



THIRD QUARTER REPORT

Financial Statements and MD&A

September 30, 2022

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Copper Mountain Mining Corporation

Condensed Consolidated Interim Financial Statements
For the Nine Months Ended September 30, 2022
(Unaudited)

Copper Mountain Mining Corporation

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

	September 30, 2022 \$	December 31, 2021 \$
Assets		
Current assets		
Cash and cash equivalents	32,414	171,902
Restricted cash (note 10)	17,237	6,512
Accounts receivable and prepaid expenses (note 4)	13,735	31,624
Inventory (note 5)	44,816	32,635
Other financial assets (note 12)	7,482	-
Assets held for sale (note 6)	86,184	-
	201,868	242,673
Reclamation bonds and security deposits (note 11)	4,554	5,783
Property, plant and equipment (note 7)	748,383	710,583
Low grade stockpile (note 5)	64,250	64,879
	1,019,055	1,023,918
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	87,164	60,482
Current portion of lease liabilities (note 9)	13,811	10,403
Current portion of long-term debt (note 10)	13,707	12,678
Liabilities held for sale (note 6)	2,914	-
Taxes payable	-	2,143
	117,596	85,706
Provisions and other liabilities (note 11)	18,689	23,961
Lease liabilities (note 9)	48,529	50,669
Long-term debt (note 10)	303,870	284,829
Deferred tax liability	100,459	99,314
	589,143	544,479
Equity		
Attributable to shareholders of the Company:		
Share capital (note 13)	292,836	287,724
Contributed surplus	17,331	18,973
Accumulated other comprehensive loss	(6,541)	(3,929)
Retained earnings	26,327	68,940
	329,953	371,708
Non-controlling interest	99,959	107,731
Total equity	429,912	479,439
	1,019,055	1,023,918

Approved on behalf of the Board of Directors

(signed) Gil Clausen _____ Director

(signed) Paula Rogers _____ 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 and Nine Months Ended September 30,

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

	Three months ended September 30,		Nine months ended September 30,	
	2022 \$	2021 \$ (Note 6)	2022 \$	2021 \$ (Note 6)
Revenue (note 14)	58,256	137,176	211,188	441,447
Cost of sales (note 15)	(69,379)	(70,535)	(212,922)	(192,740)
Gross profit (loss)	(11,123)	66,641	(1,734)	248,707
Other income and expenses				
General and administration (note 15)	(4,008)	(2,015)	(14,633)	(11,120)
Share-based compensation (note 13)	617	(2,141)	4,258	(12,632)
Operating income (loss)	(14,514)	62,485	(12,109)	224,955
Finance and other income	120	88	418	137
Finance expense (note 16)	(9,538)	(10,240)	(24,933)	(23,639)
Gain (loss) on derivatives (note 12)	5,024	(794)	13,859	(2,709)
Foreign exchange (loss) gain	(19,642)	(7,575)	(23,212)	(4,737)
Gain (loss) on sale of equipment	-	400	-	388
Income (loss) before tax	(38,550)	44,364	(45,977)	194,395
Current tax recovery (expense)	-	(4,420)	(418)	(8,010)
Deferred income recovery (expense)	(880)	(13,868)	(1,145)	(69,105)
Net income (loss) from continuing operations	(39,430)	26,076	(47,540)	117,280
Net loss from discontinued operations	(1,521)	(252)	(2,845)	(676)
Net income (loss)	(40,951)	25,824	(50,385)	116,604
Other comprehensive income (loss)				
Foreign currency translation adjustment	(503)	(1,073)	(2,612)	(3,612)
Total comprehensive income (loss)	(41,454)	24,751	(52,997)	112,992
Net income from continuing operations (loss) attributable to:				
Shareholders of the Company	(31,342)	18,049	(39,768)	81,292
Non-controlling interest	(8,088)	8,027	(7,772)	35,988
	(39,430)	26,076	(47,540)	117,280
Net income (loss) attributable to:				
Shareholders of the Company	(32,863)	17,797	(42,613)	80,616
Non-controlling interest	(8,088)	8,027	(7,772)	35,988
	(40,951)	25,824	(50,385)	116,604

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 and Nine Months Ended September 30,

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

Earnings (loss) per share from continuing operations:				
Basic	(0.15)	0.08	(0.19)	0.39
Diluted	(0.15)	0.08	(0.19)	0.37
Earnings (loss) per share:				
Basic	(0.15)	0.08	(0.20)	0.39
Diluted	(0.15)	0.08	(0.20)	0.37
Weighted average shares outstanding, basic (thousands)	213,791	209,921	212,508	209,320
Weighted average shares outstanding, diluted (thousands)	213,791	219,453	212,508	218,840
Shares outstanding at end of the period (thousands)	213,791	210,166	213,791	210,166

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 and Nine Months Ended September 30,

