Three Valley Copper Corp. (formerly SRHI Inc.)

Management's Discussion and Analysis
of Financial Position and Results of Operations
For the year ended December 31, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

*The following is management's discussion and analysis ("**MD&A**") of the financial condition, cash flows and future prospects of Three Valley Copper Corp. ("**TVC**" or the "**Company**"). This document is prepared as at April 28, 2022 (unless otherwise stated) and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2021, including the notes thereon (the "**Financial Statements**"). The Company prepares its Financial Statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). All amounts are expressed in United States dollars ("**USD**") unless otherwise indicated. Additional information on the Company and its operations, including a consolidated National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**") compliant technical report on the Minera Tres Valles project (the "**Technical Report**"), can be accessed at www.sedar.com, and may also be found on the Company's website at www.threevalleycopper.com*

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

BUSINESS OVERVIEW

Three Valley Copper Corp. (formerly SRHI Inc.), headquartered in Toronto, Ontario, Canada is listed on the TSX Venture Exchange ("**TSXV**") and OTCQB Venture Market ("**OTC**") and is focused on growing copper production from, and further exploration of, its primary asset, Minera Tres Valles SpA ("**MTV**"). Located in Salamanca, in the Province of Chopa, Chile, MTV is 95.1% owned by the Company and MTV's main assets are the Minera Tres Valles mining complex and its 46,000 hectares of exploratory lands.

MTV was acquired in October 2017 and includes a fully integrated processing operation and two mines. During 2021, ore was extracted primarily from the Don Gabriel open pit mine ("**Don Gabriel**") while the Papomono underground mine ("**Papomono**") was under development. Both mines are located approximately 10 kilometers north of the town of Salamanca, 300 kilometers north of Santiago, Chile.

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

MTV's objective is to carry out mining activities associated with exploiting and processing minerals for which it has a crushing and processing plant with nameplate capacity of 7,000 tonnes per day. MTV's heap leach pads and solvent-extraction and electrowinning processing ("**SX-EW**") plant (production capacity of 18,500 tonnes per year of copper cathodes) are located approximately 7 kilometers north of Salamanca. In addition to the two mines, MTV owns a large regional land package which it plans to explore for minerals, primarily copper.

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

HIGHLIGHTS FOURTH QUARTER

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

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

On November 25, 2021, the Company issued a total of 56,681,000 units (the "**Units**") and 819,000 additional common share purchase warrants (each, an **"Additional Warrant**") pursuant to the terms of a bought-deal offering (the "**Bought-Deal Financing**") at an offering price of CAD$0.32 per Unit for net proceeds of $13.2 million. Each Unit consisted of one common share (a "**Common Share**") in the capital of the Company and one Common Share purchase warrant (each a **"Warrant"**). Each Additional Warrant and each Warrant is exercisable into one Common Share of the Company at an exercise price of CAD$0.45 until May 25, 2024. 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 until May 25, 2024.

Prior to the closing of the Bought-Deal Financing, the Company and its subsidiaries executed an undertaking agreement (the **"Undertaking")** with the Lenders to execute a binding agreement to amend the loan repayment terms of the Amended Facility on or prior to September 30, 2022. Under the terms of the Undertaking the Lenders have agreed not to accelerate or enforce their rights or remedies under the Amended Facility should MTV fail to (i) make scheduled loan repayments on March 31, 2022, June 30, 2022 and September 30, 2022 and/or (ii) replenish the operating reserve account to reestablish the minimum reserve as required under the Amended Facility (each, a "**Specific Event of Default**"). As per the terms of the Undertaking, the forbearance period is from November 22, 2021 to October 1, 2022. The Undertaking also provides that the net proceeds of the Bought-Deal Financing will not be used to repay any of the loans outstanding under the Amended Facility during the forbearance period. The Lenders will cease to be bound by the Undertaking should the Company not invest CAD$16.0 million, net of all fees and costs associated with the Bought-Deal Financing, into MTV between the closing of the Bought-Deal 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. As of the date hereof, the Company does not expect to fulfill its April 30, 2022 obligation under the Undertaking.

Subsequent to the completion of the Bought-Deal Financing, the Company through its indirectly held subsidiary (SRH Chile SpA) subscribed for additional common shares of MTV for approximately $8.6 million, resulting in the Company's indirect holding of MTV increasing from 91.1% to 95.1% effective December 6, 2021.

Copper cathode production in the fourth quarter of 2021 was 2.5 million pounds, consistent with copper cathode production in the third quarter. Total copper cathode production for 2021 was 9.3 million pounds (10.8 million pounds in 2020).

Copper cathodes sales in the fourth quarter of 2021 were 2.3 million pounds, consistent with the third quarter, bringing total copper cathodes sales for the year to 8.9 million pounds (8.6 million pounds in 2020).

Revenue for the fourth quarter of 2021 was $10.0 million and for the full year was $32.9 million.

Net loss for the fourth quarter of 2021 was $31.4 million, or $0.40 on a per-share basis, and for the full year was $40.8 million, or $0.74 on a per-share basis.

Cash and cash equivalents and restricted cash at the end of 2021 was $14.2 million.

SUBSEQUENT EVENTS

On January 24, 2022, the Company announced it temporarily suspended operations at Don Gabriel and does not expect to resume production at Don Gabriel in 2022. Management and the technical teams are conducting their analysis of Don Gabriel and alternatives to the current mine plan given the underperformance of Don Gabriel. This underperformance has called into question the future economics of Don Gabriel and the immediate impact to MTV is materially lower current and forecasted revenues and cash inflows resulting in a deteriorating liquidity position. Don Gabriel was previously expected to produce approximately 4,600 tonnes of copper cathode in 2022 which represented between 58% and 46% of the Company's preliminary production guidance for 2022 of 8,000 to 10,000 tonnes of copper cathode production.

As a result, the Company retracted its revised preliminary operating outlook for 2022 and 2023.

The initial construction of the Papomono block caving mine was completed in mid-January 2022. MTV chose to temporarily halt the start of the block caving operation as the expected cash flows are not sufficient to fully support the ramp-up of Papomono during 2022. Increasing production input costs and the decision to suspend operations at Don Gabriel has significantly impacted MTV’s ability to generate the necessary cash flows to fund the planned ramp-up of Papomono. To further preserve liquidity, MTV also temporarily suspended its exploration program, and suspended certain sustaining and expansion capital expenditures.

The Company’s revised operating guidance for 2021 was to produce between 4,500 and 5,500 tonnes of copper cathodes. Actual production for 2021 was slightly lower than guidance at 4,209 tonnes which represents less than 25% of MTV’s overall copper cathode production capacity.

On March 7, 2022, the Company, with the support of the Lenders and the underground mining contractor, decided to start the operations of the Papomono block caving mine while discussions with the Lenders continue.

The Lenders, together with the Company, expressed their intention to provide $11 million of super senior secured funds to MTV, the approvals for and terms of which are being finalized. This funding, if approved, was expected to be drawn down in tranches by MTV beginning at the end of March 2022 and is expected to fund MTV into July 2022 providing the Company and the Lenders additional time to negotiate a longer-term solution for MTV, including, inter alia, sourcing additional capital that will be required, bridge loan financing, additional debt financing, forgiveness or conversion of debt, waivers of operating and other covenants, deferrals of or renegotiation of repayment terms and/or renegotiation of the fixed price portion of the offtake agreement (the "**Offtake**"). If approvals from the respective parties are not obtained and funding not provided, it is expected that MTV will not have sufficient funds to operate through May 2022. This could force a liquidation event of MTV. To date, neither approvals nor any of the $11 million has been received by MTV. In addition to the $11 million super senior secured funds, the Company estimates that MTV will require at least an additional $10 million of capital during 2022.

MTV did not pay interest due on March 31, 2022 to the Lenders as required pursuant to the terms of the Amended Facility. While the Lenders have not sent a notice of default to MTV they have expressly reserved their rights.

As a result of the current financial situation of MTV and the interruption in its operations, certain defaults of the Amended Facility have occurred and are continuing, consequently the total outstanding balance of the Amended Facility is classified as current liabilities effective December 31, 2021. In addition, the amounts owing to the unsecured creditors (the "**Unsecured Creditors**") of the JRA are classified as current liabilities effective December 31, 2021. Also, amounts due to the Unsecured Creditors of the JRA on March 31, 2022 were postponed until June 30, 2022 with the approval of the Creditors' Committee representing the Unsecured Creditors of the JRA.

OUTLOOK

Outlook

Going Concern Assumption

The Company is subject to numerous risk factors that may impact its ability to economically produce copper cathodes at MTV. The Company has incurred significant operating losses and negative cash flows from operations in recent years. The Company will require further financing.

The Company will need to raise capital in order to further support MTV's operations including additional sustaining capital requirements to fully support the ramp-up of Papomono during 2022. Such financings will depend on a number of unpredictable factors, which are often beyond the control of the Company and MTV. A key milestone for MTV's future success is the continued ramp-up of production from the Papomono mine through 2022 and into 2023, the initial construction of which was completed in January 2022. Management estimates that additional sustaining capital requirements and working capital of at least $21 million will be required in 2022. The Papomono mine ramp up and its future production of copper ore depends on several factors some of which may be out of the Company's control.

There is no assurance that additional financing will be available on a timely basis or on terms acceptable to the Company. The Company has recently suspended mining operations at Don Gabriel and is in negotiations with the Lenders to amend the terms of the existing Amended Facility. There is no assurance that the negotiations will be successful. MTV did not pay the interest due to the Lenders on March 31, 2022 consequently MTV is in default with the terms of the Amended Facility effective that date and the Lenders may exercise their security rights and/or remedies pursuant to the terms of the Amended Facility. This could force a liquidation event of MTV. The public company, TVC, is expected to continue as a going concern even if a liquidation event occurs at MTV.

These circumstances result in material uncertainties that 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. The 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 or successfully renegotiate the terms of the Amended Facility. These adjustments would likely be material.

Expansion Projects and Production

Cathode production for 2022 is expected to come primarily from three sources; Papomono block caving operations, third-party small miner supplied ore and existing inventory on the leach pad. A large component of future ore production growth that is part of the mine plan is expected to come from the higher-grade Papomono deposit.

