



FIRST QUARTER REPORT

Financial Statements and MD&A

March 31, 2022

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Copper Mountain Mining Corporation

Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2022
(Unaudited)

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Financial Position
(Unaudited in thousands of Canadian dollars)

	March 31, 2022 \$	December 31, 2021 \$
Assets		
Current assets		
Cash and cash equivalents	143,501	171,902
Restricted cash (note 9)	15,733	6,512
Accounts receivable and prepaid expenses (note 4)	30,342	31,624
Inventory (note 5)	32,542	32,635
	222,118	242,673
Reclamation bonds and security deposits (note 10)	4,832	5,783
Property, plant and equipment (note 6)	754,891	710,583
Low grade stockpile (note 5)	64,879	64,879
	1,046,720	1,023,918
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	83,275	60,482
Current portion of lease liabilities (note 8)	11,768	10,403
Current portion of long-term debt (note 9)	12,496	12,678
Other financial liabilities (note 11)	5,115	-
Taxes payable	2,015	2,143
	114,669	85,706
Provisions and other liabilities (note 10)	26,350	23,961
Lease liabilities (note 8)	46,392	50,669
Long-term debt (note 9)	281,590	284,829
Deferred tax liability	100,721	99,314
	569,722	544,479
Equity		
Attributable to shareholders of the Company:		
Share capital (note 12)	289,172	287,724
Contributed surplus	18,522	18,973
Accumulated other comprehensive loss	(3,205)	(3,929)
Retained earnings	62,638	68,940
	367,127	371,708
Non-controlling interest	109,871	107,731
Total equity	476,998	479,439
	1,046,720	1,023,918

Approved on behalf of the Board of Directors

(signed) Gil Clausen _____ Director

(signed) Bruce Aunger _____ Director

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

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income
(Loss)

For the Three Months Ended March 31,

(Unaudited in thousands of Canadian dollars, except for number of and (loss) earnings per share)

	2022 \$	2021 \$
Revenue (note 13)	93,858	162,207
Cost of sales (note 14)	(75,282)	(65,927)
Gross profit	18,576	96,280
Other income and expenses		
General and administration (note 14)	(6,892)	(5,268)
Share based compensation (note 12)	(3,959)	(5,959)
Operating income	7,725	85,053
Finance income	284	18
Finance expense (note 15)	(8,198)	(2,931)
Foreign exchange gain	3,171	3,246
Unrealized loss on derivatives (note 11)	(5,115)	-
(Loss) income before tax	(2,133)	85,386
Current tax expense	(621)	(1,857)
Deferred income tax expense	(1,408)	(31,411)
Net (loss) income	(4,162)	52,118
Other comprehensive (loss) income		
Foreign currency translation adjustment	724	(1,161)
Comprehensive (loss) income	(3,438)	50,957
Net (loss) income attributable to:		
Shareholders of the Company	(6,302)	36,652
Non-controlling interest	2,140	15,466
	(4,162)	52,118
(Loss) income per share:		
Basic	\$(0.03)	\$0.18
Diluted (note 12c)	\$(0.03)	\$0.17
Weighted average shares outstanding, basic	210,767,083	208,548,526
Weighted average shares outstanding, diluted	210,767,083	218,579,418
Shares outstanding at end of the period	211,250,049	208,760,399

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

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Cash Flows

For the Three Months Ended March 31,

(Unaudited in thousands of Canadian dollars)

	2022	2021
	\$	\$
Cash flows from operating activities		
Net (loss) income for the period	(4,162)	52,118
Adjustments for:		
Depreciation	5,646	7,784
Unrealized foreign exchange gain	(2,562)	(1,944)
Unrealized loss on derivatives	5,115	-
Deferred income tax expense	1,408	31,411
Finance expense	8,198	2,931
Share based compensation	3,959	5,959
	17,602	98,259
Net changes in non-cash working capital items (note 17)	15,712	(18,666)
Net cash provided by operating activities	33,314	79,593
Cash flows from investing activities		
Deferred stripping activities	(10,469)	(8,041)
Development of property, plant and equipment	(37,646)	(15,735)
Reclamation bonds	953	(249)
Net cash used in investing activities	(47,162)	(24,025)
Cash flows from financing activities		
Common shares issued on exercise of options	928	490
Contributions from non-controlling interest	-	20,393
Loan principal repaid	-	(20,120)
Restricted cash	(8,964)	-
Interest paid	(1,008)	(1,067)
Finance lease payments	(3,872)	(2,705)
Net cash used in financing activities	(12,916)	(3,009)
Effect of foreign exchange rate changes on cash and cash equivalents	(1,637)	(1,065)
(Decrease) increase in cash and cash equivalents	(28,401)	51,494
Cash and cash equivalents - Beginning of period	171,902	85,571
Cash and cash equivalents - End of period	143,501	137,065

Supplementary cash flow disclosures (note 17)

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

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited in thousands of Canadian dollars, except for number of shares)

Attributable to equity owners of the company

	Number of Shares	Amount \$	Contributed surplus \$	Accumulated other comprehensive loss	Retained Earnings (Deficit) \$	Total \$	Non- controlling interest \$	Total equity \$
Balance January 1, 2021	207,653,732	283,926	19,611	(520)	(35,153)	267,864	81,189	349,053
Options exercised	1,106,667	490	-	-	-	490	-	490
Fair value of options exercised	-	273	(273)	-	-	-	-	-
Share based compensation	-	-	179	-	-	179	-	179
Income for the period	-	-	-	-	36,652	36,652	15,466	52,118
Foreign currency translation	-	-	-	(1,161)	-	(1,161)	-	(1,161)
Balance March 31, 2021	208,760,399	284,689	19,517	(1,681)	1,499	304,024	96,655	400,679
Balance January 1, 2022	210,363,573	287,724	18,973	(3,929)	68,940	371,708	107,731	479,439
Options exercised	886,476	928	-	-	-	928	-	928
Fair value of options exercised	-	520	(520)	-	-	-	-	-
Share based compensation	-	-	69	-	-	69	-	69
Loss for the period	-	-	-	-	(6,302)	(6,302)	2,140	(4,162)
Foreign currency translation	-	-	-	724	-	724	-	724
Balance March 31, 2022	211,250,049	289,172	18,522	(3,205)	62,638	367,127	109,871	476,998

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

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

1 Nature of Operations

Copper Mountain Mining Corporation (“the Company”) was incorporated under the provisions of the British Columbia Business Corporations Act on April 20, 2006 and is a Canadian development and operating mining company. The Company maintains its head office at Suite 1700 – 700 West Pender Street, Vancouver, British Columbia. The Company through a subsidiary owns 75% of the Copper Mountain mine while Mitsubishi Materials Corporation (“MMC”) owns the other 25% interest in the Copper Mountain mine.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

2 Basis of presentation

a. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company's most recent annual audited consolidated financial statements which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"), except as disclosed in note 3. These condensed consolidated interim financial statements were approved on April 25, 2022 by the Board of Directors.

b. Foreign currency translation

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its Canadian subsidiaries. The functional currencies of the Company's U.S. and Australian subsidiaries is the U.S. dollar and the Australian dollar respectively. Transactions in currencies other than the functional currency of an entity are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency translation differences are recognized in profit or loss.

On translation of entities with functional currencies other than the Canadian dollar into Canadian dollars for presentation purposes, consolidated statement of income items are translated at average rates of exchange where this is a reasonable approximation of the exchange rate at the dates of the transactions. Consolidated asset and liability balances on the statement of financial position are translated at closing exchange rates as at the reporting date. Exchange differences arising on the translation of the foreign currency entities at closing rates, together with differences between consolidated statement of income translated at average and closing rates, are recorded in accumulated other comprehensive loss in equity.

3 Significant Accounting Policies

The accounting policies followed in these condensed consolidated interim financial statements are consistent with those disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2021, with the exception of the amendments to IAS 16, Property, Plant and Equipment – Proceeds before Intended Use, which became effective on January 1, 2022. The amendments to IAS 16 did not have a significant impact on the Company's financial statements.

In preparing our condensed consolidated interim financial statements, we make judgments in applying our accounting policies. The areas of policy judgement are consistent with those reported in our 2021 annual consolidated financial statements. In addition, we make assumptions about the future in deriving estimates used in preparing our condensed consolidated interim financial statements. As disclosed in our 2021 annual consolidated financial statements, sources of estimation uncertainty include estimates used to determine the recoverable reserves and resources and the valuation of other assets and liabilities including inventory and decommissioning and restoration provisions.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

COVID-19 Estimation Uncertainty

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are anticipated to be far reaching. To date there has been significant volatility in the stock, commodity and foreign exchange markets and the global movement of people and some goods has become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on demand and prices for the commodities the Company produces and on global financial markets. To date the operations of the Copper Mountain Mine have not been significantly impacted by COVID-19.