(Unaudited in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2022 \$	2021 \$	2022 \$	2021 \$
Cash flows from operating activities				
Net income (loss) for the period	(40,951)	25,824	(50,385)	116,604
Adjustments for:				
Depreciation	4,971	7,342	17,308	21,457
(Gain) Loss on sale of equipment	-	(400)	-	(388)
Unrealized foreign exchange (gain) loss	19,873	10,448	25,206	3,975
Unrealized (gain) loss on derivatives	1,354	794	(7,482)	2,709
Deferred income tax (recovery) expense	880	13,868	1,145	69,105
Finance expense	9,538	10,240	24,933	23,640
Share-based compensation	(617)	2,141	(4,258)	12,632
	(4,952)	70,257	6,467	249,734
Net changes in working capital items (note 18)	(2,566)	20,612	28,332	15,303
Net cash from (used in) operating activities	(7,518)	90,869	34,799	265,037
Cash flows from investing activities				
Purchase of copper puts	-	-	-	(3,397)
Deferred stripping activities	(7,607)	(11,316)	(39,818)	(26,504)
Purchase of property, plant and equipment	(24,919)	(27,729)	(98,721)	(77,208)
Reclamation bonds	6	(77)	912	(323)
Net cash used in investing activities	(32,520)	(39,122)	(137,627)	(107,432)
Cash flows from financing activities				
Net proceeds from issuance of bonds	-	-	-	287,785
Proceeds on exercise of options	-	6	3,358	1,725
(Increase) decrease in restricted cash	(11,489)	29,951	(11,673)	(15,664)
Advances from non-controlling interest	-	-	-	20,393
Payments made to non-controlling interest	-	-	-	(178,310)
Loan principal paid	-	(40,064)	(6,311)	(154,052)
Interest paid	(993)	(1,948)	(15,390)	(10,208)
Finance lease payments	(2,901)	(2,403)	(9,414)	(11,577)
Net cash used in financing activities	(15,383)	(14,458)	(39,430)	(59,908)
Effect of foreign exchange rate changes on cash and cash equivalents	3,208	1,582	3,682	65
(Decrease) Increase in cash and cash equivalents	(52,213)	38,871	(138,576)	97,762
Cash and cash equivalents - Beginning of period	85,539	144,462	171,902	85,571
Cash and cash equivalents - End of period <i>(includes \$912 cash held for sale (note 6))</i>	33,326	183,333	33,326	183,333

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	2,512,394	2,510	-	-	-	2,510	-	2,510
Fair value of options exercised	-	971	(971)	-	-	-	-	-
Share-based compensation	-	-	377	-	-	377	-	377
Amount paid to non-controlling interest	-	-	-	-	-	-	(17,504)	(17,504)
Income for the period	-	-	-	-	80,616	80,616	35,988	116,604
Foreign currency translation	-	-	-	(3,612)	-	(3,612)	-	(3,612)
Balance September 30, 2021	210,166,126	287,407	19,017	(4,132)	45,463	347,755	99,673	447,428
Balance January 1, 2022	210,363,573	287,724	18,973	(3,929)	68,940	371,708	107,731	479,439
Options and RSUs exercised	3,427,688	3,358	-	-	-	3,358	-	3,358
Fair value of options exercised	-	1,754	(1,754)	-	-	-	-	-
Share-based compensation	-	-	112	-	-	112	-	112
Loss for the period	-	-	-	-	(42,613)	(42,613)	(7,772)	(50,385)
Foreign currency translation	-	-	-	(2,612)	-	(2,612)	-	(2,612)
Balance September 30, 2022	213,791,261	292,836	17,331	(6,541)	26,327	329,953	99,959	429,912

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.

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 as issued by the International Accounting Standard Board (“IFRS”), except as disclosed in note 3. These condensed consolidated interim financial statements were approved on November 8, 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 are 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 income (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. The Company also applied IFRS 5, Non-current assets held for sale and discontinued operations in the preparation of these interim condensed consolidated financial statements (note 6).

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

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 assets and liabilities including inventory and decommissioning and restoration provisions.

4 Accounts receivable and prepaid expenses

	September 30, 2022	December 31, 2021
	\$	\$
Amounts due from concentrate sales	7,137	24,827
GST and other receivables	5,295	2,469
Prepaid expenses	1,303	4,328
	13,735	31,624

* Amounts due from concentrate sales includes mark-to-market changes to provisional pricing on sales not finalized. See note 14.

5 Inventory

	September 30, 2022	December 31, 2021
	\$	\$
Supplies	16,408	13,325
Ore stockpile	14,703	12,484
Crushed ore stockpile	2,418	52
Copper Concentrate	11,287	6,774
	44,816	32,635
Low grade stockpile ¹	64,250	64,879

Inventory expensed during the nine months ended September 30, 2022 totaled \$206,402 (2021 – \$182,357).

6 Assets Classified as Held for Sale and Discontinued Operations

The Company entered into an agreement dated October 6, 2022 with Harmony Gold (Australia) Pty Ltd (“Harmony”) whereby Harmony will acquire all the shares of Copper Mountain Mining Australia Pty Ltd (“CMMA”) which owns the Eva Copper Project and related tenements in Australia for the following consideration:

- US\$170 million cash on closing of the transaction;

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)

- Up to US\$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain 10% of the incremental revenue generated from the Eva Copper Project and the Australian exploration land package above the revenue assuming a US\$3.80 /lb copper price; and
- Up to US\$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain US\$0.03 per pound of contained copper for any SAMREC copper resource discovered and declared on a new deposit within the Eva Copper Project and the Australian exploration land package after the closing of the transaction.

Based on the status of the Company's efforts to divest CMMA, in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, CMMA is a disposal group classified as assets held for sale as at September 30, 2022 and as discontinued operations for the three and nine months ended September 30, 2022.

The major classes of assets and liabilities of CMMA at September 30, 2022 classified as held for sale were as follows:

	<u>September 30, 2022</u>
Cash	912
Receivables	248
Prepays	938
Property, plant and equipment	83,768
Other assets	318
Assets classified as held for sale	<u>86,184</u>
Accounts payable	2,914
Total liabilities associated with assets classified as held for sale	<u>2,914</u>
Net assets classified as held for sale	<u>83,270</u>

The results of discontinued operations included in net income for the period are set out below. The comparative net loss from discontinued operations has been restated to include CMMA as discontinued operations in the current period.