The Company has plans to complete development of Papomono. The initial construction of Papomono was completed in January 2022, when it reached the stage where the caving operation can commence. This timetable is consistent with what the Company reported previously and construction costs are in line with forecasted costs.

The expansion of Don Gabriel began in the second half of 2018 supported by the Company's working capital and MTV's operational cash flows. In the first quarter of 2020, the expansion of Don Gabriel was halted. Mining restarted in December 2020 and was initially expected to continue until early 2023. However, the continuing underperformance of Don Gabriel in 2021 prompted the Company and MTV to temporarily suspend operations at Don Gabriel on January 24, 2022. Therefore, continued expansion of Don Gabriel remains part of the longer life of mine plan assuming further technical work and review conclude Don Gabriel is economically viable. Currently, a preliminary technical assessment of Don Gabriel being conducted by an independent external consulting group is underway. MTV expects that additional drilling and technical work will be needed that may result in a new resource model, new reserve estimate and an updated mine plan for Don Gabriel prior to re-starting mining operations in 2024/2025 as is currently planned. The Company cannot at this time confirm if the existing Technical Report can still be relied upon with respect to Don Gabriel and will provide further guidance on this when more information is available. For planning purposes, the Company has reduced its expected recoverable ore from Don Gabriel until additional analysis of Don Gabriel is complete.

Operational issues caused by the underperformance of Don Gabriel, a shortage of equipment and equipment parts and the very competitive environment for skilled operators in Chile negatively impacted mining operations during the second half of 2021. The Company's revised operating guidance for 2021 was to produce between 4,500 and 5,500 tonnes of copper cathodes. Actual production for 2021 was slightly lower than guidance at 4,209 tonnes which represents less than 25% of MTV's overall copper cathode production capacity. Guidance for 2022 has not yet been determined.

During the fourth quarter of 2021, construction of the Papomono block caving project continued. In January 2022, construction and development of the initial phase of Papomono was completed and it was ready to commence the block caving operation. However, the Company and MTV decided to temporarily halt the start of the block caving operation and on March 7, 2022, the Company, with the support of the Lenders and the underground mining contractor, decided to start the operations of the Papomono block caving mine while discussions with the Lenders to find a comprehensive solution to the cash flow shortfall continue. As part of the decision process to start the block caving operation and at the request of the Lenders, MTV engaged consultants to undertake a technical optimization study in respect of Papomono. Phase one of this study was completed and it supported the decision to start the operations of the Papomono block caving mine, which is expected to ultimately generate underground production in excess of 2,000 tonnes per day while significantly reducing unit-mining costs. As of the date hereof, MTV is nearing completion on 10 of the approximately 15 undercuts of its completed drawbells in preparation of the formal part of the caving process scheduled to begin in the latter half of May 2022, and has continued to develop additional drawbells as part of the Papomono development plan.

The Lenders, together with the Company, expressed their intention to provide $11 million of super senior secured funds to MTV, the approvals for and terms of which are being finalized. This funding, if approved, is expected to fund MTV into July 2022 providing the Company and the Lenders additional time to negotiate a longer-term solution for MTV. If approvals from the respective parties are not obtained and funding not provided, it is expected that MTV will not have sufficient funds to operate through May 2022. To date, neither approvals nor any of the $11 million has been received by MTV. In addition to the $11 million super senior secured funds, the Company estimates that MTV will require at least an additional $10 million of capital during 2022.

Subject to receiving the necessary capital support, the ramp-up of Papomono is expected to continue throughout 2022.

Under the Offtake with Anglo American Marketing Limited ("**AAML**"), MTV has contracted to sell a fixed amount of copper cathode representing 40% of its expected copper cathode production at $2.89 per pound from August 2020 to July 2022 (the "**Fixed Price**"). The volume of monthly copper cathode contracted to sell at $2.89 per pound was set in July 2020 based on expected production from August 2020 to July 2022 with 3,382 tonnes remaining as at December 31, 2021. In the event that monthly 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 monthly 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.

The increasing copper price coupled with the Fixed Priced portion of the Offtake affected the economics of purchasing ore from third-party small miners until July 31, 2021. At times, these purchases were uneconomic, however, the Company continued this practice as the relationship with these third parties to the business is of strategic importance as is the continued access to the ore they produce.

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

During the fourth quarter of 2021, 100% of copper cathodes produced by MTV was sold at the prevailing spot price for copper cathode, less a nominal amount, as a result of the amendment to the Offtake.

In the fourth quarter of 2021, third-party small miner ore supplied was higher than expected and 93% higher than the deliveries in the third quarter, mainly as a result of the amendment to the Offtake specific to the Fixed Price sales component. The amendment that became effective August 1, 2021 allowed the Company to purchase ore from third-party miners at more competitive rates.

COVID-19

At the onset of the COVID-19 outbreak, the virus created near-term copper price uncertainty and volatility, and significant losses across the world's financial marketplace and social dislocation. Since March 23, 2020 when the copper price reached a low of $2.10 per pound, it has rallied considerably to a March 2022 average of $4.64 per pound. The Company remains confident in the long-term outlook for copper, however global economic uncertainty and the unknown effects of COVID-19 could lead to volatility of copper prices in the coming quarters. Although global financial markets and the copper price have recovered impressively since March 2020, the extent and duration of impacts that the pandemic may still have on the copper price, suppliers and employees and on global financial markets is not known at this time, and could be material.

Beginning in March 2021 and in conjunction with the Chilean Ministry of Mining, the Ministry of Health and the Regional Mining Secretary of Coquimbo, MTV initiated an on-site vaccination program by offering vaccinations to all MTV employees and contractors. As at March 31, 2022, nearly 100% of MTV employees received both doses of the vaccine and approximately 85% received the booster dose. The Company continues its preventative, mitigating and containment measures to actively minimize the spread of COVID-19.

The Company experienced little impact to its operations in the first quarter of 2021. However, in April 2021, Chile imposed its strictest measures to combat COVID-19 and beginning late April 2021, the Company experienced some impacts from these restrictions resulting in disruptions to delivery of supplies, contractor productivity and reduced operations of third-party small miners providing ore to MTV's facilities. In the second half of 2021, COVID-19 restrictions continued to ease in Chile as cases trended downward, resulting in little impact on the Company's operations during this period. Should these restrictions reappear in the future, the effect of the COVID-19 pandemic on the Company’s business activities will create elevated uncertainty and may further impact production.

Geopolitical Uncertainties

In October 2019, social unrest in Chile erupted throughout the country. Deaths, vandalism and looting were reported in Santiago and other regions of the country. During 2021, the social unrest had retreated as COVID-19 became the focus of the country but its impacts on Chile's economy continue. As a result, Chile started a process to replace its Constitution by means of a Constitutional Assembly tasked with drafting the new text. The elections of the members of the Assembly took place on May 15 and 16, 2021 and resulted in resounding victories for leftist and independent candidates. The process will include a thorough discussion on Labour Constitutional Rights, including a possible reformulation of the Right to Unionize and the Right to Strike, expanding its application. Gabriel Boric, a left-wing legislator who rose to prominence during the anti-government protests in 2019 was elected Chile's next president in December 2021 and took office on March 11, 2022. These geopolitical uncertainties and the current global economic uncertainties may reduce the attractiveness of Chile as an investment destination for capital providers.

Chile's Drought

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

Since that time, MTV has been able to secure water sources that currently yield the required water flows to maintain its revised planned operations. There is currently no water supply issues affecting MTV's mining operations although continued droughts are reported throughout Chile and there is widespread concern in Chile regarding the lack of precipitation experienced in 2021 and to date in 2022. MTV's management is actively monitoring the water situation and developing contingencies in the event a water shortage does occur. However, should drought conditions or water supply challenges become acute, adjustments to the operations at MTV may be required.

Use of Proceeds of Bought-Deal Financing

On November 25, 2021, the Company completed the Bought-Deal Financing. The proposed uses of the net proceeds of the Bought-Deal Financing were for working capital to develop the MTV Project, and for exploration and drilling between Don Gabriel and Papomono. The below table highlights the proposed expenditures as outlined in the final prospectus for the Bought-Deal Financing and the actual expenditures incurred as of the date hereof:

Use of Proceeds (in $ millions)		Proposed Expenditures[1]		Actual Expenditures
Working capital purposes at MTV to proceed towards full production	$	10.4	$	8.1
Exploration and drilling in, around and between MTV's two main orebodies	$	0.7	$	0.5
Total	**$**	**11.1**	**$**	**8.6**

[1] *Proposed Expenditures have been adjusted from the Bought-Deal Financing's use of proceeds to reflect actual fees and costs associated with the Bought-Deal Financing and foreign exchange differences.*

The remaining net proceeds of the Bought-Deal Financing intended to support MTV are currently being retained by TVC which may be used in whole, or in part, to further support MTV in the future, subject to the outcome of the negotiations underway with the Lenders (see Note 28 to the Financial Statements and elsewhere in this document).

FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended				Year ended					
Financial information (in thousands)		**Dec. 31, 2021**		Dec. 31, 2020		**Dec. 31, 2021**		Dec. 31, 2020		Dec. 31, 2019
Revenue	**$**	**10,042**	$	6,003	**$**	**32,915**	$	23,703	$	35,688
Gross loss	**$**	**18,329**	$	1,204	**$**	**21,399**	$	10,750	$	13,376
Net loss from continuing operations	**$**	**31,385**	$	6,920	**$**	**40,792**	$	28,087	$	45,347
Net loss from discontinued operations	**$**	**—**	$	—	**$**	**—**	$	2,241	$	6,855
Net loss for the period	**$**	**31,385**	$	6,920	**$**	**40,792**	$	30,328	$	52,202
Net loss per share attributable to owners of the Company	**$**	**0.38**	$	0.12	**$**	**0.68**	$	0.60	$	1.17
EBITDA from continuing operations[1]	**$**	**(27,731)**	$	(4,137)	**$**	**(26,384)**	$	(16,832)	$	(33,023)
Adjusted EBITDA from continuing operations[2]	**$**	**(4,622)**	$	(658)	**$**	**(4,182)**	$	(5,185)	$	(4,718)
Write-down of inventory, net of reversals	**$**	**14,284**	$	856	**$**	**16,758**	$	4,297	$	4,383
Loss (gain) on portfolio investments	**$**	**—**	$	380	**$**	**(107)**	$	1,674	$	9,936
Impairment of non-current assets	**$**	**9,377**	$	—	**$**	**9,377**	$	7,628	$	13,666
Loss (gain) on modification of debt	**$**	**—**	$	240	**$**	**—**	$	(3,247)	$	—
Cash used in operating activities before working capital changes	**$**	**(7,307)**	$	(2,416)	**$**	**(7,410)**	$	(6,828)	$	(24.902)

[1] *EBITDA represents earnings before interest, income taxes and depreciation. It is a non-IFRS performance measure. Refer to Non-IFRS Performance Measures section of the MD&A for discussion.*

[2] *Adjusted EBITDA is earnings before interest, income taxes, depreciation and amortization and further adjusted to remove the Company's gains and losses on portfolio investments, write-downs and reversals of previous write-downs of inventory, gains on modification of debt, unrealized foreign exchange gains and losses, stock-based compensation and impairment of non-current assets. It is a non-IFRS performance measure. Refer to Non-IFRS Performance Measures section of the MD&A for discussion.*

(in thousands)		As at Dec. 31, 2021		Dec. 31, 2020
Cash and cash equivalents	$	**13,656**	$	11,961
Net debt [1]	$	**60,813**	$	54,289
Working capital (deficiency)[1]	$	**(59,113)**	$	15,127
Total equity attributable to owners of the Company	$	**7,754**	$	26,669
Non-controlling interest	$	**(1,576)**	$	(2,021)

[1] Net debt and working capital (deficiency) are non-IFRS performance measures. Refer to Non-IFRS Performance Measures section of the MD&A for discussion.

The following operating metrics are specific to MTV's operations:

	Three months ended				Year ended			
Operating information		**Dec. 31, 2021**		Dec. 31, 2020		**Dec. 31, 2021**		Dec. 31, 2020
Copper (MTV Operations)								
Total ore mined (thousands of tonnes)		**81**		57		**631**		408
Grade of ore mined (% Cu)		**0.49 %**		1.34 %		**0.54 %**		0.93 %
Total waste mined (thousands of tonnes)		**623**		57		**1,981**		910
Ore Processed (thousands of tonnes)		**160**		100		**840**		574
Cu Production (tonnes)		**1,136**		1,094		**4,209**		4,883
Cu Production (thousands of pounds)		**2,505**		2,411		**9,280**		10,765
Change in inventory ($000s)	**$**	**(13,636)**		677	**$**	**(3,209)**		(3,744)
Cash cost of copper produced [1] (USD per pound)	**$**	**7.03**	$	2.85	**$**	**4.44**	$	2.77
Realized copper price [2] (USD per pound)	**$**	**4.32**	$	3.03	**$**	**3.70**	$	2.58

[1] Cash cost per pound of copper produced includes all costs absorbed into inventory including inventory write-downs less non-cash items such as depreciation and non-site charges such as transportation costs of copper cathodes. It is a non-IFRS performance measure. Refer to Non-IFRS Performance Measures section of the MD&A for discussion.

[2] Realized copper price is a non-IFRS performance measures. Refer to Non-IFRS Performance Measure section of the MD&A for discussion.

The initial construction and development phase of Papomono was completed in January 2022, as previously announced by the Company. Following a temporary delay in the start of block caving operations while attempting to secure the necessary interim financing to fund an orderly ramp-up of production, MTV, with the support of the Lenders and the underground mine contractor, commenced block caving operations in March 2022.

Papomono is expected to ramp up mine production during 2022 and 2023 to ultimately generate underground production in excess of 2,000 tonnes per day while significantly reducing unit-mining costs. Approximately $15 million has been incurred in the initial construction and development phase of Papomono completed in January 2022, in line with the forecasted construction and development costs. A further minimum $21 million of working capital and Papomono sustaining capital expenditures is forecast to be required in 2022.

During the fourth quarter of 2021, cathode production was consistent with production in the third quarter, mainly due to a 93% increase in ore purchased from third-party small miners, coupled with a 9% increase in the average grade of the ore purchased from third-party small miners; and despite a 55% decrease in ore mined, primarily due to Don Gabriel continuing to deliver less ore tonnes at lower grades than forecasted.

Cash cost per pound (see *Non-IFRS Performance Measures* elsewhere in this MD&A) produced increased to $4.44 for the year ended December 31, 2021 compared to $2.77 for the year ended December 31, 2020. The difference in cash cost per pound across the comparative periods was largely driven by significantly higher waste stripping costs and a 14% decrease in copper cathode production in 2021, both primarily due to the continued underperformance of Don Gabriel, which delivered less ore tonnes at lower grades than forecasted. Also contributing to the higher cash cost per pound produced for the year ended December 31, 2021 was a 65% increase in ore purchased from third party miners at higher prices in 2021 and a $7.7 million write-down of mine site inventory in 2021, compared to a $4.9 million write-down of mine site inventory in 2020, due to higher expected processing costs.

Cash cost per pound produced increased to $7.03 for the three months ended December 31, 2021 compared to $2.85 for the three months ended December 31, 2020. The difference in cash cost per pound across the comparative periods was largely driven by significantly higher waste stripping costs in the fourth quarter of 2021, compared to the same period of 2020, primarily due to the continued underperformance of Don Gabriel, which delivered less ore tonnes at lower grades than forecasted, and a 116% increase in ore purchased from third party miners at higher prices in 2021. Also contributing to the higher cash cost per pound produced for the three months ended December 31, 2021 was a $4.1 million write-down of mine site inventory in the fourth quarter of 2021, compared to a $1.1 million write-down of mine site inventory in the same period of 2020, due to higher expected processing costs.

Additional tonnes under irrigation due to the increase in mining activities in 2021 coupled with the higher expected realized copper price as at December 31, 2021 has resulted in an increase in the net realizable value of work in progress inventory as at December 31, 2021.

For the three months ended December 31, 2021, MTV operated, on average, at 38% of its crusher capacity and 25% of cathode capacity of 4,625 tonnes (18,500 tonnes annually), below expectations, mainly due to a waste removal campaign at Don Gabriel, which was expected to open up additional sources of ore to mine at Don Gabriel until the end of 2022, and the continued underperformance of Don Gabriel throughout 2021 as explained above.

Cash Position

Cash and cash equivalents increased to $13.7 million at December 31, 2021 from $12.0 million at December 31, 2020 mainly due to $21.6 million of net proceeds from the issuance of common shares, $6.4 million of net proceeds from loans and borrowings (see Note 11 of the Financial Statements) and $0.4 million of net proceeds from the exercise of warrants, all partially offset by $12.0 million used in operating activities, $10.2 million of disbursed capital expenditures mainly related to the construction and development of Papomono, $2.7 million of interest payments, $0.7 million of lease repayments and a $0.6 million increase of restricted cash.

Capital Expenditures

Total capital expenditures for the year ended December 31, 2021 amounted to $15.3 million of which $14.0 million consisted of Papomono expenditures.

OPERATIONAL SUMMARY

Year Ended December 31, 2021

	Year ended	
	Dec. 31, 2021	Dec. 31, 2020
Tonnes mined - underground operations	**55,548**	28,872
Tonnes mined - open pit operations	**575,548**	379,253
Total ore mined (tonnes)	**631,096**	408,125
Waste mined - open pit operations (tonnes)	**1,980,560**	909,850
Waste to ore mined ratio - open pit operations	**3.44:1**	2.40:1
MTV mine processed ore (tonnes)	**611,998**	415,363
Third-party processed ore (tonnes)	**189,612**	115,195
ENAMI tolling processed ore (tonnes)	**38,526**	43,590
Total processed ore (tonnes)	**840,136**	574,148
Metallurgical recovery - underground material (%)	**72.2 %**	70.2 %
Metallurgical recovery - open pit material (%)	**71.6 %**	74.8 %
Underground average ore grade (Cu%)	**0.85 %**	0.90 %
Open pit average ore grade (Cu%)	**0.51 %**	0.93 %
Copper cathode production (tonnes)	**4,209**	4,883
Copper cathode sales (tonnes)	**4,029**	3,925
Toll processed and copper cathodes returned to ENAMI (tonnes)	**84**	1,026

During the year ended December 31, 2021, mining operations were affected by the continuing underperformance of Don Gabriel, which continued to deliver less ore tonnes at lower grades than forecasted, renewed movement of the paleo-slump, which following unseasonably high rainfalls in August 2021 began creating periodic rock slides onto operating areas of Don Gabriel slowing ore production, shortages of equipment and increased competition for skilled mining operators in Chile. Don Gabriel contributed 67% of ore production during the year ended December 31, 2021 with most of the remainder supplied by third-party miners and ENAMI. Beginning in the first quarter of 2021, the ENAMI tolling contract was converted to an ore purchase contract with similar economics to the Company.

Ore mined in the year ended December 31, 2021 increased compared to the same period in the prior year (631 thousand tonnes in the year ended December 31, 2021 compared to 408 thousand tonnes in the year ended December 31, 2020). The increase in ore mined in the year ended December 31, 2021 compared to 2020 was due to the idling of the Don Gabriel mine at the end of March 2020 due to COVID-19 restrictions and working capital issues, prior to restarting in mid-December 2020. Total waste tonnes mined also increased in the year ended December 31, 2021 compared to the same period in the prior year (2.0 million tonnes for the year ended December 31, 2021 compared to 0.9 million tonnes in the same period of 2020) due to the restart of the Don Gabriel mine in mid-December 2020.

Production for the year ended December 31, 2021 of 4,209 tonnes of copper cathodes was lower than the year ended December 31, 2020 of 4,883 tonnes. The impact on copper cathode production was largely driven by a lower than expected average grade experienced at Don Gabriel in 2021 compared to higher grades experienced at Don Gabriel and the smaller Rajo Norte open pit in 2020; partially offset by a 65% increase in ore purchased from third party miners and a 10% increase in the average grade of the ore purchased from third-party miners, both in 2021.

