Three Valley Copper Corp. (formerly SRHI Inc.)

Condensed Interim Consolidated Financial Statements
Third Quarter Ended September 30, 2021
(Unaudited - Expressed in United States dollars)

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

	Note	**Sept. 30, 2021**	Dec. 31, 2020
ASSETS			
Cash and cash equivalents		**$ 6,711**	$ 11,961
Restricted cash		**490**	—
Trade and other receivables		**1,390**	1,020
Inventories	4	**21,179**	8,426
Prepaids and other current assets		**1,102**	3,647
Portfolio investments		**2,091**	2,145
Total current assets		**32,963**	27,199
Non-current portion of inventory	4	**18,204**	20,530
Mineral properties, plant and equipment	6	**65,894**	60,046
Exploration and evaluation asset		**1,242**	1,046
Intangible assets		**1,227**	1,427
Other		**317**	126
		86,884	83,175
Total assets		**$ 119,847**	$ 110,374
LIABILITIES			
Accounts payable and accrued liabilities	7	**$ 12,682**	$ 9,860
Deferred revenue		**1,832**	1,585
Current portion of loans and borrowings	8	**15,315**	627
Total current liabilities		**29,829**	12,072
Loans and borrowings	8	**58,534**	65,623
Reclamation and other closure provisions		**4,743**	5,572
Other non-current liabilities		**2,312**	2,459
		65,589	73,654
Total liabilities		**95,418**	85,726
SHAREHOLDERS' EQUITY			
Capital stock	9b	**312,206**	303,990
Common share purchase warrants	9c	**6,678**	6,026
Treasury stock	9e	**(101)**	(101)
Contributed surplus		**1,925**	1,908
Deficit		**(257,875)**	(247,368)
Accumulated other comprehensive loss		**(37,483)**	(37,786)
Total equity attributable to owners of the Company		**25,350**	26,669
Non-controlling interest		**(921)**	(2,021)
		24,429	24,648
Total liabilities and shareholders' equity		**$ 119,847**	$ 110,374
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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 condensed interim consolidated financial statements.

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

	Note	Three Months Ended		Nine Months Ended	
		Sept. 30, 2021	Sept. 30, 2020	**Sept. 30, 2021**	Sept. 30, 2020
Revenue	10	**$ 8,362**	$ 5,610	**$ 22,873**	$ 17,700
Cost of sales	11	**(9,243)**	(6,162)	**(25,943)**	(27,246)
Gross loss		**881**	552	**3,070**	9,546
Expenses					
General and administrative expenses		**1,323**	845	**3,190**	3,243
(Gain) loss on portfolio investments		**—**	—	**(107)**	1,294
Finance expenses, net		**2,387**	1,223	**6,827**	4,484
Other income, net	12	**(3,117)**	(2,285)	**(3,573)**	(5,028)
Impairment of non-current assets	13	**—**	—	**—**	7,628
Net loss from continuing operations		**1,474**	335	**9,407**	21,167
Net loss from discontinued operations	5	**—**	—	**—**	2,241
Net loss for the period		**$ 1,474**	$ 335	**$ 9,407**	$ 23,408
Net loss from continuing operations attributable to:					
Owners of the Company		**$ 1,292**	$ 258	**$ 7,576**	$ 15,100
Non-controlling interests		**182**	77	**1,831**	6,067
Net loss from continuing operations		**$ 1,474**	$ 335	**$ 9,407**	$ 21,167
Net loss attributable to:					
Owners of the Company		**$ 1,292**	$ 258	**$ 7,576**	$ 16,215
Non-controlling interests		**182**	77	**1,831**	7,193
Net loss for the period		**$ 1,474**	$ 335	**$ 9,407**	$ 23,408
Net loss from continuing operations per share		**$ 0.03**	$ 0.01	**$ 0.20**	$ 0.63
Net loss from discontinued operations per share		**$ —**	$ —	**$ —**	$ 0.07
Basic and fully diluted net loss per share		**$ 0.03**	$ 0.01	**$ 0.20**	$ 0.70
Weighted average number of shares outstanding during the period					
Basic and fully diluted		**55,478,536**	33,068,228	**47,080,421**	33,547,675
Net loss for the period		**$ 1,474**	$ 335	**$ 9,407**	$ 23,408
Other comprehensive loss (income)					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation differences		**131**	(405)	**(303)**	1,241
Total comprehensive loss (income)		**$ 1,605**	$ (70)	**$ 9,104**	$ 24,649
Comprehensive loss (income) attributable to:					
Owners of the Company		**$ 1,423**	$ (147)	**$ 7,273**	$ 17,287
Non-controlling interests		**182**	77	**1,831**	7,362
Total comprehensive loss (income)		**$ 1,605**	$ (70)	**$ 9,104**	$ 24,649