Loss for the period from discontinued operations:

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	2022	2021	2022	2021
	\$	\$	\$	\$
General and administrative	(1,463)	(257)	(2,612)	(683)
Finance expense	-	-	(138)	(1)
Foreign exchange gain (loss)	(58)	5	(96)	8
Net loss from discontinued operations	<u>(1,521)</u>	<u>(252)</u>	<u>(2,846)</u>	<u>(676)</u>

The results of cash flows from discontinued operations for the period are set out below.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

Cash flows from discontinued operations:

	Three months ended September 30,		Nine months ended September 30,	
	2022 \$	2021 \$	2022 \$	2021 \$
Net cash outflows from operating activities	(1,980)	(616)	(3,753)	38
Net cash outflows from investing activities	(7,507)	(4,086)	(19,711)	(6,823)
Net cash outflows from financing activities	-	-	-	-
Net cash outflows	(9,487)	(4,702)	(23,464)	(6,785)

7 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	79,762	21,861	50,686	152,309
Restoration provision	-	-	(6,544)	(6,544)
Held for sale (note 6)	(792)	(82,976)	-	(83,768)
Currency translation adjustment	(169)	(2,487)	-	(2,656)
As at September 30, 2022	822,643	8,830	374,660	1,206,133

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	(15,060)	-	(6,481)	(21,541)
As at September 30, 2022	(329,084)	-	(128,666)	(457,750)

Net book value

As at December 31, 2021	429,818	72,432	208,333	710,583
As at September 30, 2022	493,559	8,830	245,994	748,383

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

Plant and equipment includes right of use assets of \$87,467 (December 31, 2021 - \$80,691) with a net book value of \$75,507 at September 30, 2022 (December 31, 2021 - \$71,549) related primarily to mobile mining equipment.

8 Accounts payable and accrued liabilities

	September 30, 2022	December 31, 2021
	\$	\$
Trade accounts payable	48,788	20,982
Accrued liabilities	35,864	28,852
Deferred Share Units liability	548	2,024
Restricted and Performance Share Units liability	1,964	8,624
	87,164	60,482

9 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%.

	September 30, 2022	December 31, 2021
	\$	\$
Lease liabilities	62,340	61,072
Less: current portion	(13,811)	(10,403)
Non-current portion	48,529	50,669

Gross lease liability and minimum lease payments

	September 30, 2022	December 31, 2021
	\$	\$
Within one year	17,114	14,814
Between two and four years	53,624	55,260
	70,738	70,074
Future interest	(8,398)	(9,002)
Present value of lease liability	62,340	61,072

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

10 Long-term debt

	September 30, 2022	December 31, 2021
	\$	\$
Bonds in US\$	231,690	234,664
Bonds in CA\$	317,577	297,507
Less: current portion	(13,707)	(12,678)
	303,870	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 September 30, 2022, the Company had deposited US\$12.5 million (\$17,237) 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\$9.8 million was made on October 7, 2022.

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 September 30, 2022, the value of the prepayment options was nominal.

As at September 30, 2022, the Bonds have a principal amount outstanding of \$328,968 (US\$240 million). The outstanding amount of \$317,577 is net of issue costs of \$11,391.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

11 Provisions

	Decommissioning and restoration provision \$	Share-based payment obligations \$	Total \$
Balance, January 1, 2022	22,109	12,500	34,609
Share-based payment recovery	-	(4,781)	(4,781)
Payments during the period	-	(2,483)	(2,483)
Changes in estimate costs and timing	(6,544)	-	(6,544)
Unwinding of discount on restoration provision	400	-	400
Balance, September 30, 2022	15,965	5,236	21,201
<i>Less: Current portion of share-based payment obligations included within accounts payable (Note 8)</i>	-	(2,512)	(2,512)
Total provision – Non-current	15,965	2,724	18,689
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 8)</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 September 30, 2022, the Company used an inflation rate of 2.00% (December 31, 2021 – 2.00%) and a discount rate of 3.09% (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 2055.

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)

12 Other financial assets

In January 2022, the Company entered into zero-cost collar option contracts on 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 nine months ended September 30, 2022, the Company received proceeds of \$6,377 from collar option contracts on 9.8 million pounds of copper that were in the money while the collar options on 19.8 million pounds of copper expired unexercised. At September 30, 2022, the Company recorded an unrealized gain and a financial asset of \$7,482 on these collar options.

13 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 September 30, 2022, the Company had the following options outstanding:

	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	(3,348,059)	0.95
Forfeited	(953,076)	1.07
Outstanding, September 30, 2022	4,345,819	0.87

As at September 30, 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	2,189,988	0.63	2.24	1,717,491	0.65	2.20
\$1.02 - \$1.07	940,831	1.02	1.48	940,831	1.02	1.48
\$1.14 - \$1.28	1,215,000	1.19	0.74	1,215,000	1.19	0.74
	4,345,819	0.87	1.66	3,873,322	0.91	1.57

During the period ended September 30, 2022, the stock based compensation expense in respect of stock options vesting was \$112 (2021 – \$377). 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

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

volatility over the expected life of the options. The weighted average share price at the date of exercise was \$3.02 (2021 - \$3.24) for the period ended September 30, 2022.

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

The Company has 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 11). 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	(4,150)	(630,262)	(478,783)
Settled	(163,182)	(508,521)	(232,088)
Outstanding, September 30, 2022	624,006	2,447,087	2,031,440

During the period ended September 30, 2022, the Company recorded share-based compensation recovery of \$606 (2021 – expense of \$12,255) related to DSUs, RSUs and PSUs.