OPERATIONAL UPDATE

Three Months Ended December 31, 2021

	Three months ended	
	Dec. 31, 2021	Dec. 31, 2020
Tonnes mined - underground operations	**15,790**	560
Tonnes mined - open pit operations	**64,931**	56,714
Total ore mined (tonnes)	**80,721**	57,274
Waste mined - open pit operations (tonnes)	**622,845**	57,082
Waste to ore mined ratio - open pit operations	**9.59:1**	1.01:1
MTV mine processed ore (tonnes)	**80,195**	57,991
Third-party processed ore (tonnes)	**73,253**	33,973
ENAMI tolling processed ore (tonnes)	**6,472**	7,687
Total processed ore (tonnes)	**159,920**	99,651
Metallurgical recovery - underground material (%)	**70.0 %**	71.4 %
Metallurgical recovery - open pit material (%)	**72.7 %**	77.1 %
Underground average ore grade (Cu%)	**0.67 %**	0.81 %
Open pit average ore grade (Cu%)	**0.45 %**	1.35 %
Copper cathode production (tonnes)	**1,136**	1,094
Copper cathode sales (tonnes)	**1,054**	857
Toll processed and copper cathodes returned to ENAMI (tonnes)	**—**	149

During the three months ended December 31, 2021, mining operations were affected by the continuing underperformance of Don Gabriel, movement of the paleo-slump, which created periodic rock slides onto operating areas of Don Gabriel slowing ore production and shortages of equipment. Don Gabriel contributed 40% of ore production during the fourth quarter of 2021 and 50% was supplied by third-party miners and ENAMI.

Construction and development continued at the Papomono underground site with limited ore being extracted during the process. In August 2021, MTV negotiated an extension of the underground contractor's contract to include the remaining development work following the initial construction and development phase of the block caving project. This enabled the contractor to have more success with their recruiting efforts of skilled workers, and as a result, performance improved significantly since August. The contractor achieved over 200 meters of advance for three consecutive months until October 2021, when it reached 220 meters, the best month since commencement of the project. November's advance was impacted by the low availability of certain equipment of the contractor's fleet and during December, the contractor focused on ground support in preparation for the commencement of block caving operations in mid-January 2022. Papomono achieved its goal of being ready to commence block caving operations on January 15, 2022, on schedule with prior forecast announced by the Company.

Ore mined in the three months ended December 31, 2021 increased compared to the same period in the prior year (81 thousand tonnes in the three months ended December 31, 2021 compared to 57 thousand tonnes in the three months ended December 31, 2020). The increase in ore mined in the three months ended December 31, 2021 was driven by the restart of Don Gabriel in mid-December 2020 while only the smaller Rajo Norte open pit continued to operate during the three months ended December 31, 2020. Rajo Norte ceased operations in December 2020. Total waste tonnes mined increased in the three months ended December 31, 2021 compared to the same period in the prior year (623 thousand tonnes for the three months ended December 31, 2021 compared to 57 thousand tonnes in the same period of 2020) due to the restart of Don Gabriel in mid-December 2020, coupled with an expected waste removal phase at Don Gabriel in the three months ended December 31, 2021, as MTV intended to open up additional sources of ore within this deposit, which was initially expected to continue until early 2023. However, the continuing underperformance of Don Gabriel prompted the Company to temporarily suspend operations at Don Gabriel and to place it into care and maintenance in January 2022.

Production for the three months ended December 31, 2021 of 1,136 tonnes of copper cathodes was 4% higher than the three months ended December 31, 2020 of 1,094 tonnes, despite the underperformance in ore tones and average grade experienced at Don Gabriel in 2021. The increase in copper cathode production was mainly due to a 116% increase in ore purchased from third party miners and a 25% increase in the average grade of the ore purchased from third-party miners in 2021.

	Three months ended			
	Mar. 31, 2021	**Jun. 30, 2021**	**Sept. 30, 2021**	**Dec. 31, 2021**
Total ore mined (tonnes)	178,766	194,108	177,501	**80,721**
Waste mined - open pit mine (tonnes)	269,372	349,321	739,026	**622,845**
Copper cathode production (tonnes)	900	1,035	1,138	**1,136**
Operations capacity	53 %	54 %	55 %	**38 %**

The Company, on average, operated at approximately 38% of its crusher capacity and 25% of cathode capacity of 4,625 tonnes (18,500 tonnes annually) in the fourth quarter of 2021. It is expected that as the Company increases production during the second half of 2022, its capacity utilization will increase thereby lowering unit costs across the operation.

LIQUIDITY AND CAPITAL RESOURCES

Cash

At December 31, 2021, the Company held cash and cash equivalents of $13.7 million and cash and cash equivalents of approximately $8.2 million as at the date hereof, the majority of which is segregated at the public company, separate from MTV. Cash and cash equivalents are primarily comprised of cash in deposit accounts held with reputable financial institutions. The funds are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Cash and cash equivalents increased by $1.7 million in the year ended December 31, 2021, primarily as a result of $21.6 million of net proceeds from the issuance of common shares, $6.4 million of net proceeds from loans and borrowings (see Note 11 of the Financial Statements) and $0.4 million of net proceeds from the exercise of warrants, all partially offset by $12.0 million used in operating activities, $10.2 million of disbursed capital expenditures mainly related to the construction and development of Papomono, $2.7 million of interest payments, $0.7 million of lease repayments and a $0.6 million increase of restricted cash.

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 $8.4 million. Each Offering Unit consisted of one Common Share in the capital of the Company and one Common Share purchase warrant (an “**Offering Warrant**”). Each Offering Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD$0.70 until October 16, 2022.

Pursuant to the terms of the Offering, 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 Offering Units, which was allocated between the fair values of the Common Shares and the Offering Warrants.

On November 25, 2021, the Company issued a total of 56,681,000 Units and 819,000 Additional Warrants pursuant to the Bought-Deal Financing at an offering price of CAD$0.32 per Unit for net proceeds of $13.2 million. Each Unit consists of one Common Share in the capital of the Company and one Warrant. Each Additional Warrant and each Warrant is exercisable into one Common Share of the Company at an exercise price of CAD$0.45 until May 25, 2024.

Pursuant to the terms of the Bought-Deal Financing, the Company issued 3,400,860 Compensation Warrants. Each Compensation Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD$0.32 until May 25, 2024.

The Company incurred $1.6 million in costs directly attributable to the issuance of the Units, which was allocated between the fair values of the Common Shares and the Warrants.

Working Capital

At December 31, 2021, the Company had a consolidated working capital deficiency of $59.1 million. Included in this working capital deficiency is cash of $13.7 million, restricted cash of $0.6 million, trade and other receivables of $1.7 million, current inventories of $16.7 million, prepaids and other current assets of $1.5 million, and portfolio investments of $2.1 million. Liabilities included in the working capital deficiency include accounts payable and accrued liabilities of $18.2 million, deferred revenue of $2.9 million and MTV's current portion of loans and borrowings of $74.3 million. Excluding the MTV Segment, the Company had working capital of $7.3 million as at December 31, 2021. On November 22, 2021, the Company executed the Undertaking with the Lenders to amend the repayment terms of the loan payments due in the first nine months of 2022 (see Note 11 of the Financial Statements and elsewhere in this MD&A).

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

Capital Resources and Going Concern

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

In order to facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the Board. The Company continuously monitors its capital structure and, based on changes in operations and economic conditions, may adjust such structure by issuing new Common Shares or new debt as necessary.

The Company's capital structure is represented by its issued equity and the long-term debt at MTV. At December 31, 2021, the Company's consolidated long-term debt was $0.2 million, however, at December 31, 2021, $53.9 million of long-term debt was reclassified to current liabilities (see Note 2 to the Financial Statements and elsewhere in this document). The Company's book value at December 31, 2021 was $6.2 million. The Company is substantially leveraged through the debt at MTV.

The Amended Facility contains various operating and financial covenants. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the Amended Facility. As at 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 position of MTV and the occurrence of events of default after December 31, 2021, the total outstanding amount of the Amended Facility has been classified as a current liability effective December 31, 2021 (see Notes 2, 28 of the Financial Statements). In addition, the amounts due to the Unsecured Lenders under the JRA have been classified as a current liability effective December 31, 2021.

On November 22, 2021, the Company and its subsidiaries executed the Undertaking with the Lenders to execute a binding agreement to amend the loan repayment terms of the Amended Facility on or prior to September 30, 2022. Under the terms of the Undertaking the Lenders have agreed not to accelerate or enforce their rights or remedies under the Amended Facility should MTV fail to (i) make scheduled loan repayments on March 31, 2022, June 30, 2022 and September 30, 2022 and/or (ii) replenish the operating reserve account to reestablish the minimum reserve as required under the Amended Facility. The forbearance period per the Undertaking is from November 22, 2021 to October 1, 2022. The Undertaking also requires the Company to invest CAD$16.0 million, net of all fees and costs associated with the Bought-Deal Financing, into MTV prior to April 30, 2022. Should the Company fail to make this investment, the Lenders will cease to be bound by the terms of the Undertaking. The Company has also agreed to not use any of the net proceeds of the Bought-Deal Financing to repay loans under the Amended Facility. As of the date hereof, the Company does not expect to fulfill its April 30, 2022 obligation under the Undertaking.

The Company has incurred significant operating losses and negative cash flows from operations in recent years and has an accumulated deficit of $288.6 million as at December 31, 2021. It has a consolidated working capital deficit of $59.1 million at December 31, 2021 and in excess of a $60 million working capital deficit as at the date hereof. 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 Lenders, together with the Company, expressed their intention to provide $11 million of super senior secured funds to MTV, the approvals for and terms of which are being finalized. If approvals from the respective parties are not obtained and funding not provided, it is expected that MTV will not have sufficient funds to operate through May 2022. This could force a liquidation event of MTV. The public company, TVC, is expected to continue as a going concern even if a liquidation event occurs at MTV. To date, neither approvals nor any of the $11 million has been received by MTV. In addition to the $11 million super senior secured funds, the Company estimates that MTV will require at least an additional $10 million of capital during 2022.

This MD&A and the accompanying Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to achieve profitable operations or to obtain adequate financing and continue as a going concern. These adjustments would likely be material.

