

Three Valley Copper Corp.

**Management's Discussion and Analysis
of Financial Position and Results of Operations
For the year ended December 31, 2023**

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 29, 2024 (unless otherwise stated) and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2023, 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., headquartered in Toronto, Ontario, Canada is listed on the TSX Venture Exchange ("**TSXV**") and the OTCQB Venture Market ("**OTC**"). Until December 2022, TVC focused on operating and expanding Minera Tres Valles SpA's ("**MTV**") copper mining operations in Chile. In December 2022, MTV filed for voluntary judicial liquidation in Chile and on December 29, 2022, TVC no longer controlled MTV (the "**Loss of Control Event**") and TVC deconsolidated the assets and liabilities of MTV effective this date. In February 2023, MTV's liquidation process began in Chile.

Following the Loss of Control Event, TVC had no operating activity but retained c.\$4.5 million in working capital.

In June 2023, at the Company's annual and special meeting the shareholders of the Company accepted a proposal by the Company's largest shareholder to apply to the TSXV for a change of business and a name change to Winchester Equity Corporation. The change of business application with the TSXV is ongoing. A new Board of Directors was elected at the annual and special meeting held in June 23, 2023 and a new Chief Executive Officer was appointed. The public company, TVC, is expected to continue as a going concern

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

FOURTH QUARTER HIGHLIGHTS

The new management team has continued to significantly reduce G&A expenditure during the fourth quarter. No members of the Board or management team receive compensation of any kind. The Company now has no employees. Ongoing expenditure of the Company is limited to only absolutely necessary running costs such as audit and transfer agent fees, exchange fees, legal fees etc. Forecast G&A has now been reduced to less than \$150,000 per annum.

Cash and short term receivables of the Company as at December 31, 2023 was \$2.84 million. Total liabilities, comprising accounts payable for public company running costs have been reduced to \$0.06 million.

OUTLOOK

Outlook

Going Concern Assumption

As at December 31, 2023, the Company has working capital of \$3.1 million which is sufficient to meet the Company's expected operating expenses for at least the next twelve months. However, given the Company currently does not have a sustainable source of cash flow there is uncertainty with respect to its ability to continue longer term as a going concern. The Company will be dependent on acquiring a profitable operation and/or raising additional financing in the future, neither of which is guaranteed.

FINANCIAL AND OPERATIONAL SUMMARY

<i>Financial information (in thousands)</i>	Three months ended			Year ended		
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	
Revenue	\$ —	\$ 3,494	\$ —	\$ 28,196	\$ 32,915	
Gross loss	\$ —	\$ 364	\$ —	\$ 7,374	\$ 21,399	
Net (income) loss for the period	\$ (280)	\$ (9,118)	\$ 1,534	\$ 8,130	\$ 40,792	
Net (income) loss per share attributable to owners of the Company	\$ (0.00)	\$ (0.09)	\$ 0.01	\$ 0.06	\$ 0.68	
Loss (gain) on portfolio investments	\$ (375)	\$ (135)	\$ (375)	\$ (135)	\$ (107)	
Cash used in operating activities before working capital changes	\$ (137)	\$ (2,211)	\$ (1,951)	\$ (9,036)	\$ (7,410)	

<i>(in thousands)</i>	As at	
	Dec. 31, 2023	Dec. 31, 2022
Cash and cash equivalents	\$ 1,620	\$ 5,134
Net cash (debt) ¹	\$ 1,620	\$ 5,134
Working capital (deficit) ¹	\$ 3,120	\$ 4,581
Total equity attributable to owners of the Company	\$ 3,120	\$ 4,581

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

LIQUIDITY AND CAPITAL RESOURCES

Cash

At December 31, 2023, the Company held cash, cash equivalents and short-term receivables of \$2.84 million and cash, cash equivalents and short-term receivables of approximately \$2.80 million as at the date hereof. 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 receivables decreased by c.\$2.3 million in the year ended December 31, 2023.

Observers of the financial situation of the Company may well wonder what happened to almost half of the financial resources of the company since the end of 2022. This is understandably perplexing since the Company had no operations and its material asset of the company was put into liquidation prior to the end of 2022. During 2023 the previous board and management team approved the following expenditure prior to being replaced in June 2023:

- Director fees, bonuses, executive pay and vacation pay totaling over \$660,000
- Severance pay to the outgoing Chief Executive of c.\$885,000
- A pre-paid two year Directors and Officers insurance policy costing c.\$530,000
- Approximately \$265,000 on the year ending 2022 audit.

Since the appointment of the current board of directors there has been significant measures taken to reduce operating costs. The current board and management are significant shareholders. Board members and management receive no salaries, share options or warrants and are thus entirely aligned with all other shareholders.