4 Accounts receivable and prepaid expenses

	March 31, 2022	December 31, 2021
	\$	\$
Amounts due from concentrate sales	24,629	24,827
GST and other receivables	2,417	2,469
Prepaid expenses	3,296	4,328
	30,342	31,624

* Amounts due from concentrate sales includes mark-to-market changes to provisional pricing on sales not finalized. See note 13.

5 Inventory

	March 31, 2022	December 31, 2021
	\$	\$
Supplies	13,656	13,325
Ore stockpile	12,876	12,484
Crushed ore stockpile	2,407	52
Copper Concentrate	3,603	6,774
	32,542	32,635
Low grade stockpile ¹	64,879	64,879

Inventory expensed during the three months ended March 31, 2022 totaled \$75,626 (2021 – \$62,069).

¹ Stockpile of inventory that is not expected to be processed until towards the end of the mine life

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

6 Property, plant and equipment

Cost	Plant and equipment \$	Exploration and evaluation asset \$	Mineral properties and mine development costs \$	Total \$
As at January 1, 2021	617,085	64,159	280,449	961,693
Additions	126,805	11,608	46,409	184,822
Restoration provision	-	-	3,660	3,660
Currency translation adjustment	(48)	(3,335)	-	(3,383)
As at December 31, 2021	743,842	72,432	330,518	1,146,792
Additions	33,385	6,685	11,161	51,231
Restoration provision	-	-	(1,332)	(1,332)
Currency translation adjustment	(64)	830	-	766
As at March 31, 2022	777,163	79,947	340,347	1,197,457
Accumulated depreciation	Plant and equipment	Exploration and evaluation asset \$	Mineral properties and mine development costs \$	Total \$
As at January 1, 2021	(294,276)	-	(114,769)	(409,045)
Depreciation charge	(19,748)	-	(7,416)	(27,164)
As at December 31, 2021	(314,024)	-	(122,185)	(436,209)
Depreciation charge	(4,427)	-	(1,930)	(6,357)
As at March 31, 2022	(318,451)	-	(124,115)	(442,566)
Net book value				
As at December 31, 2021	429,818	72,432	208,333	710,583
As at March 31, 2022	458,712	79,947	216,232	754,891

Plant and equipment includes right of use assets of \$81,489 (December 31, 2021 - \$80,691) with a net book value of \$71,567 at March 31, 2022 (December 31, 2021 - \$71,549) related primarily to mobile mining equipment.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

7 Accounts payable and accrued liabilities

	March 31, 2022	December 31, 2021
	\$	\$
Trade accounts payable	29,938	20,982
Accrued liabilities	44,122	28,852
Deferred Share Units liability	2,975	2,024
Restricted and Performance Share Units liability	6,240	8,624
	83,275	60,482

8 Lease liabilities

Lease liabilities relate primarily to mobile mining equipment and have monthly repayment terms between 36 and 84 months and with interest rates between 2.0% and 6.0%.

	March 31, 2022	December 31, 2021
	\$	\$
Lease liabilities	58,160	61,072
Less: current portion	(11,768)	(10,403)
Non-current portion	46,392	50,669

Gross lease liability and minimum lease payments

	March 31, 2022	December 31, 2021
	\$	\$
Within one year	14,687	14,814
Between two and four years	51,585	55,260
	66,272	70,074
Future interest	(8,112)	(9,002)
Present value of lease liability	58,160	61,072

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

9 Long-term debt

	March 31 2022	December 31, 2021
	\$	\$
Bonds in US\$	235,344	234,664
Bonds in CA\$	294,086	297,507
Less: current portion	(12,496)	(12,678)
	281,590	284,829

Bonds

On April 9, 2021, the Company completed an offering of US\$250 million of secured bonds (“the Bonds”). The Bonds mature on April 9, 2026 and bear interest at an annual rate of 8.0%, payable semi-annually on April 9 and October 9. Semi-annual principal installments in the amount of US\$5 million are payable on each interest payment date. At March 31, 2022, the Company had deposited US\$12.4 million (\$15,733) into a debt service account to satisfy the next semi-annual principal installment and interest payment. The debt service account is presented on the statement of financial position as restricted cash. A semi-annual principal installment of US\$5 million and interest payment of US\$10 million was made on October 8, 2021.

The Bonds are secured by a general security agreement on the assets of the Company. The Company may redeem all or part of the principal amount of the outstanding Bonds at any time from October 2023, at redemption prices ranging from 104% to 100%, plus accrued and unpaid interest to the date of redemption. The prepayment options are not closely related to the host debt instrument and are separately accounted for as embedded derivatives. At March 31, 2022, the value of the prepayment options was nominal.

As at March 31, 2022, the Bonds have a principal amount outstanding of \$306,152 (US\$245 million). The outstanding amount of \$294,086 is net of issue costs of \$12,066.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

10 Provisions

	Decommissioning and restoration provision \$	Share-based payment obligations \$	Total \$
Balance, January 1, 2022	22,109	12,500	34,609
Share-based payment expense	-	3,889	3,889
Payments during the period	-	(1,734)	(1,734)
Changes in estimate costs and timing	(1,332)	-	(1,332)
Unwinding of discount on restoration provision	131	-	131
Balance, March 31, 2022	20,908	14,655	35,563
<i>Less: Current portion of share-based payment obligations included within accounts payable (Note 7)</i>	-	(9,213)	(9,213)
Total provision – Non-current	20,908	5,442	26,350
Balance, January 1, 2021	18,371	4,715	23,086
Share-based payment expense	-	16,550	16,550
Payments during the period	-	(8,765)	(8,765)
Changes in estimate costs and timing	3,660	-	3,660
Unwinding of discount on restoration provision	78	-	78
Balance, December 31, 2021	22,109	12,500	34,609
<i>Less: Current portion of share-based payment obligations included within accounts payable (Note 7)</i>	-	(10,648)	(10,648)
Total provision – Non-current	22,109	1,852	23,961

The Company has a liability for remediation of current and past disturbances associated with mining activities at the Copper Mountain mine property. At March 31, 2022, the Company used an inflation rate of 2.00% (December 31, 2021 – 2.00%) and a discount rate of 2.37% (December 31, 2021 – 1.47%), based on inflation targets and Bank of Canada interest rates respectively, in calculating the estimated obligation. The decommissioning obligations will be accreted as a finance expense over the life of the mine. The liability for retirement and remediation on an undiscounted basis is \$22,161 (December 31, 2021 – \$20,307). The expected timing of payment of the cash flows will occur in various stages to 2040.

The Company has on deposit \$4,542 (December 31, 2021 – \$4,302) with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain mine site. The Company receives interest on these bonds. The Company has also issued a surety bond of \$17,467 (December 31, 2021 – \$17,467) for total reclamation security of \$22,009.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

11 Other financial liabilities

In January 2022, the Company entered into zero-cost collar option contracts for 3.3 million pounds of copper per month, for a total of 39.6 million pounds of copper, with maturity dates ranging from January 2022 to December 2022, with a minimum copper strike price of US\$4.00 per pound and an average ceiling price of US\$4.91 per pound. For the three months ended March 31, 2022, the collar options on 9.9 million pounds of copper expired unexercised. At March 31, 2022, the Company recognized an unrealized loss and liability of \$5,115 on these collar options.

12 Share based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 19.7 million stock options exercisable for a period of up to ten years from the grant date. As at March 31, 2022, the Company had 7,760,478 options outstanding as follows:

	Number of shares	Weighted average exercise price \$
Outstanding, December 31, 2020	11,084,220	0.88
Exercised	(2,437,266)	0.80
Outstanding, December 31, 2021	8,646,954	0.91
Exercised	(886,476)	1.05
Outstanding, March 31, 2022	7,760,478	0.89

As at March 31, 2022, the following options were outstanding and exercisable:

Exercise prices (\$)	Outstanding			Exercisable		
	Number of options	Weighted average exercise price (\$)	Weighted average remaining life (years)	Number of options	Weighted average exercise price (\$)	Weighted average remaining life (years)
\$0.58 - \$1.00	3,357,507	0.61	2.80	2,580,630	0.62	2.77
\$1.02 - \$1.07	2,712,971	1.04	1.68	2,712,971	1.04	1.68
\$1.14 - \$1.28	1,690,000	1.22	1.14	1,690,000	1.22	1.14
	7,760,478	\$ 0.89	2.05	6,983,601	\$ 0.93	1.95

During the period ended March 31, 2022, the stock based compensation expense in respect of stock options vesting was \$69 (2021 – \$179) with a weighted average grant-date fair value of \$0.54 (2021 – \$0.54) per option. The fair values of the stock options granted were estimated on the grant date using the Black-Scholes option pricing model. Volatility was determined using a historical daily volatility over the expected life of the options.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

b. Deferred Share Unit, Restricted Share Unit and Performance Share Unit Plans

The Company has other share-based compensation plans in the form of a Deferred Share Unit (“DSU”) Plan, Restricted Share Unit (“RSU”) Plan and Performance Share Unit (“PSU”) Plan. DSUs and PSUs are cash settled while RSUs may be settled in cash or shares of the Company at the discretion of the Company. All of the DSUs, PSUs and RSUs are accounted for as cash settled awards. Units granted under these share-based compensation plans are recorded at fair value on the grant date and are adjusted for changes in fair value each reporting period until settled. The expense, and any changes which arise from fluctuations in the fair value of the grants, is recognized in share-based compensation in the statement of earnings with the corresponding liability recorded on the balance sheet in provisions (Note 10). The fair value of the units at each reporting period is the number of units vested multiplied by the quoted market value of a common share of the Company at the reporting date.