MTV currently operates in a high-cost environment as it expands production. Working capital stresses at MTV are expected to continue, as a result of the continuing underperformance of Don Gabriel, which was placed into care and maintenance in January 2022. Additional sources of capital will be required, in addition to the $11 million of super senior secured funds the Company is currently negotiating with the Lenders (see Note 28 to the Financial Statements and elsewhere in this MD&A), to execute MTV's planned operations. Such financing will depend on a number of unpredictable factors, which are often beyond the control of the Company and MTV. Raising capital may be adversely impacted by, amongst other factors: (i) a lack of normally available financing, (ii) volatile market conditions, (iii) extended and unforeseen issues resulting from the current COVID-19 pandemic, (iv) uncertain water supply in Chile, (v) geopolitical issues in Chile and (vi) engineering, production, geological and environmental risks. To address its financing requirements, the Company may seek financing through joint venture agreements, debt and equity financings, asset sales, rights offerings to existing shareholders or restructuring MTV's debt and payment terms with critical suppliers. The outcome of these matters cannot be predicted at this time and there can be no assurance that capital will be available to the Company or MTV in the amount required at any particular time or for any particular period, or, if available, that such financing can be obtained on satisfactory terms. The Company and MTV are exposed to liquidity risk.

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

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

OPERATING SEGMENTS

The Company has two reportable segments. MTV is the Company's principal operating business. Corporate includes the Canadian publicly traded corporation which holds legacy 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 December 31, 2021	**MTV**	**Corporate**	**Total**
Total assets	$ 99,798	$ 8,174	**$ 107,972**
Total liabilities	$ 100,954	$ 840	**$ 101,794**

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

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) expense, 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**

Year Ended December 31, 2020		MTV	Corporate	Total
Revenue	$	23,703 $	— $	**23,703**
Cost of sales		(34,453)	—	**(34,453)**
Gross loss		10,750	—	**10,750**
Expenses				
General and administrative expenses		2,151	2,085	**4,236**
Loss on portfolio investments		—	1,674	**1,674**
Finance expenses, net		6,461	—	**6,461**
Other income, net		(737)	(1,925)	**(2,662)**
Impairment of non-current assets		7,628	—	**7,628**
Net loss from continuing operations		26,253	1,834	**28,087**
Net loss from discontinued operations		—	2,241	**2,241**
Net loss for the year	$	26,253 $	4,075 $	**30,328**

Three Months Ended December 31, 2021		MTV	Corporate		Total
Revenue	$	10,042		$	**10,042**
Cost of sales		(28,371)			**(28,371)**
Gross loss		18,329	—		**18,329**
Expenses					
General and administrative expenses		400	919		**1,319**
General exploration and evaluation expense		731	—		**731**
Finance expenses, net		2,479	—		**2,479**
Other income, net		(850)	—		**(850)**
Impairment of non-current assets		9,377	—		**9,377**
Net loss for the period	$	30,466	$ 919	$	**31,385**

Three Months Ended December 31, 2020		MTV	Corporate		Total
Revenue	$	6,003	$ —	$	**6,003**
Cost of sales		(7,207)	—		**(7,207)**
Gross loss		1,204	—		**1,204**
Expenses					
General and administrative expenses		474	519		**993**
Loss on portfolio investments		—	380		**380**
Finance expenses		1,977	—		**1,977**
Other loss (income)		3,973	(1,607)		**2,366**
Net loss (income) for the period	$	7,628	$ (708)	$	**6,920**

For the year ended December 31, 2021, 99.8% of the revenues ($32.8 million) was from one customer. For the year ended December 31, 2020, 91% of the revenues ($21.5 million) was from one customer. As at December 31, 2021, there was $nil (December 31, 2020: $0.2 million) outstanding in trade and other receivables from this customer.

FINANCIAL UPDATE

Year Ended December 31, 2021

	Year ended	
(in thousands)	**Dec. 31, 2021**	Dec. 31, 2020
Revenue	**$ 32,915**	$ 23,703
Cost of sales	**(54,314)**	(34,453)
Gross loss	**$ 21,399**	$ 10,750

Revenue

During the year ended December 31, 2021, the Company recognized revenues of $32.9 million (year ended December 31, 2020: $23.7 million) which included revenue from the sale of 4,029 tonnes of copper cathodes (year ended December 31, 2020: 3,925 tonnes of copper cathodes) and revenues from tolling services of $0.1 million (year ended December 31, 2020: $1.4 million). Revenues were based on an average realized copper price of $3.70 per pound (year ended December 31, 2020: $2.58 per pound). In accordance with the Offtake, MTV sold 40% of its copper cathode production at $2.89 per pound for the year ended December 31, 2021. 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 per pound however the Company is in negotiations with the Lenders to modify or eliminate this as part of the overall debt negotiations (see *Outlook* elsewhere in this MD&A).

Cost of sales

Cost of sales represent direct mining and plant costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. Cost of sales increased in the year ended December 31, 2021 compared to the same period of 2020, mainly due to higher operating costs as a result of the underperformance of Don Gabriel, which delivered less ore tonnes at lower grades than forecasted throughout 2021, a 65% increase in ore purchased from third party miners at higher prices in 2021, and as noted below, the higher write-down of inventory in the year ended December 31, 2021.

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

During 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.

General and administrative expenses

	Year ended	
	Dec. 31, 2021	Dec. 31, 2020
Salaries and contracted services	**$ 2,298**	$ 1,718
Management fees	**—**	146
Public company reporting costs	**1,061**	756
Other office expenses	**1,150**	1,616
General and administrative expenses	**$ 4,509**	$ 4,236

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

Salaries and contracted services

Salaries and contracted services include non-mine site related salaries and contracted services at MTV and similar costs in the Corporate Segment (see the sections *Commitments* and *Operating Segments* elsewhere in this MD&A). The increase in salaries and contracted services for the year ended December 31, 2021, compared with the year ended December 31, 2020, was primarily due to the Company's hiring of a new CFO to replace the former CFO who was promoted to the vacant CEO position.

Public company reporting costs

Public company reporting costs include those items specific to being a reporting issuer listed on a recognized exchange. Total public company reporting costs for the year ended December 31, 2021 are higher compared to the year ended December 31, 2020 primarily as a result of increased marketing and insurance expenses, partially offset by a decrease in stock-based compensation in 2021.

Other office expenses

The Company's other office expenses decreased for the year ended December 31, 2021, compared with the year ended December 31, 2020 mainly due to a municipal business license refund received by a Chilean subsidiary and the Company's recognition of retroactive tax credits from the Government of Canada that were previously not available to the Company.

Finance expenses, net

	Year ended	
	Dec. 31, 2021	Dec. 31, 2020
Finance expenses, net	**$ 9,306**	$ 6,461

Finance expenses primarily consist of interest on loans and the interest accretion on the decommissioning liability. Under the terms of the JRA, only a portion of interest is payable and the remainder is capitalized until March 31, 2022. Of the finance expenses of $9.3 million, amounts paid as cash for the year ended December 31, 2021 totaled $2.7 million (year ended December 31, 2020 - $2.1 million). The increase in finance expense is largely due to the higher average outstanding balance of loans and borrowings for the year ended December 31, 2021 ($70.4 million) compared to the year ended December 31, 2020 ($55.1 million).

Other income, net

	Year ended	
(in thousands)	**Dec. 31, 2021**	Dec. 31, 2020
Gain on modification of debt	**$ —**	$ 3,247
Other income	**23**	339
Foreign currency translation gain (loss)	**4,400**	(924)
Other income, net	**$ 4,423**	$ 2,662

Gain on modification of debt

The conversion of the accounts payable of MTV to long-term debt ("**Unsecured Debt**") as a result of the JRA, was accounted for as debt modification and a non-cash gain of $3.2 million was recorded during the year ended December 31, 2020. The amount was determined by calculating the difference between the carrying value of the accounts payable and accrued liabilities subject to the JRA on August 24, 2020, and the net present value of the future cash outflows associated with the Unsecured Debt using the new contracted payment terms under the JRA discounted using a discount rate between 13% and 14%.

Foreign currency translation gain (loss)

During the year ended December 31, 2021, the $4.4 million foreign currency gain was generated by the strengthening of the US dollar of approximately 20% compared to the Chilean peso and approximately 0.4% compared to the Canadian dollar.

During the year ended December 31, 2020, a $0.9 million foreign currency loss was generated by the weakening of the US dollar of approximately 4% compared to the Chilean peso and 2% compared to the Canadian dollar.

Impairment of non-current assets

During the year ended December 31, 2021, the Company recognized an impairment charge of $9.4 million, which was recorded as a reduction in the carrying value of MTV's mineral properties, plant and equipment assets on a proportional basis. During the year ended December 31, 2020, the Company recognized an impairment charge of mineral properties, plant and equipment of $7.6 million (see the section *Impairment of MTV CGU* elsewhere in this MD&A).

Income taxes

The Company did not report any current income taxes for the year ended December 31, 2021 or for the year ended December 31, 2020.

As at December 31, 2021 and December 31, 2020, management determined that the Company did not meet the criteria as set out in International Accounting Standard 12: *Income Taxes* to recognize a deferred tax asset.

The Company, and specifically MTV, have sizable non-capital losses that are available to be applied against taxable income of future years. Upon the successful execution of MTV's mine expansion, it is expected that taxable income will begin to be generated at MTV to utilize its tax loss carryforwards.

	As at	
	Dec. 31, 2021	**Dec. 31, 2020**
Canadian tax losses expiring 2036 - 2039	**$ 5,290**	$ 6,601
Chilean tax losses	**359,942**	362,363
Provision	**24,457**	5,095
Share issue costs and other	**13,488**	8,165
Capital losses	**84,486**	62,777
Portfolio investments	**49,807**	49,786
Unrecognized deductible temporary differences	**$ 537,470**	$ 494,787

Net loss and comprehensive loss

For the year ended December 31, 2021, the Company reported a net loss attributable to shareholders of $37.4 million and comprehensive loss attributable to shareholders of $37.2 million compared to a net loss attributable to shareholders of $20.1 million and comprehensive loss attributable to shareholders of $20.6 million reported for the year ended December 31, 2020. The components of these amounts are discussed in the explanations provided above.

