

# Three Valley Copper Initiates Strategic Review and Updates Preliminary 2022 Operating Guidance

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TORONTO, Oct. 20, 2021 - (TSXV: TVC) [Three Valley Copper Corp.](#) ("Three Valley Copper" or the "Company") has initiated a strategic review process to explore alternatives for the enhancement of shareholder value and the best way forward to maximize production and cash flows from its mining assets in Chile. The Company's primary asset is its 91.1% owned Minera Tres Valles ("MTV") property near Salamanca, Region de Coquimbo, Chile.

## Strategic Review

The Company and its Board have initiated a strategic review process that encompasses an evaluation of the Company's development strategy, business plan, market valuation and capital structure and will consider numerous opportunities or alternatives for the Company. These considerations may include potential mergers, a strategic partner(s), acquisitions or dispositions, restructuring or refinancing of its long-term debt, and any other options identified with the fundamental objective of achieving the best value for the Company's shareholders.

The Company has retained PI Financial to review and evaluate potential alternatives that may further maximize value for Three Valley Copper's shareholders. There can be no assurance that the Company's strategic review process will result in any transaction or investment.

Achieving the 2022 production profile at MTV through its ramp-up of Papomono Masivo ("PPM") continues to be the Company's main priority. The ramp-up will establish the foundation from which the mining operation at MTV can expand to full production. Following this, Three Valley Copper could recognize the associated operating benefits and further advance its exploration efforts. The Company's current exploration program has been temporarily scaled back pending the strategic review process.

## Revised 2022 Outlook and Guidance

The successful development of PPM continues to be the catalyst for the Company to maximize value of the MTV assets. The positive construction advances experienced over the prior two months are expected to continue at PPM. However, the management team at MTV has recently reviewed again its preliminary development and mining plans for PPM and has concluded the best way to improve the net economic value of PPM is to increase its capital expenditures in 2022 rather than defer some of these into the latter years of the mine life. Consequently, the Company is now forecasting that additional capital of approximately US\$10 million in 2022 will be required to achieve the mine production guidance recently announced.

Previously, the Company had anticipated that copper production from the Don Gabriel open pit mine together with the recent drawdown of the remaining US\$6 million of senior debt, which was completed in early September, would support current operations and its ongoing PPM construction project. The Don Gabriel mine has to date experienced lower head grades than forecasted. A number of remedial measures were introduced in the third quarter but the improved results in the mining operation will take a number of months to appear due to the workflow of a heap leach operation. As the Company's primary source of ore to produce copper cathodes for 2021, the underperformance in Don Gabriel production has amplified the Company's tight liquidity position with the loss of this revenue and is compounded by having a mostly fixed operating cost base, increased capital demands of the PPM 2022 development and scheduled debt repayments which are due to begin March 2022. The Company does not expect that it will generate sufficient cash from operations to fully fund 2021 continuing operations, planned investment activities and debt service obligations and the revised increased sustaining capital expenditures required in 2022 for PPM.

The Company is currently in discussions with its senior secured lenders and offtake provider and foresees a continuing successful partnership with them that may include a number of changes to its existing loan agreement, inter alia, bridge loan financing, waivers of operating covenants, deferrals of or renegotiation of repayment terms and/or renegotiation of the fixed price portion of the offtake agreement. At this time there can be no assurance that such actions will be granted by the senior lenders and/or offtake provider and the Company will continue to report on the progress of such discussions.

The Company has now updated its operating guidance below, which assumes a successful event from its strategic review and/or negotiations with its senior secured lenders that will provide the Company with sufficient liquidity to allow it to execute its production expansion at MTV as intended.

The Company's revised preliminary operating outlook<sup>1</sup> for 2022 at MTV is as follows:

	Revised	Original
<i>Operating information</i>	<i>Year Ended</i>	<i>Year Ended</i>
<i>Copper (MTV Operations)</i>	<i>Dec. 31, 2022</i>	<i>Dec. 31, 2022</i>
Cu Production (tonnes)	8,000 - 10,000	8,000 - 10,000
Cu Production (pounds)	17.6M - 22.0M	17.6M - 22.0M
Cash Cost per Pound Produced <sup>2</sup>	\$2.75 - \$3.25	\$2.75 - \$3.25
Capital Expenditures <sup>3</sup> (\$ millions)	\$15 - \$20	\$5 - \$10

In the absence of a successful strategic review event and/or renegotiations with its senior secured lenders which will require financial liquidity solutions for MTV before the end of 2021, additional material changes to the Company's revised preliminary outlook above will then be required.