The continuity of units granted and outstanding under the share-based compensation plans is as follows:

	DSUs	RSUs	PSUs
Outstanding, January 1, 2021	540,297	2,513,150	2,513,150
Granted	374,009	948,697	623,393
Forfeited	(35,294)	-	(308,035)
Settled	(287,196)	(469,242)	(837,716)
Outstanding, December 31, 2021	591,816	2,992,605	1,990,792
Granted	199,522	593,265	751,519
Forfeited	-	-	-
Expired	-	-	-
Settled	-	(337,276)	(99,196)
Outstanding, March 31, 2022	791,338	3,248,594	2,643,115

During the period ended March 31, 2022, the Company recorded share-based compensation of \$3,890 (2021 - \$5,780) related to DSUs, RSUs and PSUs.

During the period ended March 31, 2022, the total fair value of DSUs, RSUs and PSUs granted was \$11,613 (2021 - \$4,548) with a weighted average grant date fair value of \$2.47 (2021 - \$2.42) per unit.

c. Basic and diluted weighted average number of shares outstanding

	Three months ended March 31,	
	2022	2021
Weighted average shares outstanding – basic	210,767,083	208,548,526
Dilutive securities		
Stock options	-	6,601,261
Restricted share units	-	3,429,631
Weighted average shares outstanding – diluted	210,767,083	218,579,418

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

13 Revenue

	Three months ended March 31,	
	2022	2021
	\$	\$
Copper in concentrate	84,363	145,257
Gold in concentrate	10,662	17,894
Silver in concentrate	1,801	5,211
Treatment and refining charges	(2,968)	(6,155)
	93,858	162,207

Revenue for the three months ended March 31, 2022 included a mark-to-market and final adjustments from provisional pricing on concentrate sales of \$8,970 (2021 – \$15,984).

Revenues recognized in the reporting period include the following mark-to-market provisional pricing changes on concentrate sales not yet finalized at the period end.

	Three months ended March 31,	
	2022	2021
	\$	\$
Copper in concentrate	6,847	15,503
Gold in concentrate	219	383
Silver in concentrate	(7)	(433)
	7,059	15,453

14 Expenses by nature

	Three months ended March 31,	
	2022	2021
	\$	\$
Direct mining and milling costs	52,356	39,670
Employee compensation and benefits	15,885	14,713
Depreciation	5,475	7,686
Transportation costs	1,566	3,858
Cost of sales	75,282	65,927
Corporate employee compensation and benefits	4,326	2,732
Corporate and mine site administrative expenses	2,566	2,536
General and administration	6,892	5,268
	82,174	71,195

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

15 Finance expense

	Three months ended March 31,	
	2022	2021
	\$	\$
Interest on loans	7,207	2,732
Amortization of financing fees	860	160
Loan guarantee fee	-	24
Unwinding of discount on restoration provision	131	14
	8,198	2,931

16 Related party transactions

All transactions with related parties have occurred in the normal course of the Company's operations.

- During the three months ended March 31, 2022, the Company sold copper concentrates to MMC with revenues totalling \$93,858 (2021 – \$162,207) including pricing adjustments.
- On June 9, 2021, the Company repaid to MMC the balance of a subordinated loan of \$9,600, funding advances of \$154,117, guarantee fees of \$3,514 with accumulated interest. For the three months ended March 31, 2021, the Company accrued \$1,191 of interest to MMC on these instruments.
- Compensation of key management:

Key management includes the Company's directors and officers. Compensation awarded to key management includes:

	Three months ended March 31,	
	2022	2021
	\$	\$
Salaries and short-term employee benefits	3,080	2,648
Share based compensation	2,801	4,102
	5,881	6,750

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

17 Supplementary cash flow disclosures

- a. As at March 31, 2022, cash and cash equivalents consists of guaranteed investment certificates of \$1,457 (December 31, 2021 – \$1,457) and \$142,044 in cash (December 31, 2021 – \$170,445) held in bank accounts.
- b. A reconciliation of net changes in working capital items is as follows:

	Three months ended March 31,	
	2022	2021
	\$	\$
Change in accounts receivable and prepaid expenses	1,288	(16,769)
Change in inventory	(2)	6,807
Change in tax liability	(129)	745
Change in accounts payable and accrued liabilities	14,555	(9,449)
	15,712	(18,666)

- c. The significant non-cash financing and investing transactions during the three month period ended March 31 are as follow:

	2022	2021
	\$	\$
Increase in accounts payable related to plant and equipment	1,555	(1,876)
Addition of plant and equipment through leases	(798)	(17,599)

18 Financial instruments

The carrying values of cash and cash equivalents, reclamation bonds, accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments.

Fair Value hierarchy

The following table classifies financial assets and liabilities that are recognized on the statement of financial position at fair value in a hierarchy that is based on significance of the inputs used in making the measurements.

The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of the Bonds is \$317,571 and the carrying value is \$294,086 at March 31, 2022.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at March 31, 2022:

	Level 1 \$	Level 2 \$	Level 3 \$	Total fair value \$
Financial assets				
Amounts due from concentrate sales (note 4)		24,629		24,629
Financial liabilities				
Derivative liabilities (note 11)		5,115		5,115

Financial risks factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Liquidity risk

	March 31, 2022 \$	December 31, 2021 \$
Cash and cash equivalents	143,501	171,902
Working capital	107,449	156,967

Maturity analysis of financial liabilities as at March 31, 2022 is as follows:

	Total \$	< 1 year \$	2-3 years \$	4-5 years \$	Thereafter \$
Long-term debt	294,086	12,496	24,992	256,598	-
Lease obligations	58,160	12,427	23,067	17,315	5,351
Decommissioning & restoration provision	20,908	-	-	-	20,908
Trade accounts payable	29,938	29,938	-	-	-
	403,092	54,861	48,059	273,913	26,259

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

19 Segmented Information

The Company is engaged in mining, exploration and development of mineral properties, and has an operating mine in Canada and an exploration and evaluation project in Australia. The corporate entities are responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury, finance and corporate administration.

Geographic information as follows:

	March 31, 2022	December 31, 2021
Assets by geographic region, at cost		
Canada		
Current assets	217,850	240,404
Non-current assets	752,575	716,744
	<u>970,425</u>	<u>957,148</u>
Australia		
Current assets	4,268	2,269
Non-current assets	72,027	64,501
	<u>76,295</u>	<u>66,770</u>

The Company sells all of its copper concentrates to MMC smelters in Japan based on quoted market prices of contained metals. During the period ended March 31, 2022 revenues attributed to the sale of copper concentrate to MMC totaled \$93,858 (2021 – \$162,207).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF COPPER MOUNTAIN MINING CORPORATION FOR THE QUARTER ENDED MARCH 31, 2022

The following Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Copper Mountain Mining Corporation and its subsidiaries ("Copper Mountain" or the "Company"). This MD&A should be read in conjunction with Copper Mountain's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2022 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to interim financial reporting. This MD&A contains forward-looking statements that are subject to risks and uncertainties, as discussed in the cautionary note contained in this MD&A. The reader is cautioned not to place undue reliance on forward-looking statements. All figures in this MD&A are expressed in thousands of **Canadian dollars** except for share, per share, per pound and per ounce amounts, unless otherwise specified. References to "US\$" are to United States dollars. This MD&A has been prepared as at April 25, 2022.

About Copper Mountain

Copper Mountain is a Canadian mining company focused on the development and production of base and precious metals. The Company, through its subsidiaries, owns 75% of the Copper Mountain Mine located in southern BC. The Copper Mountain Mine produces about 100 million pounds of copper equivalent per year with a large resource that remains open laterally and at depth. Copper Mountain also owns the development-ready Eva Copper Project in Queensland, Australia and an extensive 210,000 hectare highly prospective land package, also in the Mount Isa area of Queensland, Australia. Copper Mountain trades on the Toronto Stock Exchange under the symbol "CMMC" and Australian Stock Exchange under the symbol "C6C". For further information on Copper Mountain, reference should be made to its public filings (including its most recently filed annual information form ("AIF")) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.cumtn.com.