Three Months Ended December 31, 2021

	Three months ended	
(in thousands)	**Dec. 31, 2021**	Dec. 31, 2020
Revenue	**$ 10,042**	$ 6,003
Cost of sales	**(28,371)**	(7,207)
Gross loss	**$ 18,329**	$ 1,204

Revenue

During the three months ended December 31, 2021, the Company recognized revenues of $10.0 million (three months ended December 31, 2020: $6.0 million) which included revenue from the sale of 1,054 tonnes of copper cathodes (three months ended December 31, 2020: 857 tonnes of copper cathodes) and revenues from tolling services of $nil (three months ended December 31, 2020: $0.3 million). Revenues were based on an average realized copper price of $4.32 per pound in the three months ended December 31, 2021 (three months ended December 31, 2020: $3.03 per pound).

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 are deferred until May 1, 2022 and all sales of copper cathodes commencing August 1, 2021 until April 30, 2022 will be sold at the prevailing spot price for copper cathode, less a nominal amount. The remaining 12 months of contracted delivery amounts of the fixed price portion of the contract will resume on May 1, 2022 at the previous agreed fixed price of $2.89 per pound, however, the Company is in negotiations with the Lenders to modify or eliminate this as part of the overall debt negotiations (see *Outlook* elsewhere in this MD&A). During the fourth quarter of

2021, 100% of copper cathodes produced by MTV was sold at the prevailing spot price for copper cathode, less a nominal amount, as a result of the amendment to the Offtake.

Cost of sales

Cost of sales represent direct mining and plant costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. Cost of sales increased in the three months ended December 31, 2021, compared to the same quarter of 2020, mainly due to a $14.3 million write-down of inventory recognized as an increase to cost of sales (three months ended December 31, 2020: $0.9 million), more tonnes of copper cathodes sold, higher operating costs resulting from the underperformance of Don Gabriel, which delivered less ore tonnes at lower grades than forecasted, and a 116% increase in ore purchased from third party miners at higher prices.

General and administrative expenses

	Three months ended	
	Dec. 31, 2021	Dec. 31, 2020
Salaries and contracted services	**$ 956**	$ 511
Management fees	**—**	—
Public company reporting costs	**237**	109
Other office expenses	**126**	373
General and administrative expenses	**$ 1,319**	$ 993

G&A include salaries and contracted services, public company reporting costs and other office expenses.

Salaries and contracted services

Salaries and contracted services include non-mine site related salaries and contracted services at MTV and similar costs in the Corporate Segment (see the sections *Commitments* and *Operating Segments* elsewhere in this MD&A). The increase in salaries and contracted services for the three months ended December 31, 2021, compared with the three months ended December 31, 2020, was primarily due to the Company's hiring of a new CFO to replace the former CFO who was promoted to the vacant CEO position.

Public company reporting costs

Public company reporting costs include those items specific to being a reporting issuer listed on a recognized exchange. Total public company reporting costs for the three months ended December 31, 2021 are higher compared to the three months ended December 31, 2020 primarily as a result of costs related to the increased marketing in 2021.

Other office expenses

The Company's other office expenses decreased for the year ended December 31, 2021, compared with the year ended December 31, 2020, primarily due to a municipal business license refund received by a Chilean subsidiary.

Finance expenses, net

	Three months ended	
	Dec. 31, 2021	Dec. 31, 2020
Finance expenses, net	**$ 2,479**	$ 1,977

Finance expenses primarily consist of interest on loans and the interest accretion on the decommissioning liability. The increase in finance expense is largely due to the higher average outstanding balance of the long-term debt for the three months ended December 31, 2021 ($74.2 million) compared to the three months ended December 31, 2020 ($65.2 million).

Other income, net

	Three months ended	
	Dec. 31, 2021	Dec. 31, 2020
Loss on modification of debt	**$ —**	$ (240)
Other income	**7**	12
Foreign currency translation gain (loss)	**843**	(2,138)
Other income, net	**$ 850**	$ (2,366)

Foreign currency translation gain (loss)

During the three months ended December 31, 2021, the $0.8 million foreign currency gain was generated by the strengthening of the US dollar of approximately 6% compared to the Chilean peso and weakening of the US dollar of approximately 0.5% compared to the Canadian dollar.

During the three months ended December 31, 2020, a $2.1 million foreign currency loss was generated by the weakening of the US dollar of approximately 9% compared to the Chilean peso and 5% compared to the Canadian dollar.

Loss on modification of debt

The amendment of the Facility was accounted for as a debt modification and a non-cash loss of $0.2 million was recorded during the three months ended December 31, 2020.

Impairment of non-current assets

During the three months ended December 31, 2021, the Company recognized an impairment charge of $9.4 million, which was recorded as a reduction in the carrying value of MTV's mineral properties, plant and equipment assets on a proportional basis. There was no impairment charge during the three months ended December 31, 2020 (see the section *Impairment of MTV CGU* elsewhere in this MD&A).

Income taxes

The Company did not report any current income taxes for the three months ended December 31, 2021 or for the three months ended December 31, 2020.

As at December 31, 2021 and December 31, 2020, management determined that the Company did not meet the criteria as set out in International Accounting Standard 12: *Income Taxes* to recognize a deferred tax asset.

Net loss and comprehensive loss

For the three months ended December 31, 2021, the Company reported a net loss attributable to shareholders of $29.8 million and comprehensive loss attributable to shareholders of $29.9 million compared to a net loss attributable to shareholders of $3.9 million and comprehensive loss attributable to shareholders of $3.3 million reported for the three months ended December 31, 2020. The components of these amounts are discussed in the explanations provided above.

IMPAIRMENT OF MTV CASH GENERATING UNIT ("CGU")

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 (refer to Note 28 of the Financial Statements). 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:

- a +/- 8% change on the long-term price for copper has an impact of approximately $11.2 million
- a +/- 0.5% change in the discount rate has an impact of approximately $1.0 million
- a +/- 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.

SUMMARY OF QUARTERLY RESULTS

The following table contains selected quarterly financial information derived from the Company's financial statements and should be read in conjunction with the consolidated condensed quarterly financial statements reported under IFRS applicable to interim financial reporting.

	2021				2020			
(in thousands, except per share amounts)	**Dec**	Sept	Jun	Mar	Dec	Sept	Jun	Mar
Revenue	**$ 10,042**	$ 8,362	$ 7,511	$ 7,000	$ 6,003	$ 5,610	$ 4,943	$ 7,147
Gross loss (profit)	**$ 18,329**	$ 881	$ 4,330	$ (2,141)	$ 1,204	$ 552	$ 2,012	$ 6,982
(Gain) loss on portfolio investments	**$ —**	$ —	$ —	$ (107)	$ 380	$ —	$ (1,038)	$ 2,332
Net loss from continuing operations	**$ 31,385**	$ 1,474	$ 7,278	$ 655	$ 6,920	$ 335	$ 5,256	$ 15,576
Net loss for the period	**$ 31,385**	$ 1,474	$ 7,278	$ 655	$ 6,920	$ 335	$ 5,256	$ 17,817
Other comprehensive loss (income)	**$ 99**	$ 131	$ (372)	$ (62)	$ (606)	$ (405)	$ (116)	$ 1,762
Basic and fully diluted loss per share from continuing operations	**$ 0.40**	$ 0.03	$ 0.14	$ 0.02	$ 0.21	$ 0.01	$ 0.16	$ 0.46
Basic and fully diluted net loss per share	**$ 0.40**	$ 0.03	$ 0.14	$ 0.02	$ 0.21	$ 0.01	$ 0.16	$ 0.53

The Company is not impacted materially by seasonality.

FINANCING ACTIVITIES BY THE COMPANY

It has been the Company's policy to have the capital available and/or continue to obtain the necessary capital to support its long-term business strategy. This will depend on its ability to obtain additional equity financing and to guarantee operational cash flow from its commercial copper production revenues. In certain circumstances, the Company will provide loans or guarantees to its operating businesses in which it has significant ownership to further their respective business plans.

During the year ended December 31, 2021, the Company completed the Offering and Bought-Deal Financing for aggregate net proceeds of $21.6 million. The Company through its indirectly held subsidiary (SRH Chile SpA), also subscribed for additional common shares of MTV for approximately $6.8 million, $1.0 million and $8.6 million, effective June 3, 2021, August 16, 2021 and December 2, 2021, respectively. The Minority Shareholder did not participate pro-rata in MTV's equity issuances, resulting in the Company's indirect holding of MTV increasing from 70% to 95.1%.

During September 2021, MTV 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%.

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

EQUITY DATA

Authorized capital:

Common shares, no par value, unlimited shares.

Issued and outstanding:

The Company had 112,452,954 common shares issued and outstanding as at April 28, 2022.

	Common shares (#)		Amount
Balance - December 31, 2020	**34,083,005**	**$**	**303,990**
Shares issued on Offering, net of issue costs	20,930,000		7,708
Shares issued on Bought-Deal Financing, net of issue costs	56,681,000		9,581
Exercise of warrants	758,937		508
Balance - December 31, 2021	**112,452,942**	**$**	**321,787**
Exercise of warrants	12		—
Balance - April 28, 2022	**112,452,954**	**$**	**321,787**

On April 16, 2021, the Company completed the Offering and issued a total of 20,930,000 Offering Units at CAD$0.55 per Unit on a bought deal basis for net proceeds of $8.4 million. Each Offering Unit consisted of one Common Share in the capital of the Company and one Offering Warrant. Each Offering Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD$0.70 until October 16, 2022.

Pursuant to the terms of the Offering, the Company issued 1,255,800 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.

On November 25, 2021, the Company issued a total of 56,681,000 Units and 819,000 Additional Warrants pursuant to the Bought-Deal Financing at an offering price of CAD$0.32 per Unit for net proceeds of $13.2 million. Each Unit consists of one Common Share in the capital of the Company and one Warrant. Each Additional Warrant and each Warrant is exercisable into one Common Share of the Company at an exercise price of CAD$0.45 until May 25, 2024.

Pursuant to the terms of the Bought-Deal Financing, the Company issued 3,400,860 Compensation Warrants. Each Compensation Warrant entitles the holder thereof to purchase one Common Share at an exercise price of CAD$0.32 until May 25, 2024.

Outstanding warrants:

The Company had 82,328,760 common share purchase warrants outstanding as at April 28, 2022.