During the period ended September 30, 2022, the total fair value of DSUs, RSUs and PSUs granted was \$5,806 (2021 - \$4,548) with a weighted average grant date fair value of \$3.76 (2021 - \$2.42) per unit.

c. Basic and diluted weighted average number of shares outstanding

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Weighted average shares outstanding – basic	213,791,261	209,920,950	212,507,873	209,320,144
Dilutive securities				
Stock options	-	6,427,302	-	6,414,701
Restricted share units	-	3,104,987	-	3,104,987
Weighted average shares outstanding – diluted	213,791,261	219,453,239	212,507,873	218,839,832

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

14 Revenue

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Copper concentrate	49,020	121,313	180,477	393,827
Gold metal sales	10,775	17,791	35,609	50,814
Silver metal sales	1,499	3,651	4,238	13,553
Treatment and refining charges	(3,038)	(5,579)	(9,136)	(16,747)
	58,256	137,176	211,188	441,447

Revenue included a mark-to-market and final adjustments from provisional pricing on concentrate sales of \$(11,311) (2021 – \$26,637) for the nine months ended September 30, 2022 and \$(3,049) (2021 - \$7,100) for the three months ended September 30, 2022.

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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Copper in concentrate	(2,404)	(7,273)	(8,661)	(10,851)
Gold in concentrate	444	128	327	(371)
Silver in concentrate	67	(456)	(12)	(577)
	(1,893)	(7,601)	(8,346)	(11,799)

15 Expenses by nature

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cost of sales				
Direct mining and milling costs	49,571	46,394	149,399	119,679
Employee compensation and benefits	11,994	13,139	39,987	41,406
Depreciation	4,906	7,286	17,016	21,272
Transportation costs	2,908	3,716	6,520	10,383
	69,379	70,535	212,922	192,740
General and administration				
Corporate employee compensation and benefits	1,181	606	7,153	6,474
Corporate administrative and office expenses	2,827	1,666	7,480	5,329
	4,008	2,272	14,633	11,803
	73,387	72,807	227,555	204,543

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

16 Finance expense

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest on loans	8,510	8,244	21,927	19,156
Amortization of financing fees	892	1,946	2,606	4,437
Loan guarantee fee	-	-	-	40
Unwinding of discount on restoration provision	136	50	400	7
	9,538	10,240	24,933	23,640

17 Related party transactions

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

- During the nine months ended September 30, 2022, the Company sold copper concentrates to MMC with revenues totalling \$211,188 (2021 – \$441,447) 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 nine months ended September 30, 2021, the Company accrued \$1,191 of interest to MMC on these instruments. Subsequent to September 30, 2022, the Company entered into an unsecured non-revolving US\$10 million term loan agreement with MMC for working capital purposes.
- Compensation of key management:

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries and short-term employee benefits	689	694	5,893	5,155
Share-based compensation	(470)	3,936	(1,209)	11,049
	219	4,630	4,684	16,204

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

18 Supplementary cash flow disclosures

- a. As at September 30, 2022, cash and cash equivalents consists of guaranteed investment certificates of \$1,512 (December 31, 2021 – \$1,457) and \$30,902 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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Change in accounts receivable and prepaid expenses	(6,659)	20,914	17,187	15,845
Change in inventory	(10,460)	1,442	(9,868)	2,747
Change in tax liability	-	2,070	(2,618)	2,771
Change in accounts payable and accrued liabilities	14,553	(3,814)	23,631	(6,060)
	(2,566)	20,612	28,332	15,303

- c. The significant non-cash financing and investing transactions during the six and nine month periods ended September 30 are as follow:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
(Increase) decrease in accounts payable related to plant and equipment	(5,250)	1,552	(4,152)	(4,416)
Addition of plant and equipment through leases	(2,482)	(1,607)	(7,043)	(24,425)

19 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

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

- 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)
- 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 \$287,189 and the carrying value is \$317,577 at September 30, 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 September 30, 2022:

	Level 1 \$	Level 2 \$	Level 3 \$	Total fair value \$
Financial assets				
Amounts due from concentrate sales (note 4)		7,137		7,137
Derivative assets (note 12)		7,482		7,482

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.

	September 30, 2022 \$	December 31, 2021 \$
<i>Liquidity risk</i>		
Cash and cash equivalents	32,414	171,902
Working capital (current assets less current liabilities)	84,272	156,967

Maturity analysis of financial liabilities as at September 30, 2022 is as follows:

	Total \$	< 1 year \$	2-3 years \$	4-5 years \$	Thereafter \$
Long-term debt	317,577	13,707	27,414	276,456	-
Lease obligations	62,340	14,814	27,573	17,038	2,915
Decommissioning & restoration provision	15,965	-	-	-	15,965
Trade accounts payable	41,806	41,806	-	-	-
	437,688	70,327	54,987	293,494	18,880

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

20 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:

	September 30, 2022 \$	December 31, 2021 \$
Assets by geographic region, at cost		
Canada		
Current assets	115,684	240,404
Non-current assets	817,187	716,744
	<u>932,871</u>	<u>957,148</u>
Australia		
Current assets (note 6)	86,184	2,269
Non-current assets	-	64,501
	<u>86,184</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 September 30, 2022, revenues attributed to the sale of copper concentrate to MMC totaled \$211,188 (2021 – \$441,447).