Working Capital

At December 31, 2023, the Company had working capital of \$3.1 million, that included \$2.84 million of cash and short-term receivables. As at the date hereof, the Company had working capital of approximately \$3.0 million.

Capital Resources and Going Concern

The Company's primary sources of capital resources are comprised of cash, marketable securities and short-term receivables. To facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the Board. Since appointment, management has reduced annual operating costs by over 90% and will work diligently to compound the capital of the Company for the benefit of all shareholders. 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.

As at December 31, 2023, the Company had working capital of \$3.1 million which is sufficient to meet the Company's expected operating expenses for at least the next twelve months. However, given the Company currently does not have a sustainable source of cash flow there is uncertainty with respect to its ability to continue longer term as a going concern. The Company will be dependent on acquiring a profitable operation and/or raising additional financing in the future, neither of which is guaranteed.

FINANCIAL UPDATE

Year Ended December 31, 2023

Revenue

During 2023, the Company recognized zero revenue (2022: \$28.2 million)

General and administrative expenses

<i>(in thousands)</i>	Year ended	
	Dec. 31, 2023	Dec. 31, 2022
Salaries and contracted services	\$ 1,576	\$ 2,551
Public company reporting costs	194	1,126
Other office expenses	280	1,561
General and administrative expenses	\$ 2,050	\$ 5,238

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

Severance expenses

<i>(in thousands)</i>	Year ended	
	Dec. 31, 2023	Dec. 31, 2022
Severance expense	\$ 885	\$ 1,969

Finance expenses, net

	Year ended	
	Dec. 31, 2023	Dec. 31, 2022
Finance expenses, net	\$ —	\$ 12,467

Income taxes

The Company did not report any current income taxes for the year ended December 31, 2023 or for the year ended December 31, 2022.

As at December 31, 2023 and December 31, 2022, 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.

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Canadian tax losses expiring 2036 – 2040	\$ 17,002	\$ 13,041
Share issue costs and other	3,508	4,020
Capital losses	85,031	166,023
Portfolio investments	44,692	43,656
Unrecognized deductible temporary differences	\$ 150,233	\$ 226,740

Net loss and comprehensive loss

For the year ended December 31, 2023, the Company reported a net loss attributable to shareholders of \$1.5 million and comprehensive loss attributable to shareholders of \$1.5 million compared to a net loss attributable to shareholders of \$6.7 million and comprehensive loss attributable to shareholders of \$7.2 million reported for the year ended December 31, 2022. The components of these amounts are discussed in the explanations provided above.

Three Months Ended December 31, 2023

Revenue

During the three months ended December 31, 2023, the Company recognized zero revenue (three months ended December 31, 2022: \$3.5 million).

General and administrative expenses

	Three months ended	
	Dec. 31, 2023	Dec. 31, 2022
Salaries and contracted services	\$ 3	\$ 1,263
Public company reporting costs	13	151
Other office expenses	103	88
General and administrative expenses	\$ 119	\$ 1,502

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

Income taxes

The Company did not report any current income taxes for the three months ended December 31, 2023 or for the three months ended December 31, 2022.

As at December 31, 2023 and December 31, 2022, 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, 2023, the Company reported net income attributable to shareholders of \$0.3 million and comprehensive income attributable to shareholders of \$0.3 million compared to net income attributable to shareholders of \$9.1 million and comprehensive income attributable to shareholders of \$9.2 million reported for the three months ended December 31, 2022. The components of these amounts are discussed in the explanations provided above.

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.

(in thousands, except per share amounts)	2023				2022			
	Dec	Sept	Jun	Mar	Dec	Sept	Jun	Mar
Revenue	\$ —	\$ —	\$ —	\$ —	\$ 3,494	\$ 5,670	\$ 8,154	\$ 10,878
Gross loss (profit)	\$ —	\$ —	\$ —	\$ —	\$ 364	\$ 621	\$ 4,957	\$ 1,431
(Gain) loss on portfolio investments	\$ (375)	\$ —	\$ —	\$ —	\$ (135)	\$ —	\$ —	\$ —
Net (income) loss for the period	\$ (280)	\$ 131	\$ 1,169	\$ 515	\$ (9,118)	\$ 4,674	\$ 5,350	\$ 7,223
Other comprehensive loss (income)	\$ (2)	\$ (6)	\$ (60)	\$ (5)	\$ 59	\$ 348	\$ 207	\$ (103)
Basic and fully diluted net (income) loss per share	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.00	\$ (0.08)	\$ 0.04	\$ 0.05	\$ 0.06

The Company is not impacted materially by seasonality.