	Warrants(#)		Amount
Balance - December 31, 2020	**201,138,300**	**$**	**6,026**
Warrants issued on the Offering, net of issue cost	20,930,000		605
Warrants and Additional Warrants issued on the Bought-Deal Financing, net of issue cost	57,500,000		3,240
Broker Warrants issued to underwriters on the Offering	1,255,800		80
Compensation Warrants issued to underwriters on the Bought-Deal Financing	3,400,860		382
Exercise of warrants	(778,640)		(32)
Balance - December 31, 2021	**283,446,320**	**$**	**10,301**
Expiry of warrants	(201,117,320)		(6,026)
Exercise of warrants	(240)		—
Balance - April 28, 2022	**82,328,760**	**$**	**4,275**

Common share purchase warrants 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. During the year ended December 31, 2021, 20,740 of these common share purchase warrants were exercised. On February 9, 2022, these common share purchase warrants expired and were delisted from the TSXV.

Offering Warrants totaling 20,930,000 entitle the holders thereof to purchase one common share at an exercise price of CAD$0.70 until October 16, 2022. During the year ended December 31, 2021, 550,000 of these common share purchase warrants were exercised.

Broker Warrants totaling 1,255,800 were issued to the Offering underwriters. 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 the year ended December 31, 2021, 207,900 of these Offering Broker Warrants were exercised.

Warrants and Additional Warrants totaling 57,500,000 entitle the holders thereof to purchase one common share at a price of CAD$0.45 until May 25, 2024. Neither Warrants nor Additional Warrants were exercised during the year ended December 31, 2021.

Compensation Warrants totaling 3,400,860 were issued to the underwriters of the Bought-Deal Financing. Each Compensation Warrant entitles the holder to purchase one common share at an exercise price of CAD$0.32 until May 25, 2024. No Compensation Warrants were exercised during the year ended December 31, 2021.

Outstanding stock options:

The number of stock options outstanding as at December 31, 2021 and April 28, 2022 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 December 31, 2021 was 2.4 million (December 31, 2020: 2.4 million). 2.4 million stock options expire on August 12, 2030 and 0.1 million stock options expire on March 3, 2031.

Outstanding Deferred stock units ("DSU") and Restricted stock units ("RSU"):

The number of DSUs outstanding as at December 31, 2021 and April 28, 2022 was 411 thousand and 919 thousand, respectively (December 31, 2020: 12 thousand). The number of RSUs outstanding as at December 31, 2021 and April 28, 2022 was 155 thousand and 481 thousand, respectively (December 31, 2020: nil). The DSUs vested immediately upon grant, the RSUs granted in 2021 will vest on January 1, 2023 and the RSUs granted in 2022 will vest on January 1, 2024. During the year ended December 31, 2021, the total fair value of DSUs and RSUs granted during the year was $132 thousand (2020 - $nil) and had a weighted average grant-date fair value of CAD$0.31 (2020 - CAD$0.96).

CONTINGENCIES AND COMMITMENTS

In the normal course of business, the Company is aware of certain claims and potential claims. The outcome of these claims and potential claims is not determinable at this time, although the Company does not believe these claims and potential claims will have a material adverse effect on the Company's results of operations or financial position.

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

	1 year	1 - 3 years	More than 3 years	Total
Accounts payable and accrued liabilities	$ 18,632	$ 71	$ —	$ 18,703
Amended Facility	55,193	—	—	55,193
Unsecured debt under the JRA	23,481	—	—	23,481
Leases	185	109	271	565
Term Loan	292	—	—	292
Other liabilities	686	616	1,566	2,868
Reclamation and other closure provisions	—	—	4,959	4,959
As at December 31, 2021	**$ 98,469**	**$ 796**	**$ 6,796**	**$ 106,061**

As of December 31, 2021, remaining commitments to purchase (i) property, plant and equipment amounted to $0.9 million primarily for the construction and development of Papomono and (ii) mining operating supplies amounted to $0.6 million.

During the year ended December 31, 2021, the Company increased its ownership of MTV from 70% to 95.1% following its equity contributions of approximately $6.8 million, $1.0 million and $8.6 million on June 3, 2021, August 16, 2021 and December 2, 2021, respectively. This dilution resulted in a change to the non-controlling interest and a related charge to deficit amounting to $3.9 million in total.

Subsequent to TVC's equity contribution to MTV on June 3, 2021, 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 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 its Financial Statements. It is expected that the ICC arbitration will be completed in late 2022 and the Company will continue to monitor the arbitration proceedings.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments by management represent an integral component of the Financial Statements prepared in conformity with IFRS. The estimates made in the Financial Statements reflect management's judgments based on past experiences, present conditions and expectations of future events. Where estimates were made, the reported amounts for assets, liabilities, revenues and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time the Financial Statements were prepared. Other than explained below, please refer to Note 3 of the Financial Statements for details on critical accounting estimates.

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. No estimates or assumptions in the Company's Financial Statements have been affected by COVID-19.

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 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.

For the year ended December 31, 2021, the Company recognized an impairment charge of mineral properties, plant and equipment of $9.4 million related to the MTV CGU (December 31, 2020: $7.6 million).

NON-IFRS PERFORMANCE MEASURES

This document includes certain non-IFRS performance measures that do not have a standardized meaning prescribed by IFRS. These measures may differ from those used by, and may not be comparable to such measures as reported by, other issuers. The Company believes that these measures are commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. These measures have been derived from the Financial Statements and applied on a consistent basis. The following tables provide a reconciliation of these non-IFRS measures to the most directly comparable IFRS measure.

The following non-IFRS performance measures are for the year ended December 31, 2021 and 2020.

C1 Cash costs per pound produced

C1 Cash costs of production include all costs absorbed into inventory less non-cash items such as depreciation and non-site charges such as transportation costs of copper cathodes. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as costs of sales, certain investors use this information to evaluate the Company's performance and ability to generate operating income and cash flow from its mining operations. Management uses this metric as an important tool to monitor site operating costs. Site cash costs per pound produced are calculated by dividing the aggregate cash costs of production by copper pounds produced. These measures are calculated on a consistent basis for the periods presented.

	Three months ended		Year ended	
	Dec. 31, 2021	Dec. 31, 2020	**Dec. 31, 2021**	Dec. 31, 2020
Cost of Sales[1]	**$ 28,371**	$ 7,207	**$ 54,314**	$ 34,453
Depreciation	**(1,175)**	(806)	**(5,102)**	(4,794)
Write-down of non-current portion of inventory	**(9,196)**	—	**(9,196)**	—
Non-site inventory (write-down) reversal	**(1,021)**	108	**107**	635
Net change in copper cathodes inventory	**738**	425	**1,488**	(107)
Transportation costs	**(114)**	(71)	**(397)**	(382)
C1 Cash costs of production	**17,603**	6,863	**41,214**	29,805
Pounds of copper produced (thousands)	**2,505**	2,411	**9,280**	10,765
Cash cost of copper produced (USD per pound)	**$ 7.03**	**$ 2.85**	**$ 4.44**	**$ 2.77**

1 *Includes write-down of inventory of $14.3 million for the three months ended December 31, 2021 and $16.8 million for the year ended December 31, 2021.*

Realized copper price

Realized copper price is calculated as total revenue from sale of copper cathodes divided by pounds of copper cathodes sold. The Company believes that measuring realized copper price enables investors to better understand performance in the current and prior periods.

	Three months ended		Year ended	
	Dec. 31, 2021	Dec. 31, 2020	**Dec. 31, 2021**	Dec. 31, 2020
Revenue from copper cathodes	**$ 10,042**	$ 5,732	**$ 32,857**	$ 22,352
Pounds of copper sold (thousands)	**2,324**	1,889	**8,884**	8,649
Average realized copper price (USD per pound)	**$ 4.32**	$ 3.03	**$ 3.70**	$ 2.58

MTV contracted to sell a fixed amount of copper cathode representing 40% of its expected copper cathode production at $2.89 per pound from August 2020 to July 2022. The volume of monthly copper cathode contracted to sell at $2.89 per pound was set in July 2020 based on expected production from August 2020 to July 2022 with 3,382 tonnes remaining as at December 31, 2021. In the event that monthly 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 monthly copper cathode production is below the expected volume, greater than 40% of copper produced in that month will be sold at $2.89 per pound.

Effective August 1, 2021, the remaining 40% fixed price component of the Offtake has been deferred for nine months until May 1, 2022 (see *Outlook* elsewhere in this MD&A), however, the Company is in negotiations with the Lenders to modify or eliminate this as part of the overall debt negotiations. During the fourth quarter of 2021, 100% of copper cathodes produced by MTV was sold at the prevailing spot price for copper cathode, less a nominal amount, as a result of the amendment to the Offtake.

Net Debt

Net debt is determined based on cash and cash equivalents and loans and borrowings as presented in the Company's Financial Statements. The Company uses net debt as a measure of the Company's ability to pay down its debt and believes that in addition to conventional performance measures prepared in accordance with IFRS, net debt is a useful indicator to some investors to evaluate the Company's financial position. The following table provides a calculation of net debt based on amounts presented in the Financial Statements as at December 31, 2021 and December 31, 2020.

		As at	
		Dec. 31, 2021	Dec. 31, 2020
Current portion of loans and borrowings	**$**	**74,251** $	627
Loans and borrowings		**218**	65,623
Less: cash and cash equivalents		**(13,656)**	(11,961)
Net debt	**$**	**60,813** $	54,289

Working Capital

Working capital is determined based on current assets and current liabilities as reported in the Financial Statements. The Company uses working capital as a measure of the Company's short-term financial health and operating efficiency. The Company believes that, in addition to conventional performance measures prepared in accordance with IFRS, working capital is a useful indicator to some investors to evaluate the Company's financial position. The following table provides a calculation of working capital based on amounts presented in the Financial Statements as at December 31, 2021 and December 31, 2020.

