations and Comprehensive Loss.

Impairment of MTV

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

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

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

Key Assumptions of the Valuation for Impairment Analyses as at December 31, 2021

The key assumptions used in determining the recoverable amount of the MTV CGU include copper price, discount rate and the net asset value ("NAV") market multiple.

	2021 Test
Assumptions	
Copper price per pound - short to mid-term	**$4.25 - $4.00**
Copper price per pound - long-term	**$3.80**
Discount rate	**8.0 %**
NAV multiple	**0.40x - 0.50x**

Changes in copper price, the discount rate and NAV multiple assumptions can have a material impact on the recoverable value of the CGU. A significant change in copper prices will result in a reassessment of the life of mine plans, including the determination of mineral reserves and mineral resources which will impact the recoverable amount of the CGU.

The Company did an analysis of sensitivities on the fair value of the MTV CGU:

- +/- 8% change on the long-term price for copper has an impact of approximately $11.2 million
- +/- 0.5% change in the discount rate has an impact of approximately $1.0 million
- +/- 0.10x change in the NAV multiple has an impact of approximately $12.8 million

Copper Price - Estimated by considering the average of the most recent market commodity price forecasts from a number of recognized financial institutions

Discount rate - A pre-tax discount rate was based on the Company's estimated weighted average cost of capital. NAV multiple - A NAV multiple was determined after comparing similar public company values to NAV ratios.

Life of Mine - The life of mine plan was estimated using management's latest information and most current assumptions on future copper prices, production costs along with geological assumptions and judgements made in estimating the tonnes, grade and expected recoveries of the ore bodies referencing MTV's latest mineral reserves and mineral resources estimates as well as information gathered from its National Instrument 43-101 technical report.

18. Current and Deferred Income Taxes

a) Income tax expense

Income tax expense varies from the amounts that would be computed by applying the combined Canadian federal and provincial income tax rate of 26.5% (December 31, 2021- 26.5%) to income (loss) before income taxes as shown in the following table:

	Year ended	
	Dec. 31, 2022	**Dec. 31, 2021**
Net loss	**$ 8,130**	$ 40,792
Combined statutory federal and provincial income tax rate	**26.5 %**	26.5 %
Combined income taxes at statutory tax rate	**$ 2,154**	$ 10,810
Non-deductible and non-taxable items	**4**	2,998
Non-deductible portion of unrealized (gains) losses on investments	**(14)**	(14)
Derecognition of deferred tax asset	**(2,002)**	(13,963)
Other	**(142)**	169
Tax expense as per consolidated statements of operations	**$ —**	$ —

b) Deferred tax balance

The Company has recognized a deferred tax asset for tax losses only to the extent of its deferred tax liabilities, as listed below.

	As at	
	Dec. 31, 2022	**Dec. 31, 2021**
Mineral properties, plant and equipment	$ —	$ 5,510
Inventories	—	5,874
Total deferred tax liabilities - Chile	—	11,384
Intangible assets	—	(364)
Tax losses - Chile	—	(11,020)
Total deferred tax assets - Chile	—	(11,384)
Net deferred tax liabilities	**$ —**	$ —

The Company has tax losses and other deductible temporary differences, as listed below, the benefits of which have not been recognized in these Financial Statements, as management does not consider their utilization in the foreseeable future to be probable.

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

19. Loss per Share

Loss per share is calculated by dividing the net loss of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares. The potentially dilutive shares of the Company relate to warrants, stock options, RSUs, DSUs and treasury stock. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the exercise prices of outstanding stock options, warrants and shares issued pursuant to RSU, DSU agreements. The number of shares calculated as described in the preceding sentence is compared with the number of shares that would have been issued assuming the exercise of the stock options, warrants and the issue of shares pursuant to RSU and DSU agreements. All unvested treasury shares are deemed to have vested at the beginning of the period or date of issuance, if later.

	Year ended	
(in thousands except per share amounts)	**Dec. 31, 2022**	**Dec. 31, 2021**
Net loss for the year	**$ 8,130**	$ 40,792
Weighted average number of shares - basic and fully diluted	**112,455,909**	54,905,064
Basic and fully diluted loss per share	**$ 0.07**	$ 0.74

20. Contingencies and Commitments

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

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

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

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

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

21. Operating Segments

The Company has two reportable segments. MTV is the Company's principal operating business. Corporate includes the Canadian publicly traded corporation which holds legacy portfolio investments, which are in the process of being dissolved, and its indirect ownership of MTV until December 29, 2022.