EQUITY DATA

Authorized capital:

Common shares, no par value, unlimited shares.

Issued and outstanding:

The Company had 112,463,854 common shares issued and outstanding as at April 29, 2024.

	Common shares (#)	Amount
Balance - December 31, 2023 and April 29, 2024	112,463,854	\$ 321,787

Outstanding warrants:

The Company had 60,990,860 common share purchase warrants outstanding as at April 29, 2024.

	Warrants(#)	Amount
Balance – December 31, 2023 and April 29, 2024	60,990,860	\$ 3,745

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

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

Outstanding stock options:

The number of stock options outstanding as at December 31, 2023 and April 29, 2024 was zero (December 31, 2022: 1.8 million).

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

All DSU's and RSU's were forfeited during the period following the replacement of the Board of Directors in June 2023.

CONTINGENCIES AND COMMITMENTS

Contractual obligations of the Company as at December 31, 2023 are as follows:

	1 year	1 - 3 years	More than 3 years	Total
Accounts payable and accrued liabilities	\$ 58	\$ —	\$ —	\$ 58
As at December 31, 2023	\$ 58	\$ —	\$ —	\$ 58

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. Please refer to Note 3 of the Financial Statements for details on critical accounting estimates.

Changes in accounting policies

There have been in changes in accounting policies during the year ended December 31, 2023

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, 2023 and 2022.

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, 2023 and December 31, 2022.

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Cash and cash equivalents	\$ 1,620	\$ 5,134
Liquid securities	171	—
Trade and other receivables	52	39
Loan receivables	1,000	—
Prepays and other current assets	335	16
Portfolio investments	—	121
Current assets	3,178	5,310
Current liabilities	58	729
Working capital	\$ 3,120	\$ 4,581

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties during the year ended December 31, 2023.

(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, 2023	Dec. 31, 2022
Compensation paid by and on behalf of TVC for executive management services provided to the Company (including stock-based compensation).	\$ 1,411	\$ 740
Directors fees and stock-based compensation	91	270
	\$ 1,502	\$ 1,010

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.

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.

Cash held in foreign currencies is subject to foreign currency risk. As at December 31, 2023, approximately \$0.7 million or 22% of total assets was held in CAD cash (December 31, 2022: \$6.4 million or 89%) and the Company's net foreign denominated monetary financial instruments comprised USD\$1.85 million. A fluctuation of 10% of the USD against the Canadian dollar would have had an impact of \$0.2 million on the net loss for the period.

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 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.

OFF-BALANCE SHEET ARRANGEMENTS

In order to ensure that the Company had 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 refused to recognize the established process under the SHA and this dispute was included in the ongoing arbitration initiated under the SHA pursuant to the rules of the International Court of Arbitration of the International Chamber of Commerce. Following arbitration, the Company settled this disputed during the period, resulting in Company transferring c.4% of its shareholding in MTV to the Minority Shareholder. Given the liquidation of MTV, this settlement has no impact on the Company.

PROPOSED TRANSACTIONS

There are no proposed transactions.

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) expectations and requirements for additional capital to continue operating as a reporting issuer; (ii) expectations detailed in the "Liquidity and Capital Resources" section, including statements that the Company may require further financing to meet its financial obligations and sustain its operations in the normal course, (iii) the Company issuing new common shares or new debt as necessary; (iv) the capital resources of the Company could be negatively or positively impacted depending on market conditions; (v) future foreign exchange rates; (vi) general business and economic conditions; (vii) expectations and outcome of litigation; (viii) expectations regarding the outcome of judicial liquidation of MTV; (ix) expectations related to the Loss of Control Event and deconsolidation of the assets and liabilities of MTV; and (x) expectations related to potential business combinations, acquisitions, change in corporate strategy or sale of the Company.

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 or unforeseen liabilities related to the outcome of judicial liquidation of MTV; (ii) the effects of regulations and tax laws of governmental agencies will not materially change; (iii) foreign exchange variability; (iv) critical accounting estimates; (v) general marketing, political, business and economic conditions; (vi) the Company will have access to capital in order to fund future operations; and (vii) 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) significant or unforeseen liabilities related to the outcome of judicial liquidation of MTV; (ii) litigation risk; (iii) reporting issuer risk; (iv) risks related to regulation by governmental authorities; (v) risks related to potential failure of the Company to identify, negotiate or finance future acquisitions successfully; (vi) risks associated with TVC's equity investments; (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 the Company in the future on acceptable terms to the Company, if at all; (x) commodity price fluctuations and uncertainties impacting the Company's ability to complete acquisitions or dispositions; (xi) 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; and (xii) 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.

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.