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

Unaudited - Amounts expressed in thousands of United States dollars

	Capital Stock	Common Share Purchase Warrants	Treasury Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total	Non-controlling interest	Total Equity
Balance - January 1, 2020	$ 303,990	$ 6,026	$ (74)	$ 1,849	$ (227,161)	$ (37,321)	$ 47,309	$ 9,412	$ 56,721
Net loss for the period	—	—	—	—	(16,215)	—	(16,215)	(7,193)	(23,408)
Foreign currency translation differences	—	—	—	—	—	(454)	(454)	(169)	(623)
Decrease in non-controlling interest	—	—	—	—	—	—	—	(1,073)	(1,073)
Elimination of other comprehensive loss on asset held for sale	—	—	—	—	618	(618)	—	—	—
Stock-based compensation	—	—	—	200	—	—	200	—	200
Shares acquired for equity incentive plan	—	—	(262)	—	—	—	(262)	—	(262)
Shares released on vesting of equity incentive plan	—	—	179	(129)	(50)	—	—	—	—
Balance - September 30, 2020	**$ 303,990**	**$ 6,026**	**$ (157)**	**$ 1,920**	**$ (242,808)**	**$ (38,393)**	**$ 30,578**	**$ 977**	**$ 31,555**
Balance - October 1, 2020	$ 303,990	$ 6,026	$ (157)	$ 1,920	$ (242,808)	$ (38,393)	$ 30,578	$ 977	$ 31,555
Net loss for the period	—	—	—	—	(3,923)	—	(3,923)	(2,997)	(6,920)
Foreign currency translation differences	—	—	—	—	—	(11)	(11)	(1)	(12)
Elimination of other comprehensive loss on asset held for sale	—	—	—	—	(618)	618	—	—	—
Change in other reserve	—	—	—	20	—	—	20	—	20
Stock-based compensation	—	—	—	5	—	—	5	—	5
Shares released on vesting of equity incentive plan	—	—	56	(37)	(19)	—	—	—	—
Balance - December 31, 2020	**$ 303,990**	**$ 6,026**	**$ (101)**	**$ 1,908**	**$ (247,368)**	**$ (37,786)**	**$ 26,669**	**$ (2,021)**	**$ 24,648**
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 period	—	—	—	—	(7,576)	—	(7,576)	(1,831)	(9,407)
Foreign currency translation differences	—	—	—	—	—	303	303	—	303
Change in non-controlling interest (Note 14)	—	—	—	—	(2,931)	—	(2,931)	2,931	—
Shares issued on Offering, net of issue costs	7,708	604	—	—	—	—	8,312	—	8,312
Broker Warrants issued on Offering	—	80	—	—	—	—	80	—	80
Exercise of warrants	508	(32)	—	(62)	—	—	414	—	414
Stock-based compensation	—	—	—	79	—	—	79	—	79
Balance - September 30, 2021	**$ 312,206**	**$ 6,678**	**$ (101)**	**$ 1,925**	**$ (257,875)**	**$ (37,483)**	**$ 25,350**	**$ (921)**	**$ 24,429**

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

Unaudited - Amounts expressed in thousands of United States dollars

		Nine Months Ended	
	Note	**Sept. 30, 2021**	Sept. 30, 2020
Operating activities			
Net loss for the period		**$ (9,407)**	$ (23,408)
Items not affecting cash and other adjustments			
Loss from discontinued operations		**—**	2,241
Depreciation and amortization	11	**3,927**	3,988
Finance expense		**6,827**	4,484
(Gain) loss on portfolio investments		**(107)**	1,294
Foreign currency translation gain	12	**(3,557)**	(1,214)
Stock-based compensation		**79**	198
Write-down of inventory	4 , 11	**2,474**	3,441
Impairment of non-current assets	13	**—**	7,628
Gain on modification of debt		**—**	(3,487)
Change in non-current asset and liabilities		**(339)**	423
		(103)	(4,412)
Changes in non-cash operating working capital	16	**(9,678)**	2,056
Cash used in operating activities of continuing operations		**(9,781)**	(2,356)
Cash flows from investing activities			
Additions to mineral properties, plant and equipment		**(7,713)**	(1,106)
Additions to exploration and evaluation assets		**(196)**	(224)
Net proceeds from sale of portfolio investment		**160**	2,754
Cash (used in) provided by investing activities of continuing operations		**(7,749)**	1,424
Cash flows from financing activities			
Proceeds from loans and borrowings, net of issuance cost		**6,201**	—
Loans and borrowings paid		**(374)**	(580)
Net proceeds from Offering		**8,312**	—
Net proceeds from exercise of warrants		**414**	—
Acquisition of treasury stock		**—**	(262)
Interest paid		**(1,827)**	(1,578)
(Increase) decrease of restricted cash		**(490)**	7,000
Cash provided by financing activities of continuing operations		**12,236**	4,580
(Decrease) increase in cash and cash equivalents from continuing operations		**(5,294)**	3,648
Impact of foreign exchange on cash balances		**44**	(198)
Cash and cash equivalents of continuing operations - Beginning of period		**11,961**	11,607
Cash and cash equivalents from continuing operations - End of period		**$ 6,711**	$ 15,057
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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**", formerly SRHI Inc.) was incorporated under the laws of British Columbia and continued under the *Canada Business Corporations Act* ("**CBCA**"). TVC is a publicly-listed company focused on operating and expanding Minera Tres Valles SpA's ("**MTV**") copper mining operations in Chile.