MANAGEMENT'S DISCUSSION AND ANALYSIS OF

COPPER MOUNTAIN MINING CORPORATION

FOR THE QUARTER ENDED SEPTEMBER 30, 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 nine months ended September 30, 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 November 8, 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 British Columbia. The Copper Mountain Mine produces about 100 million pounds of copper equivalent per year and is expected to increase to approximately 140 million pounds of copper equivalent per year, with a large resource that remains open laterally and at depth. Copper Mountain has entered into an agreement to sell its Eva Copper Project and its 210,000 hectare exploration land package in 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 dated March 29, 2022 ("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 the Company's outlook and guidance, exploration drilling, exploitation activities, anticipated timing for the closing of the Transaction (as defined below), entitlement to any contingent consideration under the Transaction, obtaining and satisfying customary conditions (including FIRB approval and Copper Mountain bondholder approval), anticipated production at the Copper Mountain Mine, expectations for other economic, business and/or competitive factors, 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 and mineral reserve 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 labour costs and other costs and availability of equipment or processes to operate as anticipated; accidents, labour disputes, material and labour shortages; 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; the parties' ability to consummate the Transaction; the ability of the parties to satisfy, in a timely manner, all conditions to the closing of the Transaction; assumptions concerning the Transaction and the operations and capital expenditure plans of the Company following completion of the Transaction; the potential impact of the announcement or consummation of the Transaction; the diversion of management time on the Transaction; 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.

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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.

On October 6, 2022, the Company announced the sale of its 100%-owned Eva Copper Project along with 210,000 hectares of highly prospective exploration tenements in Queensland, Australia.

SUMMARY AND HIGHLIGHTS

During the quarter, the Company continued to experience lower production due to lower grade mill feed and lower mill throughput. Lower grade resulted from higher tonnage from the North Pit than planned, as Phase 4 ore release was behind schedule (for further details, see *Operation Results – Nine Months Ended September 30, 2022*). Approximately 60% of total feed was from the North Pit and approximately 40% was from Phase 4. Phase 4 grades averaged 0.28% Cu during the quarter compared to North Pit grades averaging 0.21%. Recoveries were also impacted by higher oxide content in the upper benches of the North Pit ore, as this new pit was pioneered. Gold production and gold grades processed from the North Pit were higher than planned. The main waste movement for Phase 4 is now complete with the mine delivering higher-grade ore from Phase 4 in the fourth quarter, displacing lower grade North Pit ore. North Pit development has now advanced beyond the high oxide zones in Phase 1 with improved recoveries.

Following optimization of the crushing circuit in the first half of Q3, the mill experienced a SAG ball quality issue during the quarter, which restricted throughput for approximately one month. Following resolution of the SAG ball quality issue in mid-September, the mill has operated at the designed 45,000 tpd throughput rate, achieving daily rates up to 50,000 tpd. Unit costs were impacted heavily in the quarter due to low production and inflationary effects on diesel fuel and steel grinding media. By September, the grade profile increased with Phase 4 development completed, and costs were reduced materially. Major construction activities on the cleaner flotation expansion, and filtration expansion were completed. The rougher expansion was near completion at the end of Q3 and was fully completed and commissioned in early October. Highlights of the quarter are as follows:

- Production in Q3 2022 was 16.5 million pounds of copper equivalent, including 13.2 million pounds of copper, 6,053 ounces of gold, and 64,331 ounces of silver.

- Revenue for Q3 2022 was \$58.3 million from the sale of 12.3 million pounds of copper, 4,902 ounces of gold, and 59,790 ounces of silver.
- C1 cash cost ⁽¹⁾ per pound of copper produced in Q3 2022 was US\$3.70.
- All-in sustaining cost (“AISC”) ⁽¹⁾ per pound of copper produced in Q3 2022 was US\$4.50 and all-in cost (“AIC”) ⁽¹⁾ per pound of copper produced was US\$4.95.
- Net loss for Q3 2022 was \$39.4 million, or (\$0.15) per-share, and adjusted net loss ⁽¹⁾ was \$22.9 million, or (\$0.11) per-share ⁽¹⁾.
- Cash flow from operating activities for Q3 2022 was negative \$7.5 million, or \$(0.04) per-share ⁽¹⁾.
- Cash, cash equivalents, and restricted cash at September 30, 2022 was \$49.6 million.
- Announced a 57% increase in mineral reserves at the Copper Mountain Mine supporting a new life of mine plan with a mill expansion to 65,000 tpd, producing a total of 4.1 billion pounds of copper equivalent over a mine life of 32 years, based on mineral reserves only, with robust economics including an after-tax net present value at an 8% discount rate of \$1.24 billion ⁽²⁾.
- Released the Company’s inaugural Environmental, Social and Governance Report.

Subsequent to the quarter-end:

- On October 6, 2022, announced an agreement to sell the Eva Copper Project and the Australian exploration tenements to Harmony Gold Mining Company Limited (“Harmony”) for gross proceeds of up to US\$230 million, which includes upfront cash consideration of US\$170 million.
- Announced the appointment of Letitia Wong as the Company’s Chief Financial Officer.
- In early October, the expansion to the rougher flotation circuit was successfully commissioned, with all plant improvement and optimization projects planned at the mine now complete.
- The Company is commencing a public succession planning process for its President and Chief Executive Officer, Gil Clausen. Mr. Clausen has been engaged with the Board for the past year on executive succession planning as he begins to prepare for his long-contemplated retirement. The Company has engaged Korn Ferry to assist with the process, which will include a comprehensive global executive search. Mr. Clausen will remain as President and CEO until a successor is in place.