Cautionary Statement on Forward-Looking Information

This MD&A contains certain statements that may be deemed "forward-looking statements." All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities, and events or developments that the Company expects to occur, are forward-looking statements. Future estimates regarding production, capital and operating costs are based on NI 43-101 Technical Reports and on mine plans and production schedules, which have been developed by the Company's personnel and independent consultants. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified

by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "targets" and similar expressions, or that events or conditions "will", "would", "may", "could", or "should" occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, but are not limited to: general business, economic, competitive, political and social uncertainties; actual results of reclamation activities; conclusions of economic evaluations; fluctuations in the value of the Canadian dollar relative to the United States dollar; fluctuations in the value of the Australian dollar relative to the United States dollar; changes in project parameters as plans continue to be refined; failure of equipment or process to operate as anticipated; changes in labor costs and other costs and availability of equipment or processes to operate as anticipated; accidents, labor disputes, material and labour shortages, and other risks of the mining industry, including but not limited to reserve and resource shortages, environmental hazards, cave-ins, rock bursts, pit-wall failures, flooding, extreme weather events, including those related to climate change and other acts of God or unfavorable operating conditions and losses; global economic events arising from the coronavirus (COVID-19) pandemic; global inflationary pressures driven by supply chain disruptions caused by the ongoing COVID-19 pandemic and global energy cost increases following the invasion of Ukraine by Russia; detrimental events that interfere with transportation of concentrate or the smelters ability to accept concentrate, including declaration of force majeure events, insurrection or war; delays in obtaining governmental approvals or revocation of governmental approvals; title risks and Aboriginal land claims; delays or unavailability in financing or in the completion of development or construction activities; failure to comply with restrictions and covenants in senior loan agreements, actual results of current exploration activities; volatility in the Company's publicly traded securities; and the factors discussed in the section entitled "Risk Factors" in the Company's AIF and in the Company's continuous disclosure filings available under its profile on SEDAR at www.sedar.com. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

TABLE OF CONTENTS

OVERVIEW	4
HIGHLIGHTS	4
OPERATIONS REVIEW	6
OUTLOOK.....	8
PROJECT DEVELOPMENT UPDATE	8
EXPLORATION UPDATE	9
FINANCIAL REVIEW	10
SELECTED QUARTERLY FINANCIAL INFORMATION	13
LIQUIDITY AND CAPITAL RESOURCES	13
OFF-BALANCE SHEET ARRANGEMENTS	16
RELATED PARTY TRANSACTIONS	16
ACCOUNTING POLICIES AND ESTIMATES	16
NON-GAAP PERFORMANCE MEASURES	17
DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING	21
RISKS AND UNCERTAINTIES	22

OVERVIEW

Copper Mountain is a copper-gold producing company that was incorporated under the provisions of the British Columbia *Business Corporations Act* on April 20, 2006. The Company owns 75% of the Copper Mountain Mine through a subsidiary and Mitsubishi Materials Corporation (“MMC”) owns the remaining 25%.

The Copper Mountain Mine is situated 20 km south of Princeton, British Columbia and 300 km east of the Port of Vancouver. Production of copper concentrate from the Copper Mountain Mine commenced during the third quarter of 2011. The property consists of 138 Crown granted mineral claims, 145 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702 hectares or 67 square kilometres.

The mine is a conventional open pit, truck and shovel operation. The mill consists of one SAG mill, three ball mills, a rougher flotation circuit, regrind mill, a cleaner flotation circuit, a concentrate thickener, and a pressure filter. The mill throughput is approximately 16.4 million tonnes per year. Copper concentrate from the mine is trucked to the Port of Vancouver where it is placed in a storage shed for loading onto ocean going vessels for transportation to Japan.

The Company also owns 100% of the Eva Copper Project, a development-ready copper-gold project in Queensland, Australia and an extensive 210,000 hectare highly prospective land package within the Mount Isa area.

HIGHLIGHTS

- Production in Q1 2022 was 15.6 million pounds of copper equivalent (13.2 million pounds of copper, 5,135 ounces of gold, and 55,993 ounces of silver), 48% lower than Q1 2021 which was a record production quarter, primarily driven by lower mill head grade and lower throughput resulting from the damaged secondary crusher.
- The secondary crusher’s new main shaft was installed in early April and the mill is ramping up to full capacity.
- Revenue for Q1 2022 was \$93.9 million from the sale of 13.5 million pounds of copper, 5,076 ounces of gold, and 60,038 ounces of silver.
- C1 cash cost ⁽¹⁾ per pound of copper produced in Q1 2022 was US\$3.58, higher than Q1 2021 of US\$1.15, primarily due to lower copper production, temporary contractor maintenance expenses, temporary contract crushing expenditures, and inflationary pressures on costs, particularly diesel.
- All-in sustaining cost (“AISC”) ⁽¹⁾ per pound of copper of US\$4.45 and all-in cost (“AIC”) ⁽¹⁾ per pound of copper of US\$5.08 was significantly higher compared to Q1 2021 largely driven by higher C1 cash cost, the lease expense and capitalization of assembly costs for seven new Trolley Assist haul trucks, the acquisition cost of new “MineSense” shovel grade control systems and new haul road construction costs that will greatly improve truck cycle times starting in Q2 2022.
- Net loss for Q1 2022 was \$4.2 million, or (\$0.03) on a per-share basis.
- Cash flow from operations for Q1 2022 was \$33.3 million, or \$0.16 on a per-share basis⁽¹⁾.

- Cash, cash equivalents and restricted cash at the end of March 31, 2022 was \$159.2 million.
- Exceeded 2021 sustainability targets, achieving at least an “A” or “Yes” rating on each of the Mining Association of Canada’s Towards Sustainable Mining protocols.
- Successfully commissioned the Trolley Assist project, which targets reduction of carbon emissions at the Copper Mountain Mine by at least 30%.
- Positive drilling results continued during the quarter at New Ingerbelle, extending mineralization to the west, with the Company completing the balance of the 2021 drill program in the quarter.
- Entered into zero-cost collar option contracts for 3.3 million pounds of copper per month through 2022 with a floor price of US\$4.00 per pound and an average ceiling price of US\$4.91 per pound.

(1) The Company reports the non-GAAP financial measures of C1 cash costs, AISC and AIC per pound of copper produced and cash flow from operations per share to manage and evaluate its operating performance. See “Non-GAAP Performance Measures” in this MD&A.

Results and Highlights (100%)	Three months ended	
	March 31,	
	2022	2021
	\$	\$
(In thousands of CDN\$, except for per share amounts)		
Financial		
Revenue	93,858	162,207
Gross profit	18,576	96,280
Gross profit before depreciation ⁽¹⁾	24,051	103,966
Net income (loss)	(4,162)	52,118
Income (loss) per share – basic	(0.03)	\$0.18
Adjusted earnings (loss) ⁽¹⁾	(9,277)	33,419
Adjusted earnings (loss) per share – basic ⁽¹⁾	(0.04)	\$0.16
EBITDA ⁽¹⁾	11,256	95,985
Adjusted EBITDA ⁽¹⁾	6,141	77,286
Cash flow from operations	33,314	79,593
Cash flow from operations per share – basic ⁽¹⁾	0.16	0.38
Cash and cash equivalents – end of period	143,501	137,065
Production		
Copper Equivalent (000s lb)	15,648	30,367
Copper (000s lb)	13,224	25,526
Gold (oz)	5,135	8,187
Silver (oz)	55,993	160,484
Unit costs and prices		
C1 cash cost per pound of copper produced (US\$(net)) ⁽¹⁾	3.58	1.15
AISC per pound of copper produced (US\$) ⁽¹⁾	4.45	1.46
AIC per pound of copper produced (US\$) ⁽¹⁾	5.08	1.71
Average realized copper price (US\$/lb)	4.54	3.90

⁽¹⁾ Non-GAAP performance measure. See “Non-GAAP Performance Measures” in this MD&A for details.

OPERATIONS REVIEW

Mine Production Information

Copper Mountain Mine (100% Basis)	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 Annual	2020 Annual	2019 Annual
Mine								
Total tonnes mined (000s)	12,230	11,368	14,483	15,674	15,372	56,897	55,045	62,129
Ore tonnes mined (000s)	2,888	3,023	3,053	3,854	3,428	13,358	14,173	12,496
Waste tonnes (000s)	9,342	8,346	11,430	11,820	11,944	43,540	40,872	49,633
Stripping ratio	3.23	2.76	3.74	3.07	3.48	3.26	2.88	3.97
Mill								
Tonnes milled (000s)	2,968	3,124	3,417	3,435	3,430	13,406	14,336	14,643
Feed Grade (Cu%)	0.25	0.30	0.37	0.42	0.42	0.38	0.32	0.29
Recovery (%)	82.0	80.4	79.7	79.4	80.2	79.8	78.0	77.8
Operating time (%)	86.3	87.5	92.2	94.1	93.9	91.9	92.4	93.2
Tonnes milled (TPD)	32,978	33,957	37,141	37,747	38,111	36,729	39,169	40,118
Production								
Copper (000s lb)	13,224	16,693	22,406	25,515	25,526	90,140	77,551	71,950
Gold (oz)	5,135	5,472	7,449	7,627	8,187	28,736	29,227	26,747
Silver (oz)	55,993	80,377	134,987	147,973	160,484	523,821	392,494	271,835
Sales								
Copper (000s lb)	13,487	19,391	24,416	21,696	27,501	93,004	73,277	71,898
Gold (oz)	5,076	6,285	8,308	6,545	8,553	29,691	26,137	26,478
Silver (oz)	60,038	108,020	142,128	121,291	161,657	533,096	323,276	254,541
C1 cash cost per pound of copper produced (US\$) ⁽¹⁾	3.58	2.17	1.50	1.38	1.15	1.49	1.53	1.92
AISC per pound of copper produced (US\$) ⁽¹⁾	4.45	2.54	1.77	1.83	1.46	1.84	1.69	2.06
AIC per pound of copper produced (US\$) ⁽¹⁾	5.08	2.76	2.17	2.06	1.71	2.12	1.90	2.44

⁽¹⁾ Non-GAAP performance measure. See "Non-GAAP Performance Measures" in this MD&A for details.