The Company's principal operating business is its 91.1% 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 active main mines. The major active 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 4, 2021, the Company increased its ownership of MTV to 90.3% following its equity contribution of approximately $6.8 million to MTV (see Note 14). In accordance with the MTV shareholders' agreement, the minority shareholder of MTV (the "**Minority Shareholder**") and SRH Chile SpA (an indirect, wholly-owned subsidiary of TVC) were provided the opportunity to subscribe for newly issued shares of MTV in the proportion of their shareholdings in MTV. The Minority Shareholder declined to participate in the proposed share subscription, which resulted in the dilution of their MTV ownership from 30% to 9.7%. (see Note 14).

On June 21, 2021, TSX Venture Exchange ("**TSXV")** approved the Company's name change to Three Valley Copper Corp. The Company's common shares and common share purchase warrants began trading on the TSXV under the new name and new symbols, “TVC” and “TVC.WT”, respectively, on June 22, 2021. Previously, the Company’s common shares and common share purchase warrants traded on the Toronto Stock Exchange under the trading symbols “SRHI” and “SRHI.WT”, respectively.

On August 16, 2021, TVC through its wholly-owned subsidiaries, indirectly subscribed for an additional $1 million of common shares of MTV. The Minority Shareholder did not participate pro-rata in MTV's equity issuance which resulted in the dilution of their MTV ownership from 9.7% to 8.9%.

These Financial Statements (as defined below) were approved for issue by the Board of Directors (the "**Board**") on November 26, 2021**.**

2. Accounting Policies and Going Concern

a. Basis of Preparation and Going Concern

These unaudited condensed interim consolidated financial statements ("**Financial Statements**") of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards 34 - Interim Financial Reporting, and accordingly, assumes that the Company will be able to continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they come due. They do not contain all information and disclosures required for complete financial statements in accordance with the International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**"). Therefore, they should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2020.

The Company is subject to numerous risk factors that may impact its ability to economically produce copper cathodes at MTV, such as, but not limited to, current volatile market conditions and extended and unforeseen issues resulting from the current COVID-19 pandemic. The Company has incurred significant operating losses and negative cash flows from operations in recent years and has an accumulated deficit of $258 million as at September 30, 2021. Although it has working capital of $3.1 million, the Company will require further financing to meet its financial obligations, sustain its operations and ongoing capital projects in the normal course, secure the remaining non-controlling interest of MTV and expand its inventory of reserves and resources.

The Company will need to raise capital in order to further support MTV's operations including the completion of its Papomono underground mine. MTV currently operates in a high-cost environment and additional sources of capital will be required to execute MTV's planned operations. Such financings will depend on a number of unpredictable factors, which are often beyond the control of the Company and MTV. The Company's ability to meet its long-term business strategy depends on its ability to obtain additional financing in the short term and to generate operational cash flow from its commercial revenues. On April 16, 2021, the Company was successful in obtaining external financing (see Note 9) and also on November 25, 2021 (see Note 21). In addition, the Company executed an undertaking agreement (the "**Undertaking**") with its senior lenders to defer certain principal loan repayments due in 2022 and to execute a definitive binding agreement to revise the loan repayments required under the amended loan facility (see Note 21). A key milestone for MTV’s future success is the completion of the Papomono mine expected in early 2022 and the continued ramp-up of increasing production from the Papomono mine through 2022 and into 2023. Management estimates that the costs to complete the construction of Papomono will be $6.3 million with additional sustaining capital requirements of approximately $15.5 million in 2022. The successful completion of the Papomono mine and its future production of copper ore depends on several factors some of which may be out of the Company's control. The Company has entered into a fixed price sales contract for a portion of its copper cathode production which may constrain its ability to generate sufficient cash flow from mining operations.

Management is of the opinion that additional working capital will still be required from external sources to meet the Company's liabilities and commitments as they become due and to execute its business strategy. There is no assurance that additional financing will be available on a timely basis or on terms acceptable to the Company.

These circumstances result in material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, and the ultimate appropriateness of the use of accounting principles applicable to 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. These adjustments could be material.

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.

b. 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 are effective for the Company's fiscal year commencing January 1, 2021, and the Company adopted the amendments as of such date. As of September 30, 2021, 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 three and nine months ended September 30, 2021 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.