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

⁽²⁾ Based on a C\$1.30 to US\$1.00 exchange rate and consensus metal prices for years 1, 2, 3 and long-term, respectively, of: US\$3.73, US \$3.86, US\$3.94 and US\$3.60 per pound copper; US\$1,796, US\$1,762, US\$1,749 and US\$1,650 per ounce of gold; and US\$21.86, US\$22.30, US\$22.24 and US\$21.35 per ounce of silver

Results and Highlights (100%)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
(In thousands of CDN\$, except for per share amounts)	\$	\$	\$	\$
Financial				
Revenue	58,256	137,176	211,188	441,447
Gross profit (loss)	(11,123)	66,641	(1,734)	248,707
Gross profit (loss) before depreciation ⁽¹⁾	(6,217)	73,927	15,282	269,978
Net income (loss)	(39,430)	25,824	(47,540)	116,604
Income (loss) per share – basic	(0.15)	0.08	\$(0.19)	0.39
Adjusted earnings (loss) ⁽¹⁾	(22,920)	41,389	(27,383)	106,969
Adjusted earnings (loss) per share – basic ⁽¹⁾	(0.11)	0.20	(0.13)	0.51
EBITDA ⁽¹⁾	(24,226)	61,550	(5,769)	238,493
Adjusted EBITDA ⁽¹⁾	(7,716)	77,115	14,562	228,858
Cash flow from operating activities	(7,518)	90,869	34,799	265,036
Cash flow from operating activities per share – basic ⁽¹⁾			0.16	1.27
Cash, cash equivalents, and restricted cash – end of period			49,651	199,436
Production				
Copper Equivalent (000s lb)	16,486	26,332	48,219	86,346
Copper (000s lb)	13,159	22,406	39,634	73,447
Gold (oz)	6,053	7,449	16,981	23,263
Silver (oz)	64,331	134,987	181,952	443,444
Unit costs and prices				
C1 cash cost per pound of copper produced (US\$(net)) ⁽¹⁾	3.70	1.50	3.40	1.34
AISC per pound of copper produced (US\$) ⁽¹⁾	4.50	1.77	4.20	1.68
AIC per pound of copper produced (US\$) ⁽¹⁾	4.95	2.17	4.99	1.97
Average realized copper price (US\$/lb)	3.52	4.27	4.09	4.15

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

OPERATIONS REVIEW

Mine Production Information

	2022	2022	2022	2021	2021	2022	2021	2021
Copper Mountain Mine (100% Basis)	Q3	Q2	Q1	Q4	Q3	9 Mos.	9 Mos.	Annual
Mine								
Total tonnes mined (000s)	14,248	14,826	12,230	11,368	14,483	41,305	45,529	56,897
Ore tonnes mined (000s)	3,660	2,523	2,888	3,023	3,053	9,072	10,335	13,358
Waste tonnes (000s)	10,588	12,303	9,342	8,346	11,430	32,233	35,194	43,540
Stripping ratio	2.89	4.88	3.23	2.76	3.74	3.55	3.41	3.26
Mill								
Tonnes milled (000s)	3,378	3,258	2,968	3,124	3,417	9,604	10,282	13,406
Feed Grade (Cu%)	0.24	0.23	0.25	0.30	0.37	0.24	0.41	0.38
Recovery (%)	74.4	79.1	82.0	80.4	79.7	78.4	79.8	79.9
Operating time (%)	89.0	89.0	86.3	87.5	92.2	88.1	93.4	91.9

Tonnes milled (TPD)	36,721	35,806	32,978	33,953	37,141	35,181	37,664	36,729
	2022	2022	2022	2021	2021	2022	2021	2021
Copper Mountain Mine (100% Basis)	Q3	Q2	Q1	Q4	Q3	9 Mos.	9 Mos.	Annual
Production								
Copper (000s lb)	13,159	13,251	13,224	16,693	22,406	39,634	73,447	90,139
Gold (oz)	6,053	5,792	5,135	5,472	7,449	16,980	23,263	28,736
Silver (oz)	64,331	61,628	55,993	80,377	134,987	181,953	443,444	523,821
Sales								
Copper (000s lb)	12,319	12,893	13,487	19,391	24,416	38,698	73,613	93,004
Gold (oz)	4,902	5,069	5,076	6,285	8,308	15,047	23,406	29,691
Silver (oz)	59,790	57,653	60,038	108,020	142,128	177,481	425,076	533,096
C1 cash cost per pound of copper produced (US\$) ⁽¹⁾	3.70	2.92	3.58	2.17	1.50	3.40	1.34	1.49
AISC per pound of copper produced (US\$) ⁽¹⁾	4.50	3.65	4.45	2.54	1.77	4.20	1.68	1.84
AIC per pound of copper produced (US\$) ⁽¹⁾	4.95	4.93	5.08	2.76	2.17	4.99	1.97	2.12

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

Operation Results – Three Months Ended September 30, 2022

Production

The Copper Mountain Mine produced 13.2 million pounds of copper, 6,053 ounces of gold, and 64,331 ounces of silver in Q3 2022, compared to 22.4 million pounds of copper, 7,449 ounces of gold, and 134,987 ounces of silver in Q3 2021. Production was lower during the quarter due to lower mill feed grade, lower mill throughput and lower copper recoveries.