Operation Results – First Quarter 2022

Production

The Copper Mountain Mine produced 13.2 million pounds of copper, 5,135 ounces of gold, and 55,993 ounces of silver in Q1 2022, as compared to Q1 2021, which was a record production quarter, of 25.5 million pounds of copper, 8,187 ounces of gold, and 160,484 ounces of silver. Production was lower during the quarter due to lower grades and reduced mill throughput as the Company continued to run the secondary crusher at reduced rates due to the damaged main shaft which occurred late in 2021. The Company has determined the source of the damage and has since improved the systems to prevent a recurrence of this issue. The main shaft was temporarily weld repaired in December 2021, but the temporary nature of the fix required the Company to reduce crushing power to sustain operations, thereby increasing the crushed product size of the ore feed going to the SAG mill. The coarser ore feed resulted in lower SAG throughput. A new main shaft was installed in the first week of April 2022 at a cost of approximately \$0.8 million and throughput rates have since returned to normal operating levels. With the recently commissioned third ball mill, the mill will be ramping up towards the full mill capacity of 45,000 tonnes per day in the second quarter, which will be a key driver to increased production for the remainder of the year.

The mill processed a total of 3.0 million tonnes of ore during the quarter as compared to 3.4 million tonnes in Q1 2021. The average mill feed grade was 0.25% Cu during Q1 2022, as compared to average feed grade of 0.42% Cu in Q1 2021. This was due to ore being mined predominantly from the lower grade Phase 2 area for most of the quarter. The Company plans on mining from the higher-grade Phase 4 area of the Main Pit and the North Pit in the second half of 2022, further contributing to higher production levels in the second half of the year.

Copper recovery was 82.0% in Q1 2022 as compared to 80.2% in Q1 2021. Mill availability averaged 86.3% for Q1 2022 as compared to 93.9% in Q1 2021. Mill availability was lower in Q1 2022 principally due to the replacement of the SAG mill feed conveyor belt during the quarter and additional mill downtime related to the damaged secondary crusher. The SAG mill feed conveyor belt was fully replaced for the first time since the start of operations.

The Company continues to advance the plant improvement and optimization projects currently underway at the mine. Both the installation of additional cleaner circuit capacity to support maximizing recovery on slower kinetic ore types and the installation of additional filtration capacity are expected to be completed during the first half of 2022. The expansion to the rougher flotation circuit is planned to be completed in Q3 2022. With the completion of these projects, the replacement of the new main shaft for the secondary crusher, which is now complete, and as Copper Mountain begins to mine higher grade ore from the Phase 4 area, production is expected to be considerably higher in the second half of 2022.

Costs

C1 cash cost per pound of copper produced, net of precious metal credits, for Q1 2022 was US\$3.58, as compared to US\$1.15 in Q1 2021. The variance in C1 cash costs for Q1 2022, as compared to Q1 2021, was due to several items:

- Lower copper production of 48% due to lower mill feed grade and reduced mill throughput.
- Temporary costs incurred in the quarter for mobile equipment repairs and maintenance, portable crushing equipment to supplement the secondary crusher and increased maintenance contractor support required to assist with managing COVID-19 related workforce absences and major conveyor belt rip repairs due to the significant cold weather that occurred in late 2021 and early 2022. These additional costs are not expected to recur through the remainder of 2022.
- To a lesser extent, costs increased due to inflationary pressures on diesel, steel, and mill consumable costs with price increases of 63%, 19%, and 10%, respectively.
- Lower precious metal credits resulting from lower gold and silver production due to lower grades and reduced mill throughput.

With production levels expected to increase throughout the remainder of the year and an easing of the temporary operating costs from Q1 2022, the Company anticipates C1 cash cost per pound of copper to markedly improve for the remainder of 2022.

AISC per pound of copper produced for Q1 2022 was US\$4.45, as compared to US\$1.46 in Q1 2021. AISC carries forward from C1 cash costs with the addition of \$14.6 million in sustaining capital, lease, and applicable administration expenditures in Q1 2022 as compared to \$10.1 million in Q1 2021. The increase was primarily due to higher leasing costs of \$3.9 million as compared to \$2.7 million in Q1 2021 as well as sustaining capital of \$10.2 million in Q1 2022 as compared to sustaining capital of \$6.4 million in Q1 2021. The higher leasing costs were principally due to the purchase of new Trolley Assist haul trucks. Sustaining capital costs for Q1 2022 were higher than Q1 2021 mainly due to \$2.9 million of expenditures to improve grade control systems and new road construction that will eliminate traffic interference with haulage trucks on the main waste haul road thereby improving productivity through reducing haul truck cycle times and delays. These haul truck productivity improvement capital expenditures are expected to be completed in Q2 2022. Sustaining capital also continues to include costs associated with the mine's environmental water management projects. The mine water management projects have been substantially advanced and are expected to be fully completed in Q3 2022.

AIC per pound of copper produced for Q1 2022 was US\$5.08, as compared to US\$1.71 in Q1 2021. AIC carries forward from AISC with the addition of \$10.5 million in deferred stripping as compared to \$8.0 million deferred stripping in Q1 2021. Deferred stripping costs in Q1 2022 were from regular development activities as the Company continued to advance development of the Phase 4 pushback of the Copper Mountain Main Pit.

OUTLOOK

As a result of the production results in Q1 2022, the Company expects to achieve the lower end of its annual guidance range of 80 to 90 million pounds of copper. The Company expects production in the second half of the year to be stronger than the first half of 2022 as throughput rates reach the increased capacity of 45,000 tonnes per day following the secondary crusher repair in April 2022 and as the Company mines from higher grade ore from Phase 4 of the Copper Mountain Main Pit and North Pit. The second quarter of 2022 is expected to be a transition quarter as production and costs begin to improve from the first quarter, with the second half of the year expected to be significantly stronger.

The Company is increasing its AIC per pound of copper cost guidance for 2022 to be between US\$2.25 and US\$2.75 as a result of the higher-than-planned AIC in Q1 2022 and inflationary pressures. As production is expected to increase throughout 2022, and as many cost items in Q1 2022 were non-recurring in nature, the Company expects AIC to improve for the remainder of 2022.

PROJECT DEVELOPMENT UPDATE

Copper Mountain Mine, Canada

The Company successfully installed and commissioned Ball Mill 3 in the second half of 2021. The Ball Mill 3 Expansion Project was designed to increase mill throughput to 45,000 tonnes per day from 40,000 tonnes per day and improve copper recovery due to achieving a finer ore grind. Ball Mill 3 operated well during the quarter.

The plant optimization and improvement projects at the mine site continue to progress. The cleaner column expansion project and the filter press expansion are on track to be completed by the end of Q2 2022. The rougher expansion project is in progress and expected to be completed in Q3 2022. Phase 1 of the Trolley Assist project was completed during the first quarter and on April 4, 2022 the Company announced the successful commissioning of the one kilometer trolley-assist haul ramp and seven pantograph-equipped electric haul trucks.

Eva Copper Project, Australia

The Company announced updated economics for the Eva Copper Project, including capital and operating costs, at the end of 2021. The Eva Copper Project's economics remain strong and have improved compared to the May 2020 Feasibility Study. The Company also formally approved the construction plan for the Eva Copper Project subject to advancing detailed engineering to 80%, obtaining committed project financing and the lifting of COVID-19 restrictions in Queensland, Australia. The Company continues to advance project financing discussions and has engaged Ausenco Projects Australia Pty Ltd to complete detailed engineering on the project.

EXPLORATION UPDATE

Canada

The drilling program, which was initiated in March 2021 with the objective of expanding resources and reserves at the Copper Mountain Main Pit, North Pit and New Ingerbelle, was completed in March 2022. The program consisted of a total of 38,000 metres of diamond drilling. Results were positive with significant copper intersections below the current reserve pits.

In January, the Company announced continued positive results from drilling at New Ingerbelle, extending mineralization at depth and to the west. For details, please see the Company's January 20, 2022 and September 9, 2021 press releases. The Company plans to incorporate the results of the 2021-2022 drilling program into an updated mineral reserves and mineral resources estimate, along with a new "Life of Mine Plan" based on an expansion study, which is expected to be published in mid-2022.