Significant information relating to reportable operating segments is summarized below:

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

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

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

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

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

22. Supplementary Cash Flow Information

Net Change in Non-Cash Operating Working Capital

	Year ended	
	Dec. 31, 2022	**Dec. 31, 2021**
Net (increase) decrease in:		
Trade and other receivables	**$ 1,621**	$ (660)
Inventories	**5,409**	(12,384)
Other current assets	**711**	2,122
Net increase (decrease) in:		
Accounts payable and accrued liabilities	**(1,125)**	4,932
Deferred revenue	**(2,940)**	1,355
Net change in non-cash operating working capital	**$ 3,676**	$ (4,635)

23. Related Party Transactions

The Company entered into the following transactions with related parties during the year ended December 31, 2022 and 2021. Transactions with related parties are recorded at the price agreed between the parties. Transactions in the normal course of business are measured at the monetary amount, which is the amount of consideration established, agreed to and paid by the related parties based on standard commercial terms.

a) Key Management Compensation

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

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

[(1)] During the year ended December 31, 2022, the Company issued 325,203 RSUs (2021 – 155,312) and $15 thousand (2021 - $32 thousand) was recognized as compensation paid for executive management services. The RSUs vest on January 1, 2024 and January 1, 2023 respectively.

[(2)] During the year ended December 31, 2022, the Company issued 508,130 DSUs (2021 – 398,720) and $38 thousand (2021 – $56 thousand) was recognized as stock-based compensation. All DSUs have vested.

b) Mine Contracting Services

As at December 31, 2021, a balance of $7.7 million payable to Porto San Giorgio SpA remained outstanding as Unsecured Debt as a result of the JRA payable to Porto San Giorgio SpA) (see Note 10). Porto San Giorgio SpA is the minority shareholder of MTV and Vecchiola S.A. is a subsidiary of Porto San Giorgio SpA. No transactions occurred in 2022 and the balance was derecognized upon the deconsolidation of MTV.

c) MTV Management Loan

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

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

24. Fair Value Estimation

All of the Company's portfolio investments are carried at fair value. TVC includes portfolio investments in private companies in Level 3 of the fair value hierarchy because they trade infrequently and have limited observable inputs.

The Company has provided fair market disclosure for its portfolio of investments by industry groups. The agricultural group consists of one company undergoing dissolution (see Note 5).

The following table presents the classification within the levels of the fair value hierarchy.

As at December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment - agriculture	$ —	$ —	$ 121	**$ 121**
	$ —	$ —	$ 121	**$ 121**

As at December 31, 2021	Level 1	Level 2	Level 3	**Total**
Investments - mining	$ —	$ —	$ 1,972	**$ 1,972**
Investment - agriculture	—	—	129	**129**
Deferred revenue	—	2,940	—	**2,940**
	$ —	$ 2,940	$ 2,101	**$ 5,041**

The Company's policy is to recognize transfers to and from fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the year ended December 31, 2022, and as a result of the Loss of Control Event, the Company transferred investments in equity and debt of MTV, valued at $nil, that were previously consolidated as at December 31, 2021.

The following presents the movement in Level 3 instruments for the year ended December 31, 2022 and the year ended December 31, 2021:

	Dec. 31, 2022	**Dec. 31, 2021**
Opening balance	**$ 2,101**	$ 2,093
Cash distribution from dissolved mining investment	**(1,972)**	—
Foreign currency translation differences	**(8)**	8
Ending balance	**$ 121**	$ 2,101

The Company's Level 3 portfolio investment at December 31, 2022 consists of an investment in the agricultural sector.

25. Financial Risk Management

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

Market Risk

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

Interest Rate Risk

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

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

Foreign Currency Risk

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

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

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

Credit Risk

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

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

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

Liquidity Risk

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

The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis. A maturity analysis was performed for all financial liabilities (see Note 20).

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.

26. Capital Management

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

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

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

Corporate Information

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Joan Dunne, Director
Joe Phillips, Director
Michael Staresinic, Director, President and Chief Executive Officer
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Stock Information

Three Valley Copper Corp. common shares are traded on the TSX Venture Exchange under the symbol "TVC" and on the OTCQB Venture Market under the symbol “TVCCF”.

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