3. Significant Judgments, Estimates and Assumptions

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

In preparing these Financial Statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2020.

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

a. COVID-19 Uncertainty

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The past, current and future impacts on the global economy have, and are anticipated to be far-reaching. To date there have been significant stock market declines, recoveries and volatility, significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people and some goods have become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on global financial markets are placing further volatility on copper prices.

The Company has made efforts to safeguard the health of its employees, while continuing to operate safely and responsibly maintain employment and economic activity. In the current environment, assumptions about future copper prices, exchange rates, interest rates and market transactions are subject to greater variability than normal which could in the future significantly affect the valuation of the Company's assets. As an understanding of the longer-term impacts of COVID-19 on commodity, credit and equity markets develops, there is heightened potential for changes in these views in 2021 and 2022

b. 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.

c. Reclamation and Other Closure Provisions

The Company has obligations for reclamation and other closure activities related to its mineral properties. 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. Because 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 obligations is based on future expectations, a number of estimates and assumptions are made by management in the determination of closure provisions. The reclamation and other closure provisions are more uncertain the further into the future the mine closure activities are to be carried out.

The Company's policy for recording reclamation and other closure provisions is to establish provisions for future mine closure costs based on the present value of the future cash flows required to satisfy the obligations. This provision is updated as the estimate for future closure costs change. The amount of the present value of the provision is added to the cost of the related mineral assets and depreciated over the life of the mine. The provision is accreted to its future value over the life of mine through a charge to finance costs.

d. Work-in-process inventory/Production costs

The Company's management makes estimates of the amount and the expected timing of recovery of recoverable copper in work-in-process inventory, which is used in the determination of the cost of sales during the period. Changes in these estimates can result in a change in the carrying amount of inventories and cost of sales in future periods. The Company monitors the recovery of copper cathodes from the leach pads and may refine its estimate based on these results. Assumptions used in inventory valuation include type of ore tonnes mined, salt leach application, pounds of copper per tonne, metallurgy of the ore, expected recovery rate based on the type of ore placed on the leach pads, timing of recovery, and remaining costs of completion to bring inventory into copper cathodes, among others.

e. Impairment of non-current assets - MTV Cash-Generating Unit ("CGU")

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.

The Company did not recognize an impairment charge or reversal of a previously recorded impairment charge of mineral properties, plant and equipment related to the MTV CGU during the three and nine months ended September 30, 2021 (see Note 13).

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

4. Inventories

	As at	
	Sept. 30, 2021	Dec. 31, 2020
Supplies and consumables	**$ 1,091**	$ 638
Work in progress	**17,193**	5,643
Copper cathodes	**2,895**	2,145
	21,179	8,426
Non-current portion of inventory	**18,204**	20,530
	$ 39,383	$ 28,956

Inventories are valued at the lower of cost and net realizable value at each reporting period. For the three and nine months ended September 30, 2021, the Company recorded net write-downs of inventory of $nil and $2.5 million, respectively.

For the year ended December 31, 2020, the Company recorded a write-down of inventory, net of reversals of $4.3 million primarily related to (i) changes in the expected costs to completion of copper pounds in work-in-process inventory and (ii) changes in the expected copper price.

The write-down (reversal) of inventories has been presented in a separate component of cost of sales (see Note 11**).**

5. Asset Classified as Held for Sale

On June 30, 2020, Beretta Farms Inc. ("**Beretta**") completed the sale of its business for cash consideration of $3.7 million. Beretta's shareholders approved the dissolution of Beretta and the distribution of its net cash. The Company received a cash distribution of $1.0 million during 2020 and expects to receive a second and final cash distribution during the first half of 2022. As a result and effective June 30, 2020, Beretta was reclassified as a portfolio investment until it is dissolved and all net assets distributed to its shareholders. The amount expected to be received by TVC is included in Portfolio investments on the Consolidated Statements of Financial Position.

Loss from discontinued operations related to Beretta is comprised of the following:

	Three months ended		Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020	**Sept. 30, 2021**	Sept. 30, 2020
Revenue	**$ —**	$ —	**$ —**	$ 16,692
Expenses	**—**	—	**—**	(20,939)
	—	—	**—**	(4,247)
Gain recognized on measurement to fair value less costs to sell [(1)]	**—**	—	**—**	2,006
Net loss from discontinued operations	**—**	—	**—**	(2,241)
Net loss from discontinued operations attributable to non-controlling interests	**—**	—	**—**	1,125
Net loss from discontinued operations attributable to owners of the Company	**$ —**	$ —	**$ —**	$ (1,116)

[(1)] As at June 30, 2020, the carrying value was lower than the fair market value which resulted in the reversal of a previous write-down on asset held for sale.

At Beretta, cash used in operating activities for the six months ended June 30, 2021 was $nil (six months ended June 30, 2020 - $0.8 million), cash provided by investing activities for the six months ended June 30, 2021 was $nil (six months ended June 30, 2020 - $3.6 million), and cash provided by financing activities for the six months ended June 30, 2021 was $nil (six months ended June 30, 2020 - $1.3 million).