Mill feed grade in Q3 2022 was 0.24% Cu as compared to 0.37% Cu in Q3 2021. Mill feed was delivered from Phase 4 (approximately 40%), and the North Pit (approximately 60%) during the quarter. Phase 4 delivered higher grade tonnes as planned, but lower tonnages of higher grade were present at the top of the deposit, thus more North Pit ore was used for mill feed than planned, resulting in the lower overall grade in the quarter. Phase 4 grades averaged 0.28% Cu during the quarter compared to North Pit grades averaging 0.21% Cu. Ore feed grades are expected to improve for the remainder of the year, with the higher-grade Phase 4 ore being the primary ore supply for the remainder of 2022 as the Company begins to mine the bulk of the deposit. Phase 4 higher grade ore is also planned to be the main ore supply for 2023, driving increased production. Phase 4 has an average grade of 0.33% Cu.

The mill processed a total of 3.4 million tonnes of ore during the quarter as compared to 3.4 million tonnes in Q3 2021. The crushing circuit was optimized in the quarter and consistently achieved the designed rate to allow the mill to reach 45,000 tpd during the second half of the quarter, producing a large crushed ore stockpile in front of the mill. Mill throughput improved following availability of crushed ore from the crushing circuit. However, a SAG ball quality issue was encountered in mid-August which restricted mill throughput until the SAG ball charge was fully replaced in mid-September. Following resolution of this issue, the mill demonstrated the ability to process the targeted 45,000 tpd, achieving daily tonnage rates as high as 50,000 tpd in September.

Copper recovery was 74.4% in Q3 2022 as compared to 79.7% in Q3 2021. The milling of higher oxide material from the North Pit negatively impacted recovery. Higher oxide levels did project further than expected in the North Pit, but consistently reduced to normal levels in mill feed and blast hole samples, in the later part of the quarter. Copper recovery is expected to improve with lower oxides, the successful operation of the rougher flotation expansion, and optimization of the grinding circuit to achieve consistent fine grinds.

Mill availability averaged 89.0% for Q3 2022 as compared to 92.2% in Q3 2021. The largest scheduled annual mill shutdown was completed during the quarter, replacing SAG mill liners including the pulp lifters, upgrading site supply powerlines, and commissioning the rougher expansion project. The Ball Mill #3 feed modifications completed in Q2 2022, continue to perform well supporting stable mill production.

Supply chain issues continue to impact the mine and the mill with low availabilities of supply, long deliveries due to low supply chain inventories, and lower quality product challenges. These challenges continue to be managed by the site team.

Costs

C1 cash cost, AISC and AIC per pound of copper produced are non-GAAP financial measures. See “Non-GAAP Performance Measures” in this MD&A.

C1 cash cost per pound of copper produced, net of precious metal credits, for Q3 2022 was US\$3.70, as compared to US\$1.50 in Q3 2021. The variance in C1 cash costs for Q3 2022, as compared to Q3 2021, was due to several items, including:

- Lower mill throughput, lower mill feed grade and lower copper recovery, which resulted in lower production; and
- Inflationary pressures, which increased the cost of fuel, grinding media/steel, explosives and mobile equipment repairs.

With production levels expected to increase for the remainder of the year, the Company anticipates C1 cash cost per pound of copper produced to improve in the fourth quarter of 2022.

AISC per pound of copper produced for Q3 2022 was US\$4.50, compared to US\$1.77 in Q3 2021. AISC carries forward from C1 cash costs with the addition of \$13.9 million in sustaining capital, lease, and applicable administration expenditures in Q3 2022 compared to \$7.7 million in Q3 2021. The increase in AISC is carried forward from higher C1 cash costs and higher sustaining capital of \$10.3 million in Q3 2022 compared to sustaining capital of \$4.7 million in Q3 2021.

Sustaining capital costs for Q3 2022 were higher than Q3 2021 mainly due to \$6.8 million of expenditures for the mine’s continued environmental water management systems currently underway. The mine’s continued environmental water management projects are substantially advanced and are expected to be fully completed in Q4 2022.

AIC per pound of copper produced for Q3 2022 was US\$4.95, as compared to US\$2.17 in Q3 2021. AIC carries forward from AISC with the addition of \$7.6 million in deferred stripping as compared to \$11.3 million deferred stripping in Q3 2021. Deferred stripping costs in Q3 2022 were from regular development activities, as the Company continued to advance the development of the higher-grade Phase 4 pushback of the Main Pit.

Operation Results – Nine Months Ended September 30, 2022

Production

In the first nine months of 2022, the Copper Mountain Mine produced 39.6 million pounds of copper, 16,980 ounces of gold, and 181,953 ounces of silver compared to 73.4 million pounds of copper, 23,263 ounces of gold, and 443,444 ounces of silver in the first nine months of 2021. Lower mill feed grades and throughput are the primary drivers of lower production for the first nine months of 2022 as compared to the first nine months of 2021. Gold production was above budget, driven by the higher gold grades in the North Pit.

Mill feed grade for the first nine months of 2022 averaged 0.24% Cu as compared to 0.41% Cu in the first nine months of 2021. Lower grade ore was supplied for the first nine months from North Pit, Phase 2, and the low-grade stockpile, while higher grade ore supply from Phase 4 was delayed due to waste stripping shortfalls. Phase 3 also had higher grades left in the highwall which could not be accessed during the year because of the need to single bench instead of double bench a section of this phase for geotechnical management. These higher grade areas will be recovered in a later phase. Ore feed grades are expected to improve with the higher-grade Phase 4 ore being the primary ore supply for the remainder of 2022. Phase 4 higher grade ore will also be the main ore supply for 2023, driving increased production.

The mill processed a total of 9.6 million tonnes of ore during the first nine months of 2022 as compared to 10.3 million tonnes in the first nine months of 2022. Throughput was reduced in Q1 2022 because of damage to the secondary crusher which was repaired in April 2022, challenges in processing high clay material through the crushing circuit in Q2 2022, and a SAG ball quality issue experienced in Q3 2022. Mill availability averaged 88.1% for the first nine months of 2022 compared to 93.4% for the first nine months of 2021.