1. Preliminary guidance is based on certain estimates and assumptions, including but not limited to, mineral reserve estimates, grade and continuity of interpreted geological formations, metallurgical performance and foreign exchange rates. Please refer to the amended and restated technical report prepared by Wood Independent Mining Consultants, Inc., in respect of the Minera Tres Valles Copper Project (the "Technical Report") dated May 27, 2021 and to the Company's SEDAR filings for complete risk factors related to the Company and MTV.
2. Cash Cost is a non-IFRS measure - Cash costs of production include all costs absorbed into inventory less non-cash items such as depreciation. Cash costs per pound produced are calculated by dividing the aggregate of the applicable costs by copper pounds produced.
3. Planned capital expenditures ("CAPEX") for 2022 are focused primarily on open pit expansion, plant CAPEX and sustaining CAPEX of PPM for the inclined block-caving mining project. It is expected that by early 2022, the underground operation at PPM will begin production and the resulting production growth is expected to lower per unit operating costs in 2022 and 2023 as the results of this CAPEX are realized.

#### About Three Valley Copper

Three Valley Copper, headquartered in Toronto, Ontario, Canada is focused on growing copper production from, and further exploration of, its primary asset, Minera Tres Valles. Located in Salamanca, Chile, MTV is 91.1% owned by the Company and MTV's main assets are the Minera Tres Valles mining complex and its 46,000 hectares of exploratory lands. For more information about the Company, please visit [www.threevalleycopper.com](http://www.threevalleycopper.com).

#### Cautionary Statement Regarding Forward-Looking Information

Certain statements in this news release, contain forward-looking information (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable Canadian 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 foregoing, this news release contains Forward-Looking Statements pertaining to: the significance of any particular exploration program or result and the Company's expectations for current and future exploration plans including, but not limited to, planned areas of additional exploration; the estimation of mineral reserves; development progress of the Company's mineral projects; statements with respect to the

timing and production of copper at the Don Gabriel and PPM sites; planned capital and operating costs; advancement of ongoing projects, including the progress and timing of completion of the inclined block-caving mining project, and the estimated capital costs required for completion; future operating costs given the completion of the block-caving mining project; the expectation that the Company will continue to receive mineralized materials from ENAMI and third-party miners; and the status and timing of the arbitration process with the minority shareholder.

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: there being no additional significant disruptions affecting the development and operation of MTV; the availability of certain consumables (including water) and services and the prices for power and other key supplies; expected labour and materials costs and available supply; expected fixed operating costs; permitting and arrangements with stakeholders; certain tax rates, including the allocation of certain tax attributes, being applicable to MTV; the availability of financing for the Company's and MTV's planned operations and development activities; 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, metallurgical performance, extraction and mining recovery rates, hydrological and hydrogeological assumptions, capital and operating cost estimates, and general marketing, political, business and economic conditions, the continued availability of quality management, critical accounting estimates, all terms of the restructuring agreement and facility agreement to which MTV and the Company are parties will be satisfied in the future including no events of default, existing water supply will continue, supplemental water availability will continue, the geopolitical risk of Chile will remain stable, including risks related to labour disputes, the construction and expansion of mining operations including the Papomono Masivo incline block caving underground mining project, as well as the timing thereof and production therefrom; favorable outcomes of litigation and /or arbitration initiated by the minority shareholder of the Company's operating subsidiary, MTV; the timing of production and results for the recently restarted Don Gabriel mine; and expected timelines for drawdown and repayment of indebtedness of MTV.

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) copper price fluctuations and uncertainties; (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) and risks associated with the other portfolio companies' industries in general; (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 of the strategic review to result in a strategic review event; (x) failure to secure additional financing in the future on acceptable terms to the Company, if at all; (xi) commodity price and foreign exchange fluctuations and uncertainties; (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) those risks disclosed under the heading "Risk Management" in TVC's Management's Discussion and Analysis for the period ended December 31, 2020; and (xiv) those risks disclosed under the heading "Risk Factors" or incorporated by reference into TVC's Annual Information Form dated March 3, 2021. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and SRHI does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

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

This news release may use the terms "measured", "indicated" and "inferred" mineral resources. Historically, while such terms were recognized and required by Canadian regulations, they were not recognized by the United States Securities and Exchange Commission (the "SEC"). The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). These amendments became effective February 25, 2019 (the "SEC Modernization Rules") with compliance required for the first fiscal year beginning on or after January 1, 2021. The SEC Modernization Rules replace the historical property disclosure requirements for mining registrants that were included in SEC Industry

Guide 7, which will be rescinded from and after the required compliance date of the SEC Modernization Rules. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of "measured", "indicated" and "inferred" mineral resources. In addition, the SEC has amended its definitions of "proven mineral reserves" and "probable mineral reserves" to be substantially similar to the corresponding Canadian Institute of Mining, Metallurgy and Petroleum definitions, as required by NI 43-101. Investors are cautioned that "Inferred mineral resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

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