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

6. Mineral Properties, Plant and Equipment

Cost		Mineral properties		Land		Building and mining facilities		Machinery and equipment		Total
As at January 1, 2020	$	32,770	$	665	$	43,738	$	16,323	**$**	**93,496**
Additions		2,814		—		277		307		**3,398**
Foreign exchange impact		429		—		—		—		**429**
As at December 31, 2020		36,013		665		44,015		16,630		**97,323**
Net additions (disposals)		9,068		—		183		740		**9,991**
Foreign exchange impact		(508)		—		—		—		**(508)**
As at September 30, 2021	**$**	**44,573**	**$**	**665**	**$**	**44,198**	**$**	**17,370**	**$**	**106,806**

Accumulated depreciation		Mineral properties		Land		Building and mining facilities		Machinery and equipment		Total
As at January 1, 2020	$	(10,663)	$	—	$	(12,553)	$	(3,299)	**$**	**(26,515)**
Depreciation expense		(1,369)		—		(1,193)		(572)		**(3,134)**
Impairment		(2,945)		—		(3,725)		(958)		**(7,628)**
As at December 31, 2020		(14,977)		—		(17,471)		(4,829)		**(37,277)**
Depreciation expense		(1,393)		—		(1,375)		(867)		**(3,635)**
As at September 30, 2021	**$**	**(16,370)**	**$**	**—**	**$**	**(18,846)**	**$**	**(5,696)**	**$**	**(40,912)**

Net book value										
As at December 31, 2020	$	21,036	$	665	$	26,544	$	11,801	**$**	**60,046**
As at September 30, 2021	**$**	**28,203**	**$**	**665**	**$**	**25,352**	**$**	**11,674**	**$**	**65,894**

As of September 30, 2021, included in Mineral properties is $5.0 million (December 31, 2020: $5.7 million) of stripping assets and $0.2 million (December 31, 2020: $0.2 million) of reforestation assets.

7. Accounts Payable and Accrued Liabilities

	As at			
		Sept. 30, 2021		Dec. 31, 2020
Trade accounts payable	**$**	**9,309**	$	6,295
Accrued liabilities		**2,970**		2,725
Reforestation provision		**215**		535
Foundation provision		**188**		305
	$	**12,682**	$	9,860

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

8. Loans and Borrowings

	As at	
	Sept. 30, 2021	Dec. 31, 2020
Secured prepayment facility (the "**Amended Facility**")	**$ 52,211**	$ 44,010
Secured term loan	**401**	—
Unsecured Debt [1]	**20,779**	21,312
Leases	**458**	928
Total	**73,849**	66,250
Less: current portion	**15,315**	627
	$ 58,534	$ 65,623

[1] Included in Unsecured Debt is subordinated debt of $0.8 million (December 31, 2020 - $0.8 million) due to certain executives of MTV and subordinated debt of $5.8 million (December 31, 2020 - $6.0 million) due to Vecchiola S.A., a related party to 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 secured lenders (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 is reduced dollar for dollar as TVC supports MTV with the new capital in accordance with the terms of the JRA. As at September 30, 2021, TVC has 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 September 30, 2021, MTV was in compliance with all operating and financial covenants in the Amended Facility (see Note 21c).

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

In September 2021, MTV obtained a secured term loan of $0.4 million from a Chilean bank to finance the purchase of mine equipment. The loan bears a fixed annual interest rate of 3.6% with a maturity date of July 2022 with equal monthly principal repayments. The Company set up a one-year term deposit of $0.4 million and issued a secured letter of credit to guarantee the term bank loan to MTV.

On November 22, 2021, the Company and its subsidiaries executed the Undertaking with the Lenders to amend the loan repayment terms of the Amended Facility (see Note 21c).

9. 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.

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

b) Issued and outstanding

	Common shares (#)		Amount
Balance - December 31, 2020	**34,083,005**	**$**	**303,990**
Shares issued on Offering, net of issue costs	20,930,000		7,708
Exercise of warrants	758,937		508
Balance - September 30, 2021	**55,771,942**	**$**	**312,206**

On April 16, 2021, the Company closed a bought deal financing (the "**Offering**") and issued a total of 20,930,000 units (the "**Offering Units**") at CAD$0.55 per Unit on a bought deal basis for net proceeds of $8.3 million. Each Offering Unit consisted of one Class A common share (a "**Common Share**") in the capital of the Company and one Common Share purchase warrant (an "**Offering Warrant**"). Each Offering Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD$0.70 until October 16, 2022.

In addition, the Company issued 1,255,800 non-transferable compensation warrants ("**Broker Warrants**"). Each Broker Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD$0.55 until October 16, 2022.