Australia

In late 2021, the Company completed an exploration program on its Cameron Copper Project, located approximately 40 kilometres south of its Eva Copper Project. The program was designed to discover additional copper, copper-gold or gold deposits. The program, which consisted of detailed geophysical, geochemical, and geological surveys followed by drill testing, produced encouraging results with multiple mineralized zones identified.

A total of 60 reverse circulation holes (6,997 metres of drilling) and 7 diamond drill holes (1,341 metres of drilling) were completed on a series of targets at Cameron (C1, C1 South, C2, C3, C6, and C24). The drill program encountered intercepts of high-grade mineralization, within long, low-grade mineralized envelopes, with lateral continuity between intercepts of up to 1 kilometre. For drill hole results please see Copper Mountain's October 12, 2021 press release. Analysis and interpretation of the drilling results is ongoing and will guide further target definition and drilling in 2022.

FINANCIAL REVIEW

The following quarterly financial information was derived from quarterly financial statements that are prepared in accordance with IFRS applicable to interim financial reporting. Adjusted net income and adjusted earnings per share are non-GAAP performance measures and do not have standardized meaning prescribed by IFRS. These measures are used internally by management which serves to provide additional information. See “Non-GAAP Performance Measures” for details.

Financial Results	Three months ended March 31,	
	2022 \$	2021 \$
(In thousands of CDN\$, except for per share amounts)		
Revenue		
Copper	84,363	145,257
Gold	10,662	17,894
Silver	1,801	5,211
Treatment and refining	(2,968)	(6,155)
	93,858	162,207
Cost of sales		
Direct mining and milling	(52,356)	(39,670)
Employee compensation	(15,885)	(14,713)
Depreciation	(5,475)	(7,686)
Transportation	(1,566)	(3,858)
Gross profit	18,576	96,280
General and administration	(6,892)	(5,268)
Share based compensation	(3,959)	(5,959)
Operating income	7,725	85,053
Other income	284	18
Finance expense	(8,198)	(2,931)
Loss on derivatives	(5,115)	-
Foreign exchange gain	3,171	3,246
Income (loss) before tax	(2,133)	85,386
Current tax expense	(621)	(1,857)
Deferred tax expense	(1,408)	(31,411)
Net income (loss)	(4,162)	52,118
Adjustments		
Pricing adjustments on concentrate sales	(7,059)	(15,453)
Loss on derivatives	5,115	-
Foreign exchange gain	(3,171)	(3,246)
Adjusted net income (loss)⁽¹⁾	(9,277)	33,419
Income (loss) per share	(0.03)	0.18
Adjusted earnings (loss) per share⁽¹⁾	(0.04)	0.16

⁽¹⁾ Non-GAAP performance measure. See “Non-GAAP Performance Measures” in this MD&A for details.

The revenue and profit of the Company depend on the prices of the commodities that the Company sells as well as the fluctuation of operating expenses incurred in the production of copper concentrates. Commodity prices are influenced globally by macro-economic conditions. The copper, gold, and silver that is produced by the Company is sold at prevailing market prices and, as such, the prices for these products can fluctuate significantly and, in this case, have a material effect on the financial results of the Company.

Gross profit of the Company is made up of revenue, less operating expenses including depreciation and amortization. Income and expenses that are not a part of the production of copper concentrate are presented after gross profit. Cost of sales includes all expenses required to produce copper concentrate such as labour, energy, operating supplies, marketing, and distribution costs incurred on the transportation of copper concentrate to market. Due to the location of the Company's operation, the Company is highly dependent on third parties for the provision of trucking, port, and other distribution services. Contractual disputes, demurrage charges, and port capacity issues, availability of vessels, weather problems and other factors can have a material effect on the Company's ability to transport materials.

Copper Mountain's costs are dictated mainly by production volumes, the costs for labour, operating supplies, as well as by strip ratios, haul distances, ore grades, distribution costs, foreign exchange rates, and costs related to non-routine maintenance projects. Production volumes mainly affect variable operating and distribution costs.

Financial Results – First Quarter 2022

Summary

The Company shipped and sold 13.5 million pounds of copper, 5,076 ounces of gold, and 60,038 ounces of silver during Q1 2022 compared to 27.5 million pounds of copper, 8,553 ounces of gold and 161,657 ounces of silver for Q1 2021. During the quarter, the Company recognized revenue of \$93.9 million, net of pricing adjustments and treatment charges based on an average realized copper price of US\$4.54 per pound; compared to revenue of \$162.2 million net of pricing adjustments and treatment charges at an average realized copper price of US\$3.90 per pound for Q1 2021. The Company generated gross profit of \$18.6 million in Q1 2022 as compared to a gross profit of \$96.3 million for Q1 2021.

The Company reported a net loss of \$4.2 million for Q1 2022 as compared to net income of \$52.1 million for Q1 2021. The variance in net income for Q1 2022, as compared to Q1 2021, was due to several items, including:

- Lower revenue in Q1 2022 due to less pounds of copper sold as compared to Q1 2021.
- Q1 2022 included a \$7.1 million positive mark to market and final adjustment from provisional pricing on concentrate sales, as compared to a \$15.5 million positive mark to market and final adjustment from provisional pricing on concentrate sales for Q1 2021.
- Higher cost of sales in Q1 2022 due to scheduled maintenance and increased operating costs as compared to Q1 2021.

Revenue

In Q1 2022, revenue was \$93.9 million, net of pricing adjustments and treatment charges, compared to \$162.2 million in Q1 2021. Revenue in Q1 2022 is based on the sale of 13.5 million pounds of copper, 5,076 ounces of gold, and 60,038 ounces of silver. This compares to 27.5 million pounds of copper, 8,553 ounces of gold and 161,657 ounces of silver sold in Q1 2021. As noted above, the decrease in revenue was due to lower quantities of all metal sold and a smaller positive mark to market and final adjustment on concentrate sales of \$7.1 million as compared to a positive mark to market and final adjustment of \$15.5 million for Q1 2021. Lower copper production and sales in the quarter was due to lower grades and reduced mill

throughput as the Company continued to run the secondary crusher at reduced rates due to the damaged main shaft.

The following table reflects the metal prices realized by the Company and the quantities of metal sold during the period:

	Realized Metal Prices Three months ended March 31,		Quantities of Metal Sold Three months ended March 31,	
	2022	2021	2022	2021
Copper ⁽¹⁾ – 000s lb	\$4.54	\$3.90	13,487	27,501
Gold ⁽¹⁾ – oz	\$1,898	\$1,791	5,076	8,553
Silver ⁽¹⁾ – oz	\$24.36	\$26.26	60,038	161,657

⁽¹⁾Metal prices stated as US dollars per ounce for gold and silver and US dollars per pound for copper.

Cost of Sales

Cost of sales in Q1 2022 was \$75.3 million as compared to \$65.9 million for Q1 2021. The increase in cost of sales can largely be attributed to the increase in scheduled repairs and maintenance during the quarter as well as additional costs incurred for portable crushing equipment to supplement the secondary crusher reduced capacity during the quarter as a result of the damaged main shaft. Cost of sales also increased as a result of higher fuel and steel costs, increased maintenance contractor support required to assist with managing COVID-19 related workforce absences and the significant cold weather that occurred in late 2021 and early 2022.

Finance Expense

The Company recorded Q1 2022 finance expense of \$8.2 million as compared to \$2.9 million incurred in Q1 2021. Finance expense primarily consists of interest on loans and the amortization of loan related financing fees. The increase in finance expenses was due to the higher interest rate associated with the Company's US\$250 million senior secured bond (the "Bonds") financing as compared to the former more restrictive senior credit facility that was repaid during Q2 2021 and the term loan that was repaid in Q3 2021.

Foreign Exchange

The Company recorded a Q1 2022 foreign exchange gain of \$3.2 million as compared to a \$3.2 million gain in Q1 2021. Foreign exchange gains and losses are primarily related to the Company's debt which is denominated in US dollars. Any variance is due to the non-cash foreign exchange adjustment required to be made to the Company's US dollar debt, as the US Dollar and Canadian dollar exchange rates vary.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table contains selected GAAP and non-GAAP financial information derived from the Company's unaudited quarterly consolidated financial statements for each of the eight most recent quarters and should be read in conjunction with the annual consolidated financial statements which are reported under IFRS.

