

Three Valley Copper Reports 2022 Second Quarter Results and Provides Corporate Update

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TORONTO, Aug. 26, 2022 - (TSXV: TVC) (OTCQB: TVCCF) [Three Valley Copper Corp.](#) ("TVC" or the "Company") today announced its operating and financial results for the three and six months ended June 30, 2022. The Company is focused on its primary asset, Minera Tres Valles SpA ("MTV"). Located in Salamanca, 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. The Company's financial statements and management's discussion and analysis ("MD&A") are available at www.threevalleycopper.com and www.sedar.com.

Highlights

Corporate

- In June 2022, the Company was made aware that MTV's senior secured lenders (the "Lenders") had not reached agreement between themselves to further support MTV nor had longer-term capital been sourced. As a result, MTV commenced reorganization proceedings by filing a Judicial Restructuring Procedure ("JRP") in Chile to seek protection from creditors to give MTV a further opportunity to seek a longer-term financing solution to ensure MTV's continuity of operations. This is similar to filing for creditor protection under the *Companies' Creditors Arrangement Act* in Canada. With this announcement, MTV initiated a full care and maintenance program, halting its Papomono block caving mine and terminating over 50% of its employee base. Further planned terminations are expected in the next 4 to 6 weeks if interim capital support is not provided to MTV.
- The JRP process is continuing with the Chilean courts yet to grant or deny the application for MTV's creditors protection. The Company and MTV have been informed that the prolonged delay pertains to procedural matters likely resulting from the lack of precedent in Chile for granting companies a second JRP. MTV was granted its first creditors protection in 2020. Should the sought creditors protection be denied, it is expected that MTV will likely enter liquidation shortly thereafter.
- MTV has limited cash resources that are now expected to expire before the end of September 2022. MTV has been successful in extending its cash resources by producing copper cathodes from its existing current inventory and withholding payments to certain suppliers. The Company and MTV continue discussions with the Lenders to source an interim capital support solution for the remainder of 2022 to allow MTV additional time to attract long-term investment. To date, the Lenders have not provided a fulsome solution to support MTV in the interim.
- If MTV is successful in sourcing additional long-term financing, this will likely cause a material dilution to TVC's ownership interest in MTV, including the likelihood that TVC would no longer hold majority control of MTV. If an interim capital solution is available but long-term capital support not obtained, this could force a liquidation or sale of MTV that could adversely impact TVC's ability to recover any or all of TVC's investment in MTV. The public company, [Three Valley Copper Corp.](#), is expected to continue as a going concern even if a liquidation event occurs at MTV.
- Since March 31, 2022, MTV has not paid the payments due to the Lenders as required pursuant to the terms of the senior secured prepayment facility (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, including the filing of the JRP and the cessation of its mining operations and the non-payment of amounts since March 31, 2022, certain defaults of the Amended Facility have occurred and are continuing, consequently the total outstanding balance of the Amended Facility remains classified as current liabilities. In addition, the amounts owing to the unsecured creditors (the "Unsecured Creditors") of the Judicial Reorganization Agreement ("JRA") are also classified as current liabilities. Also, amounts due to the Unsecured Creditors of the JRA on March 31, 2022 were postponed until June 30, 2022 and further postponed until August 31, 2022 with the approval of the Creditors' Committee representing the Unsecured Creditors of the JRA.

Operations

- Papomono was put on care and maintenance in mid-June 2022 and its contractor demobilized. As at that date, MTV had completed eleven drawbells with two drawbells in the final stages of undercutting and preparation.
- Copper cathode production in the second quarter of 2022 was 1.7 million pounds primarily from the drawdown of current inventory on the leach pads and ore supplied by third-party small miners. Copper cathode production was negatively impacted as there was no mining activity at the Don Gabriel open pit mine during the quarter and Papomono's block caving operations were put into care and maintenance in June 2022.
- Copper cathodes sales in the second quarter of 2022 were 1.9 million pounds.
- Total capital expenditures for the three months ended June 30, 2022 were \$2.8 million (six months ended June 30, 2022 \$6.8 million) with nearly the entire amount related to Papomono expenditures (six months ended June 30, 2022: \$6.6 million).