The Company incurred $0.9 million in costs directly attributable to the issuance of the Units, which was allocated between the fair values of the Common Shares and the Offering Warrants.

c) Common Share purchase warrants

Common share purchase warrants outstanding were as follows:

	Warrants(#)		Amount
Balance - December 31, 2020	**201,138,300**	**$**	**6,026**
Offering Warrants issued on Offering, net of issue cost	20,930,000		604
Broker Warrants issued on Offering	1,255,800		80
Exercise of warrants	(778,640)		(32)
Balance - September 30, 2021	**222,545,460**	**$**	**6,678**

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

Offering Warrants totaling 20,930,000 were issued as part of the Offering. Each Offering Warrant entitles the holders thereof to purchase one Common Share at an exercise price of CAD$0.70 until October 16, 2022. During nine months ended September 30, 2021, 550,000 of these Offering Warrants were exercised.

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

The fair value of the Offering Warrant was determined to be $0.6 million using the Black-Scholes Option Pricing Model with the following assumptions at the issue date:

Share price	CAD$0.55
Risk-free rate	0.14%
Expected dividend yield	—%
Expected volatility	32.1%
Warrant life in years	1.5

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

The fair value of the Broker Warrant was determined to be $0.1 million using the following assumptions:

Share price	CAD$0.55
Risk-free rate	0.14%
Expected dividend yield	—%
Expected volatility	32.1%
Warrant life in years	1.5

d) Stock options

The number of stock options outstanding as at September 30, 2021 was 2.5 million (December 31, 2020: 2.4 million) at a weighted average exercise price of CAD$0.32 (December 31, 2020: CAD$0.31). The number of stock options vested as at September 30, 2021 was 2.4 million (December 31, 2020: 1.2 million).

	Stock options (#)	Weighted average exercise price (per unit), CAD
Balance - December 31, 2020	**2,400,000**	**$ 0.31**
Granted	100,000	0.65
Balance - September 30, 2021	**2,500,000**	**$ 0.32**

e) Treasury stock

	Common shares (#)	Amount
Unvested common shares held by the Trust, January 1, 2020	35,716	74
Acquired for equity incentive plan	1,195,798	262
Net released on vesting of equity incentive plan	(899,587)	(235)
Unvested common shares held by the Trust, December 31, 2020 and September 30, 2021	**331,927**	**$ 101**

10. Revenues

	Three months ended		Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020	**Sept. 30, 2021**	Sept. 30, 2020
Copper cathodes	**$ 8,362**	$ 5,333	**$ 22,815**	$ 16,620
Tolling	**—**	277	**58**	1,080
	$ 8,362	$ 5,610	**$ 22,873**	$ 17,700

Revenue from copper cathodes for the nine months ended September 30, 2020 include $1.0 million of negative pricing adjustments due to timing differences for settlement of sales. Pricing adjustments due to timing differences for settlement of sales for the three and nine months ended September 30, 2021 were immaterial.

Beginning in 2021, the tolling contract was converted to an ore purchase contract.

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

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 agreement (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 will be deferred until May 1, 2022 and all sales of copper cathodes commencing August 1, 2021 until April 30, 2022 will be sold at the prevailing spot price for copper cathode, less a nominal amount. The remaining 12 months of contracted delivery amounts of the fixed price portion of the contract will resume on May 1, 2022 at the previous agreed fixed price of $2.89/lb.

11. Cost of Sales

	Three months ended		Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020	**Sept. 30, 2021**	Sept. 30, 2020
Direct mining and plant costs	**$ 6,873**	$ 3,411	**$ 19,648**	$ 13,800
(Reversal) write-down of inventory	**—**	(665)	**2,474**	3,441
Purchase of ore from third parties	**2,439**	633	**7,060**	1,825
Salaries	**1,583**	1,359	**4,585**	4,419
Depreciation and amortization	**1,341**	985	**3,927**	3,988
Other	**477**	186	**736**	473
Change in inventory	**(3,470)**	253	**(12,487)**	(700)
	$ 9,243	$ 6,162	**$ 25,943**	$ 27,246

12. Other income, net

	Three months ended		Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020	**Sept. 30, 2021**	Sept. 30, 2020
Gain on modification of debt	**$ —**	$ 3,487	**$ —**	$ 3,487
Interest and other income	**93**	21	**$ 16**	$ 327
Foreign currency translation gain (loss)	**3,024**	(1,223)	**3,557**	1,214
	$ 3,117	$ 2,285	**$ 3,573**	$ 5,028

13. Impairment of MTV CGU

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

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

Management engaged an independent third-party to assist management in preparing an impairment test that concluded that the recoverable amount of the MTV CGU was lower than its carrying value as at March 31, 2020. As a result, management concluded that an impairment charge of $7.6 million was to be recorded as a reduction in the carrying value of MTV's assets to the consolidated statements of operations and comprehensive loss.