Quarter results (100%) (In thousands of CDN\$, unless otherwise indicated)	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	93,858	136,755	137,755	142,604	162,207	106,103	94,992	91,089
Net income (loss)	(4,162)	31,535	25,824	38,662	52,118	28,540	33,249	31,933
Earnings (loss) per share – basic	(0.03)	0.11	0.08	0.12	0.18	0.10	0.13	0.12
Adjusted net income (loss) ⁽¹⁾	(9,277)	23,293	41,389	32,161	33,419	5,502	15,078	(1,458)
Adjusted earnings (loss) per share – basic	(0.04)	0.11	0.20	0.15	0.16	0.03	0.08	(0.01)
EBITDA	11,256	67,724	61,550	80,958	95,985	57,205	51,226	49,120
Adjusted EBITDA ⁽¹⁾	6,141	59,482	77,115	74,457	77,286	34,167	33,055	15,729
Cash flow from operations	33,214	50,420	90,869	94,574	79,593	50,990	38,595	15,685
Average realized copper price (US\$)	\$4.54	\$4.44	\$4.27	\$4.33	\$3.90	\$3.35	\$2.97	\$2.43
C1 cash cost per pound of copper produced (US\$) ⁽¹⁾	\$3.58	\$2.17	\$1.50	\$1.38	\$1.15	\$1.43	\$1.27	\$1.48
Copper sales (000's lbs)	13,487	19,390	24,416	21,696	27,501	18,712	17,824	18,879

⁽¹⁾ Non-GAAP performance measure. See: Non-GAAP Performance Measures" in this MD&A for details.

Financial results for the last eight quarters include the impact of the variability of copper prices and foreign exchange rates that impact realized sale prices, and variability in the quarterly sales volumes due to timing of shipments which impacts revenue recognition.

Cash flow from operations and net income (loss) attributable to shareholders varies from period to period primarily as a result of operational performance discussed in the overview section above, and non-cash items such as changes in foreign exchange rates, share based compensation charges, inventory write-downs and in previous periods valuation of the interest rate swap related to a portion of the Company's long-term debt denominated in US dollars.

LIQUIDITY AND CAPITAL RESOURCES

Cash

The Company's cash and cash equivalents and restricted cash at March 31, 2022 was \$159.2 million, which included restricted cash of \$15.7 million. The restricted cash of \$15.7 million has been placed into a debt service reserve account that is funded equally each month and will be applied to the interest and semi-annual US\$5.0 million principal installment payments. This compares to cash and cash equivalents of \$178.4 million at December 31, 2021.

During the quarter ended March 31, 2022, the Company generated \$33.3 million of positive cash flow from operations at the Copper Mountain Mine as compared to \$79.6 million for the quarter ended March 31, 2021.

During the quarter ended March 31, 2022, the Company used \$47.2 million in investing activities comprised of deferred stripping costs of \$10.5 million, sustaining capital of \$10.2 million, and development expenditures of \$26.5 million mainly consisting of the construction work for the plant optimization and improvement projects (cleaner column and filter press expansion and the rougher expansion), the Trolley Assist project, the east seepage pumpback system and the Eva Copper Project detailed engineering work.

During the quarter ended March 31, 2022, the Company used a net of \$12.9 million in its financing activities. This is comprised primarily transferring cash into the debt service reserve account for the Bonds, \$1.0 of interest, and \$3.9 million in lease payments on mining equipment.

Working Capital

As at March 31, 2022, the Company had working capital (current assets less current liabilities) of \$107.4 million compared with working capital of \$157.0 million at December 31, 2021.

Debt

The Company holds debt and financial liabilities in both Canadian and United States dollars. The Company's US debt position is summarized in the following table:

(In thousands of CDN\$, except for ratio amounts and where otherwise noted)	March 31, 2022 \$	December 31, 2021 \$	December 31, 2020 \$
Bonds (US\$)	245,000	245,000	-
Senior credit facility (US\$)	-	-	69,660
Term loan (US\$)	-	-	48,000
Related party loan (US\$)	-	-	108,345
Subordinated loan (US\$)	-	-	11,474
Leases (US\$)	46,543	48,172	37,111
Total debt (US\$ in thousands)	291,543	293,172	274,590
Period-end foreign exchange rate (US\$ to CAD\$)	1.2496	1.2678	1.2732
Total debt (CDN\$ in thousands)	364,312	371,683	349,608

At March 31, 2022, the Company had a net debt to trailing twelve month EBITDA of 0.9 compared to a net debt to trailing twelve month EBITDA of 0.9 at March 31, 2021. Net debt to EBITDA is a non-GAAP performance measure. (See: "Non-GAAP Performance Measures" in this MD&A for details).

Shareholders' Equity

As of March 31, 2022, the Company had 211,250,049 common shares outstanding and shareholders' equity was \$367.1 million, compared to \$371.7 million at December 31, 2021.

Proposed Transactions

None.

Commitments and Contractual Obligations

As at March 31, 2022, the Company had the following consolidated contractual obligations:

Annual Repayments due from March 31,

(In thousands of CDN\$)	Total	2022	2023	2024	2025	2026	Over 5 years
	\$	\$	\$	\$	\$	\$	\$
Bond	294,086	12,496	12,496	12,496	12,496	244,102	-
Lease obligation	58,160	12,427	11,781	11,285	10,343	6,972	5,352
Mine closure and reclamation	20,908	-	-	-	-	-	20,908
Total contractual obligations	373,154	24,923	24,277	23,781	22,839	251,074	26,260

Capital Resources

As at March 31, 2022, the Company had \$159.2 million in cash and cash equivalents on hand, including restricted cash of \$15.7 million. The Company expects to meet future cash commitments from existing cash on hand and anticipated operating cash flows generated from the Copper Mountain Mine.

In order to facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the board of directors. The Company manages liquidity by continuously monitoring and forecasting cash flows based on changes in operations and economic conditions to facilitate the management of its capital requirements. If required, the Company may adjust the capital structure by issuing new shares, issuing new debt or retiring existing debt. In 2022, the Company intends to allocate its capital resources to development of its mining operation, advancing the Eva Copper Project, resource expansion and exploration programs mentioned previously in this MD&A.

The Company's investment policy is to invest its cash in highly liquid interest-bearing investments that are readily convertible to known amounts of cash or in cashable Guaranteed Investment Certificates at major Canadian, United States, or Australian banks. There were no changes to the Company's approach to capital management during the period ended March 31, 2022.

As at March 31, 2022, the Company had a total of \$4.3 million on deposit and a surety bond in the amount of \$17.5 million with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain Mine. The Company receives interest from these funds on deposit and pays an annual 1.25% fee for the surety bonding balance.

Financial Instruments and Risks

The Company's financial assets and liabilities consist of cash and cash equivalents, accounts receivable, reclamation bonds, accounts payable and accrued liabilities, due to related parties, finance leases, zero-cost collar option contracts and long-term debt.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, inflation risk, and commodity price risk); credit risk; and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks in cooperation with the Company's operating units. The board provides, when appropriate, guidance for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, inflation risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

The financial instruments risk factors and the Company's exposure to these risks are disclosed in Note 19 of the Company's 2021 audited annual consolidated financial statements. For a discussion on the methods used to value financial instruments, as well as significant assumptions, refer also to Note 3 of the Company's 2021 audited annual consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at March 31, 2022.

RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of the Company's operations and have been measured at their fair value and under individual contracts.

- During the three months ended March 31, 2022, the Company sold copper concentrates under the provision of a long-term contract with MMC, for revenues totalling \$93.8 million (2021 – \$162.2 million) including pricing adjustments.
- On June 9, 2021, the Company repaid to MMC the balance of a subordinated loan of \$9,600, funding advances of \$154,117, guarantee fees of \$3,514 with accumulated interest. For the three months ended March 31, 2021, the Company accrued \$1,191 of interest to MMC on these instruments.

Key management includes the Company's directors and officers. Compensation awarded to key management includes:

	Three months ended March 31,	
	2022	2021
<i>(In thousands of CDN\$)</i>	\$	\$
Salaries and short-term employee benefits	3,080	2,648
Share based compensation	2,801	4,102
Total	5,881	6,750

ACCOUNTING POLICIES AND ESTIMATES

Critical accounting estimates

The Company's significant accounting policies are presented in Note 3 of the Company's 2021 audited annual consolidated financial statements. The preparation of consolidated financial statements in accordance with IFRS requires management to establish accounting policies and to make judgement, estimates and assumptions that affect both the amount and timing of assets, liabilities, income and expenses. Some of these estimates require judgments about matters that are inherently uncertain.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- Mineral reserves and resources;
- Recoverable amount of property, plant, and equipment;
- Depletion and depreciation of property, plant, and equipment;
- Decommissioning obligations;
- Deferred stripping;
- Net realizable value of inventories; and
- Income and resources taxes.

Change in accounting policies

No changes to accounting policies have been made in the period ended March 31, 2022, with the exception of the amendments to IAS 16, Property, Plant and Equipment – Proceeds before Intended Use, which became effective on January 1, 2022. The amendments to IAS 16 did not have a significant impact on the Company's financial statements. The accounting policies adopted in the preparation of the Company's condensed consolidated interim financial statements are based on IFRS and interpretations effective as at March 31, 2022.

NON-GAAP PERFORMANCE MEASURES

This document includes certain non-GAAP performance measures that do not have a standardized meaning prescribed by IFRS. These measures may differ from those used 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 performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures have been derived from the Company's financial statements and applied on a consistent basis. The calculation and an explanation of these measures is provided below and such measures should be read in conjunction with the Company's financial statements.