		As at	
		Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	**$**	**13,656** $	11,961
Restricted cash		**556**	—
Trade and other receivables		**1,705**	1,020
Inventories		**16,739**	8,426
Prepaids and other current assets		**1,528**	3,647
Portfolio investments		**2,101**	2,145
Current assets		**36,285**	27,199
Current liabilities		**95,398**	12,072
Working capital (deficit)[1]	**$**	**(59,113)** $	15,127

[1] *Working capital for the Corporate segment is $7.3 million and for the MTV segment there is a working capital deficit of $66.4 million.*

EBITDA and Adjusted EBITDA

EBITDA represents earnings before interest, income taxes and depreciation. Adjusted EBITDA includes further adjustments for non-recurring items and items not indicative to the operating performance of the Company. The Company uses adjusted EBITDA as a more appropriate supplemental measure of debt service capacity and performance of its operations. Adjusted EBITDA is calculated by removing the write-downs and reversals of previous write-downs of inventory, gains and losses on portfolio investments, impairment of non-current assets, gains on modification of debt, stock-based compensation and unrealized foreign exchange gains and losses. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use these measures to evaluate the operating performance of the Company. Presenting these measures from period to period helps identify and evaluate earnings trends more readily in comparison with results from prior periods.

		Three months ended		Year ended	
		Dec. 31, 2021	Dec. 31, 2020	**Dec. 31, 2021**	Dec. 31, 2020
Net loss from continuing operations	**$**	**31,385**	$ 6,920	**$ 40,792**	$ 28,087
Add:					
Finance expense		**2,479**	1,977	**9,306**	6,461
Depreciation		**1,175**	806	**5,102**	4,794
EBITDA from continuing operations		**(27,731)**	(4,137)	**(26,384)**	(16,832)
Write-down of inventory, net of reversals		**14,284**	856	**16,758**	4,297
Loss (gain) on portfolio investments		**—**	380	**(107)**	1,674
Impairment of non-current assets		**9,377**	—	**9,377**	7,628
Unrealized foreign exchange (gain) loss		**(561)**	1,998	**(3,914)**	1,090
Stock-based compensation		**9**	5	**88**	205
Loss (gain) on modification of debt		**—**	240	**—**	(3,247)
Adjusted EBITDA from continuing operations	**$**	**(4,622)**	$ (658)	**$ (4,182)**	$ (5,185)

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties during the year ended December 31, 2021.

(i) 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, 2021	Dec. 31, 2020
Compensation paid by and on behalf of TVC for executive management services provided to the Company (including stock-based compensation)[1]	**$**	**846**	$ 578
Directors fees and stock-based compensation[2]		**278**	425
	$	**1,124**	$ 1,003

[1] During the year ended December 31, 2021, the Company issued 155,312 RSUs and $32 thousand was recognized as compensation paid to executive management services. The RSUs vest on January 1, 2023.
[2] During the year ended December 31, 2021, the Company issued 398,720 DSUs and $56 thousand was recognized as stock-based compensation. All DSUs have vested.

(ii) 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 (December 31, 2020: $7.9 million payable to Vecchiola S.A.). 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 2021.

(iii) MTV Management Loan

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

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

FINANCIAL RISK MANAGEMENT

The Company thoroughly examines the various financial instruments and risks to which it is exposed, most of which are beyond the control of the Company, and assesses the impact and likelihood of those risks. These risks may include market risk, interest rate risk, foreign currency risk, commodity price risk, credit risk and liquidity risk. Where material, these risks are reviewed and monitored by experienced managers, advisors and consultants, by maintaining adequate liquidity, and by cost control initiatives.

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

Market Risk

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

Interest Rate Risk

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

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

The Company has additional exposure to interest rate risk on the Amended Facility, which is subject to a floating interest rate. Floating interest rates are based on USD LIBOR plus a fixed margin. The Company does not enter into derivative contracts to manage this risk. If interest rates had been higher or lower by 50 basis points, with all other variables held constant, the change in net loss for the December 31, 2021 would have amounted to approximately $0.2 million (December 31, 2020 - $0.2 million).

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 December 31, 2021 arises primarily from those transactions carried out at MTV in CLP rather than USD and that have a direct effect on the operating results, such as wages.

As at December 31, 2021, approximately $2.1 million or 2% (December 31, 2020: $2.1 million or 2%) of the total assets were invested in portfolio investments priced in CAD, and approximately $5.3 million or 5% of total assets was held in CAD cash (December 31, 2020: $2.4 million or 2%). As at December 31, 2021, 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, 2021 would have amounted to approximately $0.9 million (December 31, 2020: $0.6 million). As at December 31, 2021, had the exchange rate between the USD and CLP 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, 2021 would have amounted to approximately $4.2 million. (December 31, 2020: $3.7 million).

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 were equivalent to what the Company expected to spend in USD to complete the development of the Papomono underground mine ending in early 2022. All the put options expired unexercised.

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. As at December 31, 2021, had the copper price increased or decreased by 10%, with all other variables held constant, the decrease or increase, respectively, in net loss for the year ended December 31, 2021 would have amounted to approximately $2.1 million (December 31, 2020: $1.8 million).

Under the Offtake with AAML, MTV has contracted to sell a fixed amount of copper cathode representing 40% of its expected copper cathode production at $2.89 per pound from August 2020 to July 2022. The volume of monthly copper cathode contracted to sell at $2.89 per pound was set in July 2020 based on expected production from August 2020 to July 2022. In the event that monthly 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 monthly copper cathode production is below the expected volume, greater than 40% of copper produced in that month will be sold at $2.89 per pound.

Effective August 1, 2021, 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. During the fourth quarter of 2021, 100% of copper cathodes produced by MTV was sold at the prevailing spot price for copper cathode, less a nominal amount, as a result of the amendment to the Offtake.

Credit Risk

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

The Company invests cash and cash equivalents with financial institutions that are financially sound based on their credit rating with the majority of the Company's cash held through large Canadian and US financial institutions with credit ratings of AA or higher. The Company's exposure to credit risk associated with accounts receivable is influenced mainly by the individual characteristics of each customer. The Company had one customer that represented 99.8% of revenue for the year ended December 31, 2021 and which is considered low risk as it is a large public company with operations throughout the world. The Company has not incurred any credit losses during the year ended December 31, 2021 nor does it have an allowance for expected credit losses.

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

Liquidity Risk

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

The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis. A maturity analysis was performed for all financial liabilities (see *Contingencies and Commitments* elsewhere in this MD&A).

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

The Company will need to raise 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 financings obtained on April 16, 2021 and November 25, 2021 (see *Equity Data* elsewhere in this MD&A). Additional financings will depend on a number of unpredictable factors, which are often beyond the control of the Company and MTV. Raising capital may be adversely impacted by, amongst other factors: (i) a lack of normally available financing, (ii) volatile market conditions, (iii) extended and unforeseen issues resulting from the current COVID-19 pandemic, (iv) uncertain water supply in Chile (v) geopolitical issues in Chile and (vi) engineering, production, geological and environmental risks. To address its financing requirements, the Company may seek financing through joint venture agreements, debt and equity financings, asset sales, rights offerings to existing shareholders or restructuring MTV's debt and payment terms with critical suppliers. The outcome of these matters cannot be predicted at this time and there can be no assurance that capital will be available to the Company or MTV in the amount required at any particular time or for any particular period, or, if available, that such financing can be obtained on satisfactory terms. The Company and MTV are exposed to liquidity risk.

SCIENTIFIC AND TECHNICAL INFORMATION

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

OFF-BALANCE SHEET ARRANGEMENTS

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

ADVISORY

Forward-Looking Information

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

Although TVC believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) there being no significant disruptions affecting the development and operation of MTV; (ii) the possibility that the Lenders and the Company are able to negotiate additional funding for MTV to continue its operations; (iii) the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions in the Technical Report; (iv) labour and materials costs being approximately consistent with assumptions in the Technical Report; (v) fixed operating costs being approximately consistent with assumptions in the Technical Report; (vi) permitting and arrangements with stakeholders being consistent with current expectations as outlined in the Technical Report; (vii) certain tax rates, including the allocation of certain tax attributes, being applicable to MTV; (viii) the availability of financing for MTV's planned development activities; (ix) assumptions made in mineral resource and mineral reserve estimates and the financial analysis based on these estimates, including (as applicable), but not limited to, geological interpretation, grades, commodity price assumptions, extraction and mining recovery rates, hydrological and hydrogeological assumptions, capital and operating cost estimates; (x) natural resource markets and the price of copper in the future; (xi) the continued availability of quality management; (xii) the effects of regulation and tax laws of governmental agencies will not materially change; (xiii) commodity prices variability; (xiii) foreign exchange variability; (xv) critical accounting estimates; (xvi) general marketing, political, business and economic conditions; (xvii) existing water supply will continue (xviii) supplemental water availability will continue; (xix) the Company will have access to capital in order to fund the exercise of the Call Option and (xx) the ability of the Company to continue as a going concern.

Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) possible variations in grade or recovery rates; (ii) commodity price fluctuations and uncertainties, including for copper; (iii) delays in obtaining governmental approvals or financing; (iv) risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to mineral reserves, production, costs and expenses; and labour, health, safety and environmental risks); (v) performance of the counterparty to the ENAMI Contract; (vi) risks associated with investments in emerging markets; (vii) general economic, market and business conditions; (viii) market volatility that would affect the ability to enter or exit investments; (ix) failure to secure additional financing for MTV or the Company in the future on acceptable terms to the Company, if at all; (x) commodity price fluctuations and uncertainties; (xi) failure to successfully acquire the Minority Position; (xii) risks associated with catastrophic events, manmade disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises, including COVID-19; (xiii) political developments in Chile being inconsistent with current expectations including, without limitation, the impact of any political tensions or uncertainty in Chile or actions taken by any local or national government, including but not limited to amendments to mining laws and regulatory actions, (xiv) the impact and probability of operational, geological and environmental risks at MTV being different than expectations; (xv) unfavourable results related to arbitration with the Company's minority shareholder; and (xvi) those risks disclosed herein under the heading "Financial Risk Management". The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and TVC does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

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

Disclosure regarding the Company's mineral properties, including with respect to mineral reserve and mineral resource estimates included in this MD&A, was prepared in accordance with NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. NI 43-101 differs significantly from the disclosure requirements of the Securities and Exchange Commission (the "**SEC**") generally applicable to U.S.

companies. Accordingly, information contained in this MD&A is not comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements .

ADDITIONAL INFORMATION

Additional information related to the Company and its business activities is available for viewing on SEDAR at www.SEDAR.com and on the Company's website at www.threevalleycopper.com.