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

Management also engaged an independent third-party to assist management in preparing an impairment test that concluded the recoverable amount of the MTV CGU approximated its carrying value as at December 31, 2020. As a result, management concluded there was no further impairment charge or reversal of previous impairment charge of the MTV CGU required as at that date.

Management has reviewed the carrying value as at September 30, 2021 and concluded there was no further impairment or reversal of a previous impairment of the MTV CGU required.

14. Contingencies and Commitments

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

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

[1] Included in Accounts payable and accrued liabilities are commitments to purchase (i) property, plant and equipment of $6.3 million and (ii) mining operating supplies of $0.2 million

[2] (see Note 21c)

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

Subsequent to TVC's equity contribution to MTV on June 3, 2021, the Minority Shareholder of MTV, who did not participate in the contribution of funding to MTV, commenced an arbitration proceeding against the Company and its subsidiaries claiming the funding to MTV was not completed in accordance with the terms of the MTV shareholders' agreement (the "**SHA**"). The Minority Shareholder has filed a request for arbitration under the SHA pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce (the "**ICC**") alleging that the equity contribution of TVC did not comply with the SHA and claiming damages of $16 million. The Company and its legal counsel believe the claims of the Minority Shareholder are without merit and the Company has 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. It is expected that the ICC arbitration will be completed in mid 2022 and the Company will continue to monitor the arbitration proceedings.

15. 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 portfolio investments which are in the process of being dissolved, and its indirect ownership of MTV.

Significant information relating to reportable operating segments is summarized below:

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

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

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

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

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

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

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

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

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

16. Supplementary Cash Flow Information

Net Change in Non-Cash Operating Working Capital

	Nine months ended	
	Sept. 30, 2021	Sept. 30, 2020
Net (increase) decrease in:		
Trade and other receivables	**$ (365)**	986
Inventories	**(12,924)**	243
Other current assets	**2,547**	(80)
Net increase (decrease) in:		
Accounts payable and accrued liabilities	**817**	1,135
Deferred revenue	**247**	(228)
Net change in non-cash operating working capital	**$ (9,678)**	$ 2,056

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

17. Related Party Transactions

a) Purchases of Services

The Company entered into the following transactions with related parties during the three and nine months ended September 30, 2021 and 2020. 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.

(i) *Mine Contracting Services*

As at September 30, 2021, a balance of $7.7 million (December 31, 2020: $7.9 million) payable to Vecchiola S.A. remained outstanding as Unsecured Debt as a result of the JRA (see Note 8). Vecchiola S.A. is a related party to MTV through MTV's minority shareholder.

b) Key Management Compensation

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

	Three months ended		**Nine months ended**	
	Sept. 30, 2021	Sept. 30, 2020	**Sept. 30, 2021**	Sept. 30, 2020
Compensation paid by and on behalf of TVC for executive management services provided to the Company (including stock-based compensation)	**$ 88**	$ 198	**$ 247**	$ 321
Directors fees and stock-based compensation	**81**	172	**258**	350
	$ 169	$ 370	**$ 505**	$ 671

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 Amended Facility.

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

18. 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 mining industry group consists of one mining company (2020 - two companies) that is in care and maintenance and undergoing dissolution. The agricultural group consists of one company (see Note 5**)**. The companies in the mining industry group share similar risk profiles and have therefore been grouped together in 2020.

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

As at September 30, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments - mining	$ —	$ —	$ 1,962	**$ 1,962**
Investment - agriculture	—	—	129	**129**
Deferred revenue	—	1,832	—	**1,832**
	$ —	$ 1,832	$ 2,091	**$ 3,923**

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

As at December 31, 2020	Level 1	Level 2	Level 3	**Total**
Investments - mining	$ 52	$ —	$ 1,964	**$ 2,016**
Investment - agriculture	—	—	129	**129**
Deferred revenue	—	1,585	—	**1,585**
	$ 52	$ 1,585	$ 2,093	**$ 3,730**

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. There have been no transfers between levels during the nine months ended September 30, 2021 and the year ended December 31, 2020.

The following presents the movement in Level 3 instruments for the nine months ended September 30, 2021 and the year ended December 31, 2020:

	Sept. 30, 2021	Dec. 31, 2020
Opening balance	**$ 2,093**	$ 2,308
Recognition of Beretta as portfolio investment	**—**	1,100
Cash distribution from Beretta	**—**	(1,040)
Unrealized loss for the period	**—**	(382)
Foreign currency translation differences	**(2)**	107
Ending balance	**$ 2,091**	$ 2,093

The Company's Level 3 portfolio investment at September 30, 2021 consists of an investment in the mining sector and an investment in the agricultural sector.