Cash Costs per Pound

Copper cash costs per pound is a key performance measure that management uses to monitor performance. Management uses these statistics to assess how well mining operations are performing and to assess overall efficiency and effectiveness of mining operations. Cash costs is not an IFRS measure and, although it is calculated according to accepted industry practice, the Company's disclosed cash costs may not be directly comparable to other base metal producers. Cash costs per pound produced is calculated by dividing the aggregate of the applicable costs by copper pounds produced. These measures are calculated on a consistent basis for the periods presented.

C1 Cash Costs

C1 cash costs is a metric representing the cash cost per unit of extracting and processing the Company's principal metal product, copper, to a condition in which it may be delivered to customers net of gold and silver credits from concentrates sold. It is provided in order to support peer group comparability and to provide investors and other stakeholders with additional information about the underlying cash costs of Copper Mountain and the impact of gold and silver credits on the operations' cost structure. C1 cash costs are relevant to understanding the Company's operating profitability and ability to generate cash flow. When calculating costs associated with producing a pound of copper, the Company deducts gold and silver revenue credits as the production cost is reduced as a result of selling these products.

All-in Sustaining Costs (AISC)

AISC is an extension of C1 cash costs discussed above and is also a key performance measure used by management to measure performance. Management uses this measure to analyze margins achieved on existing assets while sustaining and maintaining production at current levels. Development capital including deferred stripping and certain exploration costs are excluded from this definition as these are costs typically incurred to extend mine life or materially increase the productive capacity of existing assets, or for new operations. As this measure seeks to present a full cost of copper production associated with sustaining current operations, mining costs associated with sustaining capital, certain applicable corporate administration costs and mining equipment lease costs are included.

All-in Costs (AIC)

AIC is an extended cash-based cost metric providing further information on the total cash, capital, and overhead outlay per unit of copper produced in both the short-term and over the full life-cycle of its operations. As a result, deferred stripping and mining costs allocated to the low-grade stockpile on a cash basis are included as these development activities are performed in support of future mining operations under the existing life-of-mine plan. As this measure seeks to present the total cost of copper production associated with sustaining current and future operations, it allows Copper Mountain to assess the ability to support current and future production from the generation of operating cash flows.

A reconciliation of site cash costs, C1 cash costs, AISC, and AIC is provided below:

Cash Costs per Pound Produced (100%)	Three months ended	
	March 31,	
	2022	2021
(In thousands of CDN\$, unless otherwise noted)	\$	\$
Cost of sales	75,282	65,927
Adjustments		
Depreciation and depletion	(5,475)	(7,686)
Change in inventory	(329)	(4,080)
Transportation costs	(2,836)	(6,066)
Site cash costs	66,642	48,095
Adjustments		
Transportation costs	2,836	6,066
Treatment and refining costs	2,968	6,155
By-product credits (gold and silver)	(12,463)	(23,105)
C1 cash cost	59,983	37,211

Cash Costs per Pound Produced (100%)	Three months ended March 31,	
	2022 \$	2021 \$
(In thousands of CDN\$, unless otherwise noted)		
Adjustments		
Sustaining capital	10,249	6,368
Lease payments	3,872	2,705
Applicable administration	472	986
All-in sustaining costs (AISC)	74,576	47,270
Adjustments		
Deferred stripping	10,469	8,041
All-in costs (AIC)	85,045	55,311
Average foreign exchange rate (CDN\$ to US\$)	0.7898	0.7899
Copper production (000s lb)	13,224	25,526
C1 cash costs (US\$/lb produced (net))	\$3.58	\$1.15
All-in sustaining costs (AISC) (US\$/lb produced (net))	\$4.45	\$1.46
All-in costs (AIC) (US\$/lb produced (net))	\$5.08	\$1.71
Average realized copper price (US\$/lb)	\$4.54	\$3.90

Adjusted Net Income

Adjusted net income removes the effects of the following transactions from operating income as reported under IFRS:

- Pricing adjustments on concentrate and metal sales;
- Unrealized interest rate swap gains/losses;
- Unrealized foreign exchange gains/losses; and
- Non-recurring transactions.

Management believes that these transactions do not reflect the underlying operational performance of the Company's mining operations and are also not indicative of future operating results.

Adjusted Net Income	Three months ended March 31,	
	2022 \$	2021 \$
(In thousands of CDN\$, except per share amounts)		
Net income	(4,162)	52,118
Adjustments		
Pricing adjustments on concentrate sales	(7,059)	(15,453)
Loss on derivative	5,115	-
Unrealized foreign exchange gain	(3,171)	(3,246)
Adjusted net income	(9,277)	33,419
Adjusted income (loss) per share	\$(0.04)	\$0.16

EBITDA and Adjusted EBITDA

EBITDA and adjusted EBITDA are non-GAAP performance measures and represent net earnings before interest, income taxes, and depreciation. EBITDA is presented because it is an important supplemental measure of the Company's performance and is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, many of which present EBITDA when reporting their results. The Company believes EBITDA is an appropriate supplemental measure of debt service capacity and performance of its operations.

Adjusted EBITDA is presented as a further supplemental measure of the Company's performance and ability to service debt. Adjusted EBITDA is prepared by adjusting EBITDA to eliminate the impact of several items that are not considered indicative of ongoing operating performance.

Adjusted EBITDA is calculated by adding to EBITDA certain items of expense and deducting from EBITDA certain items of income that are not likely to recur or are not indicative of the Company's future operating performance consisting of:

- Pricing adjustments on concentrate and metal sales;
- Unrealized interest rate swap gains/losses;
- Unrealized foreign exchange gains/losses; and
- Non-recurring transactions.

While some of the adjustments are recurring, other non-recurring expenses do not reflect the underlying performance of the Company's core mining business and are not necessarily indicative of future results. Furthermore, unrealized gains/losses on derivative instruments, and unrealized foreign currency translation gains/losses are not necessarily reflective of the underlying operating results for the reporting periods presented.

EBITDA and Adjusted EBITDA	Three months ended March 31,	
	2022 \$	2020 \$
(In thousands of CDN\$)		
Net income	(4,162)	52,118
Adjustments		
Finance income	(284)	(18)
Finance expense	8,198	2,931
Depreciation	5,475	7,686
Current tax expense	621	1,857
Deferred income and resource tax expense	1,408	31,411
EBITDA	11,256	95,985
Adjustments		
Mark to market adjustments on concentrate sales	(7,059)	(15,453)
Loss on derivative	5,115	-
Unrealized foreign exchange (gain) loss	(3,171)	(3,246)
Sale of fixed assets (gain) loss	-	-
Adjusted EBITDA	6,141	77,286

Net Debt to EBITDA

The net debt to EBITDA ratio measures financial leverage and the Company's ability to pay off its debt with earnings. Essentially, the net debt to EBITDA (debt minus cash divided by EBITDA) gives an indication as to how long the Company would need to operate at its current level to pay off all its debt.

Net Debt to EBITDA	March 31, 2022	December 31, 2021
(In thousands of CDN\$)	\$	\$
Debt		
Long-term debt	327,982	335,498
Current debt	24,264	23,081
Total debt	352,246	358,579
Cash and restricted cash	(159,234)	(178,414)
Net debt	193,012	180,165
EBITDA (trailing 12 months)	221,488	306,217
Net Debt to EBITDA	0.9	0.6

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for the design and operation of disclosure controls and procedures.

Internal controls over financial reporting

Management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting, and uses the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's controls. The Company's internal control over financial reporting is designed to provide reasonable assurance of the reliability of its financial reporting and preparation of the financial statements. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as at March 31, 2022 and provided reasonable assurance of the reliability of the Company's financial reporting and preparation of the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial reporting and disclosure.

Changes in internal controls over financial reporting

There have been no changes in the Company's internal control over financial reporting and disclosure controls and procedures during the period ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

RISKS AND UNCERTAINTIES

The Company's success depends on a number of factors, most of which are beyond the control of the Company. Typical risk factors include copper, gold and silver price fluctuations, foreign currency fluctuations, and operating uncertainties encountered in the mining business. Future government, legal or regulatory changes could affect any aspect of the Company's business, including, among other things, environmental issues, land claims, permitting and taxation costs all of which could adversely affect the ability of the Company to operate the Copper Mountain Mine and develop its projects. However, sometimes other risks show up that are not typical, like the recent uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on demand and prices for the commodities the Company produces and on global financial markets. Further, climate change may, among other things, cause or result in changes in precipitation and increases in extreme weather events (such as the recent severe flooding and cold temperatures experienced at the Copper Mountain Mine). Extreme weather events have the potential to further disrupt operations at the Company's mines and impact transportation infrastructure. These risks and uncertainties are managed by experienced managers, advisors and consultants, by adjusting annual plans and by cost control initiatives and maintaining adequate liquidity for the Company's operations. For a comprehensive list of risks, please refer to the Company's 2021 AIF.