Financial

- Reported quarterly gross loss of \$5.0 million on a realized average copper price per pound¹ of \$4.31 compared to a gross loss of \$4.3 million in Q2 2021 on a realized average copper price per pound¹ of \$3.37.
- Adjusted EBITDA from continuing operations¹ for the quarter was negative \$0.8 million compared to positive \$0.1 million in Q2 2021.
- Net loss per share attributable to owners of the Company for the quarter was \$0.05 compared to \$0.12 in Q2 2021.
- At June 30, 2022, held consolidated cash and cash equivalents of \$6.8 million and consolidated cash and cash equivalents of approximately \$6.8 million as at the date hereof, the majority of which is held at the public company, separate from MTV.

Commenting on the results, Michael Staresinic, President and Chief Executive Officer of TVC stated, "We have spent the past quarter working with the Lenders to find a long-term solution to MTV's financial challenges. Currently, that solution does not appear to be forthcoming. However, we are making every effort to stretch every dollar at MTV as discussions with the Lenders for interim capital support for the remainder of 2022 have been renewed. This additional flexibility would aid our continuing efforts to source a longer-term capital partner for MTV with the intent to restart Papomono in 2023. Without this interim support, the granting of the filed application for creditors protection or a longer-term capital partner, it is likely that MTV will enter liquidation."

"Our results reflect this difficult quarter as ore production was non-existent. We continued to process ore from third-party miners for part of Q2-2022 and drew down current inventory producing 770 tonnes of copper cathode. We reported a net loss of \$0.05 per share attributable to owners of the Company."

"This remains a difficult time for MTV and the Company. The public company, TVC, is expected to continue as a going concern even if a liquidation event occurs at MTV. TVC remains focused on supporting MTV in its efforts to re-start a successful ramp-up of the Papomono block caving operations. This was always our focus and believe that it is in all stakeholders' best interests."

Operational Results Summary

<i>Operating information</i>	Three months ended		Six months ended	
	Jun. 30, 2022	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
Copper (MTV Operations)				
Total ore mined (thousands of tonnes)	5	194	35	373
Grade of ore mined (% Cu)	0.76 %	0.53 %	0.67 %	0.55 %
Total waste mined (thousands of tonnes)	-	349	78	619
Ore Processed (thousands of tonnes)	65	226	176	449
Cu Production (tonnes)	770	1,035	1,812	1,935
Cu Production (thousands of pounds)	1,698	2,281	3,995	4,267
Change in inventory (\$000s)	\$ (6,058)	830	\$ (7,119)	6,864
Cash cost of copper produced ¹ (USD per pound)	\$ 7.04	\$ 4.63	\$ 5.71	\$ 3.53
Realized copper price ¹ (USD per pound)	\$ 4.31	\$ 3.37	\$ 4.38	\$ 3.42

Ore Production

- Majority of ore processed from third-party small miners.
- Produced 1.7 million pounds of 99.99% pure copper cathodes at a cash cost per pound produced¹ of \$7.04 including \$2.81 related to a write-down of mine site inventory.
- Sold 1.9 million pounds of copper cathodes at an average realized copper price per pound¹ of \$4.31.

Construction and Development of Papomono Masivo

- Initial construction completed mid-January 2022.
- Blasting of undercuts commenced early March 2022 and were halted in June 2022.

Exploration

- In January 2022, the Company temporarily suspended its exploration program but remains part of the longer-term plan for MTV.
- Significant strategic land package of over 46,000 hectares.
- With more than 100 copper outcrop occurrences and 70 artisanal mining sites with geological characteristics similar to that of the Papomono and Don Gabriel orebodies, together with near-term infill drilling opportunities, the Company believes there is significant exploration potential.