19. Financial Risk Management

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

Market Risk

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

Interest Rate Risk

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

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

Foreign Currency Risk

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

The Company incurs expenditures in CAD other than through its subsidiary, MTV, whose expenditures are in USD and CLP. The Company's exposure to foreign currency risk at September 30, 2021 arises primarily from those transactions carried out at MTV in CLP rather than USD and that have a direct effect on the operating results, such as wages.

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

Commodity Price Risk

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

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

Under the Offtake with Anglo American Marketing Limited, MTV has contracted to sell a fixed amount of copper cathode representing 40% of its expected copper cathode production at $2.89 per pound from August 2020 to July 2022. The volume of monthly copper cathode contracted to sell at $2.89 per pound was set in July 2020 based on expected production from August 2020 to July 2022. In the event that copper cathode production is in excess of the expected volume, less than 40% of copper produced in that month will be sold at $2.89 per pound. In the event that copper cathode production is below the expected volume, greater than 40% of copper produced in that month will be sold at $2.89 per pound. During the third quarter of 2021, 46% of copper produced was sold at $2.89 per pound as production was below forecast.

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

Credit Risk

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

The Company invests cash and cash equivalents with financial institutions that are financially sound based on their credit rating with the majority of the Company's cash held through large Canadian and US financial institutions with credit ratings of AA or higher. The Company's exposure to credit risk associated with accounts receivable is influenced mainly by the individual characteristics of each customer. The Company had one customer that represented 100% of revenue for the nine months ended September 30, 2021 and which is considered low risk as it is a large public company with operations throughout the world. The Company has not incurred any credit losses during the three and nine months ended September 30, 2021 nor does it have an allowance for expected credit losses.

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

Liquidity Risk

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

The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis. A maturity analysis was performed for all financial liabilities (see Note 14).

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

The Company will need to raise additional capital in order to further support MTV's operations including development of its mineral properties, securing the remaining non-controlling interest of MTV and general working capital purposes. MTV currently operates in a high-cost environment as it expands production. Working capital stresses exist at MTV and additional sources of capital will be required to execute MTV's planned operations in addition to the financing obtained on April 16, 2021 (see Note 9) and again in November 2021 (see Note 21). Such financings will depend on a number of unpredictable factors, which are often beyond the control of the Company and MTV. Raising capital may be adversely impacted by, amongst other factors: (i) a lack of normally available financing, (ii) volatile market conditions, (iii) extended and unforeseen issues resulting from the current COVID-19 pandemic, (iv) uncertain water supply in Chile and (v) geopolitical issues in Chile. To address its financing requirements, the Company may seek financing through joint venture agreements, debt and equity financings, asset sales, rights offerings to existing shareholders or restructuring MTV's debt and payment terms with critical suppliers. The outcome of these matters cannot be predicted at this time and there can be no assurance that capital will be available to the Company or MTV in the amount required at any particular time or for any particular period, or, if available, that such financing can be obtained on satisfactory terms. The Company and MTV are exposed to liquidity risk.

20. Capital Management

The Company defines capital as shareholders' equity (excluding accumulated other comprehensive income) and long-term debt. 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 which include those of MTV such as the costs of mining operations, capital commitments and corporate overhead costs.

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.

Capital management strategies include continuously monitoring forecasted and actual cash flow from operating, financing and investing activities and opportunities to issue additional equity. In light of the volatile nature of commodity prices, including copper prices, mining operations risk, along with the effect of COVID-19, the preparation of financial forecasts and estimates are increasingly uncertain. Any of these events present risks that could affect the Company's ability to fund ongoing operations. The Company will also consider additional short-term financing or issuing equity in order to meet its future liabilities. If required, MTV may be forced to further curtail its operations and/or the Company to sell or liquidate MTV.

21. Subsequent Events

a. On October 4, 2021, the Company delivered to the Minority Shareholder the required written notice of its intention to acquire the remaining interest in MTV held by the Minority Shareholder as per the call option notice requirements of the SHA.

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

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

d. On November 25, 2021, the Company issued a total of 56,681,000 units (the "**Units**") and 819,000 additional Common Share purchase warrants (each, an **"Additional Warrant**") pursuant to a bought-deal offering (the "**Bought-Deal Financing**") at an offering price of CAD$0.32 per Unit for gross proceeds of CAD$18.2 million. Each Unit consists of one Common Share in the capital of the Company and one Common Share purchase warrant (each a **"Warrant"**). Each Additional Warrant and each Warrant is exercisable into one Common Share of the Company at an exercise price of CAD$0.45 for a period of 30 months from the closing date of the Bought-Deal Financing.

   Pursuant to the terms of the Bought-Deal Financing, the Company paid the underwriters a cash commission of 6% of the gross proceeds and issued 3.400,860 underwriter compensation warrants (each a "**Compensation Warrant**"). Each Compensation Warrant is exercisable into one Common Share of the Company at an exercise price of CAD$0.32 for a period of 30 months from the closing date of the Bought-Deal Financing.The Warrant and the Additional Warrant are not public-listed securities.