Financial Results Summary

	Three months ended		Six months ended
<i>Financial information (in thousands)</i>	Jun. 30, 2022	Jun. 30, 2021	Jun. 30, 2021
Revenue	\$ 8,154	\$ 7,511	\$ 19,031
Gross loss	\$ 4,957	\$ 4,330	\$ 6,388
Net loss for the period	\$ 5,350	\$ 7,278	\$ 12,579
Net loss per share attributable to owners of the Company	\$ 0.05	\$ 0.12	\$ 0.11
EBITDA from continuing operations ¹	\$ (2,238)) \$ (3,699)) \$ (6,228)
Adjusted EBITDA from continuing operations ¹	\$ (792)) \$ 132) \$ (2,311)
Write-down of inventory	\$ 4,777	\$ 4,212	\$ 5,478
Cash (used in) provided by operating activities before working capital changes	\$ (3,582)) \$ 417) \$ (4,791)

Cash Position, Working Capital and Net Debt

Consolidated cash and cash equivalents decreased to \$6.8 million at June 30, 2022 from \$13.7 million at December 31, 2021 mainly due to \$3.5 million used in operating activities, \$4.3 million of disbursed capital expenditures mainly related to the construction and development of Papomono, and \$0.2 million of loans and borrowings repayments, all partially offset by \$1.4 million in proceeds from a portfolio investment.

The Company has a consolidated working capital deficit¹ of \$83.0 million at June 30, 2022. The working capital deficit includes all amounts due to the Lenders and Unsecured Creditors as current liabilities. Cash position as at the date hereof is approximately \$6.8 million with the majority of the cash held directly by TVC which is separate from MTV.

The Company is substantially leveraged. The Company's net debt¹ at June 30, 2022 was \$70.2 million. The Company's debt position continued to increase as it capitalized interest and did not make scheduled payments on June 30, 2022.

Health and Safety

For the three months ended June 30, 2022, there was no Lost-Time Incidents. The Company and MTV devote considerable time and effort to ensure that workers and contractors return safely to their families after each shift. Safety statistics are monitored and compared to the country and peer averages, and MTV

pro-actively engages in education and assessment to achieve a goal of zero lost-time incidents.

Ongoing Arbitration

As previously disclosed, the Company is involved in an arbitration proceeding with the minority shareholder of MTV. The arbitration proceeding is continuing and no further material developments have occurred. The Company remains confident in its position and is monitoring the arbitration proceeding and its process closely.

Qualified Persons

The scientific and technical content contained in this news release is taken from the technical report (the "Technical Report") entitled "Minera Tres Valles Copper Project, Salamanca, Coquimbo Region, Chile NI 43-101 Technical Report" 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.

About Three Valley Copper Corp.

TVC, headquartered in Toronto, Ontario, Canada is focused on its primary asset, Minera Tres Valles SpA. Located in Salamanca, 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. For more information about TVC, please visit www.threevalleycopper.com.

Non-IFRS Performance Measures

"Cash costs", "EBITDA", "Adjusted EBITDA", "Realized copper price", "Working Capital", "Working Capital Deficiency", and "Net Debt" are non-IFRS performance measures. These non-IFRS performance measures 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. For further information and a detailed reconciliation of each non-IFRS measure used in this press release to the most directly comparable IFRS measure, please refer to the Company's MD&A and accompanying TVC financial statements filed on SEDAR at www.sedar.com and the Reconciliation of Non-IFRS Performance Measures section in this press release.

Reconciliation of Non-IFRS Performance Measures

The Company uses certain performance measures in its analysis. These performance measures have no standardized meaning prescribed by IFRS. For additional details please refer to the Company's discussion of non-IFRS performance measures in the Company's MD&A for the three and six months ended June 30, 2022 which is available on SEDAR at www.sedar.com.

Cash costs per pound produced can be reconciled as follows:				Three months ended		Six months ended	
		Jun. 30, 2022	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
Cost of Sales		\$ 13,111	\$ 11,841	\$ 25,420	\$ 16,700		
Depreciation		(350)	(1,351)	(885)	(2,580)		
Non-site inventory (write-down) reversal		-	(307)	-	1,128		
Net change in copper cathodes inventory		(673)	459	(1,463)	5		

Transportation costs	(120)	(89)	(255)	(176)
C1 Cash costs of production	11,968	10,553	22,817	15,077
Pounds of copper produced (thousands)	1,698	2,281	3,995	4,267
Cash cost of copper produced (USD per pound)	\$ 7.04	\$ 4.63	\$ 5.71	\$ 3.53

EBITDA and Adjusted EBITDA can be reconciled as follows:

	Three months ended		Six months ended	
	Jun. 30, 2022	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
Net loss from continuing operations	\$ 5,350	\$ 7,278	\$ 12,573	\$ 7,933
Add:				
Finance expense	2,762	2,228	5,462	4,440
Depreciation	350	1,351	885	2,586
EBITDA from continuing operations	(2,238)	(3,699)	(6,226)	(907)
Write-down of inventory	4,777	4,212	5,478	2,474
Severances expense	1,969	-	1,969	-
Gain on portfolio investments	-	-	-	(107)
Unrealized foreign exchange gain	(5,300)	(248)	(3,556)	(687)
Stock-based compensation	-	31	17	59
Loss on modification of debt	-	(164)	-	-
Adjusted EBITDA from continuing operations	\$ (792)	\$ 132	\$ (2,318)	\$ 832

Realized copper price per pound can be reconciled as follows:

	Three months ended		Six months ended	
	Jun. 30, 2022	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021
Revenue from copper cathodes	\$ 8,154	\$ 7,511	\$ 19,032	\$ 14,453
Pounds of copper sold (thousands)	1,892	2,227	4,343	4,224
Average realized copper price (USD per pound)	\$ 4.31	\$ 3.37	\$ 4.38	\$ 3.42

Working capital deficit can be reconciled as follows:

	As at	
	Jun. 30, 2022	Dec. 31, 2021
Cash and cash equivalents	\$ 6,809	\$ 13,656
Restricted cash	439	556
Trade and other receivables	841	1,705
Inventories	4,961	16,739
Prepays and other current assets	1,339	1,528
Portfolio investments	740	2,101
Current assets	15,129	36,285
Current liabilities	98,089	95,398
Working capital deficit	\$ (82,960)	\$ (59,113)

Net debt can be reconciled as follows:

	As at	
	Jun. 30, 2022	Dec. 31, 2021
Current portion of loans and borrowings	\$ 76,826	\$ 74,251
Loans and borrowings	189	218
Less: cash and cash equivalents	(6,809)	(13,656)
Net debt	\$ 70,206	\$ 60,813

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: ongoing and possible future events of default and the possibility of the liquidation or sale of MTV or materially diluted holdings in MTV; expectations related to the JRP and the grant of creditor protection for MTV; expressed intentions of the Company and the Lenders to provide additional capital to fund MTV; expectations regarding negotiations with the Lenders; future outcomes and expectations related to MTV's working capital and ongoing operations; expectations regarding Papomono's ramp-up of block-caving operations; the ability of TVC to continue as a going concern; expectations regarding exploration potential and success of such initiatives; expectations regarding outcomes related to arbitration with MTV's minority shareholder; and MTV's labour and health and safety initiatives and expectations.

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: the possibility that the Lenders and the Company are able to negotiate additional funding for MTV to continue its operations, 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 being approximately consistent with assumptions in the Technical Report; labour and materials costs being approximately consistent with assumptions in the Technical Report; fixed operating costs being approximately consistent with assumptions in the Technical Report; permitting and arrangements with stakeholders being consistent with current expectations as outlined in the Technical Report; 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, 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; expected timelines for repayment of indebtedness of MTV; the Company's access to capital in order to fund the exercise of the call option; and 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) the delay or failure of MTV to be granted creditor protection under the JRP; (ii) possible variations in grade or recovery rates; (iii) copper price fluctuations and uncertainties; (iv) delays in obtaining governmental approvals or financing; (v) 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; (vi) performance of the counterparty to the ENAMI Contract; (vii) risks associated with investments in emerging markets; (viii) general economic, market and business conditions; (ix) market volatility that would affect the ability to enter or exit investments; (x) failure to secure additional financing for MTV or the Company 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) being inconsistent those risks disclosed under the heading "Financial Risk Management" in TVC's Management's Discussion and Analysis for the period ended December 31, 2021; (xiv) being inconsistent with current expectations including, without limitation, the impact of any political tensions and uncertainty in Chile, or actions taken by any local or national government, including but not limited to amendments to mining laws and regulatory actions; (xv) the impact and probability of operational, geological and environmental risks at MTV being inconsistent with current expectations (xvi) outcomes and potential benefits of the strategic review process differing from expectations; (xvii) the failure of negotiations with the Lenders to restructure the Company's debt under the Amended Facility; and (xviii) unfavourable results related to arbitration with the Company's minority shareholder. 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 news release, 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 news release is not comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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