Copper recovery was 78.4% in the first nine months of 2022 as compared to 79.8% in the first nine months of 2021. The slightly lower recovery was mainly a result of the impact of oxidized ore from the top benches of the North Pit.

Costs

C1 cash cost, AISC and AIC per pound of copper produced are non-GAAP financial measures. See “Non-GAAP Performance Measures” in this MD&A.

C1 cash cost per pound of copper produced for the first nine months of 2022 was US\$3.40, as compared to US\$1.34 in the first nine months of 2021. The increase in cost per pound was due to lower production and lower by-product credits for the gold and silver produced in the first nine months of 2022 as compared to the first nine months of 2021, with lower production resulting from lower grades and mill throughput. Additional factors included cost increases associated with fuel, mill grinding media/steel, explosives and mobile equipment repairs, and increased maintenance contractor support required to assist with managing both COVID-19 related absences and above-normal workforce absences.

AISC per pound of copper produced for the first nine months of 2022 was US\$4.20 compared to US\$1.68 in the first nine months of 2021. AISC carries forward from C1 cash costs with the addition of \$40.7 million in sustaining capital, lease, and applicable administration expenditures in the first nine months of 2022 as compared to \$31.9 million in the first nine months of 2021. The increase in total AISC is also due to higher sustaining capital of \$29.5 million for the first nine months of 2022 as compared to \$18.1 million for the first nine months of 2021. The higher sustaining capital resulted, in part, from the mine's environmental water management projects, which are expected to be fully completed in Q4 2022.

AIC per pound of copper produced, net of credits, for the first nine months of 2022 was US\$4.99 as compared to US\$1.97 for the first nine months of 2021. AIC carries forward from AISC with the addition of \$39.8 million in deferred stripping in the first nine months of 2022 as compared to \$26.5 million in deferred stripping in the first nine months of 2021. The increase in deferred stripping is a result of the continued development of Phase 4 of the Main Pit to access the higher-grade ore and the commencement of development of the North Pit earlier in the year to access another ore source.

OUTLOOK

This section of the MD&A provides management's production and cost estimates for 2022. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements contained in this MD&A. AIC per pound of copper produced is a non-GAAP financial measure. See "Non-GAAP Financial Measures" in this MD&A.

As a result of production results to date in 2022, the Company now expects annual copper production to be in the range of 55 to 60 million pounds compared to prior guidance of 65 million to 75 million pounds of copper. This revised estimate also reflects a week of unplanned downtime due to repair maintenance of the primary crusher in October. Such maintenance included regular planned annual maintenance as well as additional required unplanned work to change worn bushings in the lower part of the crusher and machine eccentric. It is expected that production in the fourth quarter will increase as the Company is now mining higher grade ore from Phase 4 of the Main Pit. When mining in the Phase 4 area, the Company has been experiencing grades of approximately 0.28% Cu and has achieved the design capacity of 45,000 tpd, milling up to 53,000 tpd in October, as well as higher copper recoveries. The higher-grade Phase 4 ore is expected to be the main source of ore in the fourth quarter of 2022 and in 2023, with grades expected to average 0.27% and 0.33% Cu, respectively.

The Company expects AIC to improve in the fourth quarter of 2022 to between US\$2.90 and US\$3.10 per pound because of increased production, minimal sustaining capital costs and minimal to no deferred stripping. In addition, several non-recurring expenses are now complete. Further, the Company has completed all plant improvement projects and therefore expects development capital to also be minimal in the fourth quarter of 2022. AIC for the full year 2022 is thus expected to be between US\$4.25 and US\$4.50 per pound, which compares to prior guidance of between US\$2.75 and US\$3.25 per pound.

At this time, 2023 production guidance remains unchanged. The Company will announce its 2023 production and cost guidance in early 2023, as per usual practice.

PROJECT DEVELOPMENT UPDATE

Copper Mountain Mine, Canada

During the quarter, the Company continued to advance the expansion to the rougher flotation circuit, its final plant improvement and optimization project planned at the mine in 2022. Subsequent to the quarter-end, in early October, the rougher flotation circuit was successfully commissioned, which is expected to now support higher recoveries, especially on slower kinetic ore types.

The prior plant improvement and optimization projects completed earlier this year at the mine include the installation of an additional large column flotation cell to increase cleaner circuit capacity, which was completed and fully commissioned during the second quarter. The large new flotation cell provides additional cleaner circuit capacity to handle higher mill feed grades at higher tonnage rates. The new filter press was also installed and commissioned during the year. This second filter press will allow for maintaining design mill tonnage rates during extended periods of higher grades, eliminating the requirement to reduce mill tonnage as was experienced in 2021. The new filter will also fully support the planned increased production levels in 2023 at any grade. All projects were completed without lost time injuries.

EXPLORATION UPDATE

Canada

A large resource expansion drilling program was completed at the Copper Mountain Mine earlier this year. Data from this successful drilling program were used to update the mineral resource and mineral reserve models, resulting in a 57% increase in the copper mineral reserve and an updated life-of-mine plan, as reported in the Company's press release dated September 28, 2022.

Copper-gold mineralization at the Copper Mountain Mine occurs over a 5 x 2 km area and remains open both laterally and at depth, providing further reserve expansion potential. Multiple historical drill holes end in copper-gold mineralization and geophysical data suggest that the mineralizing system extends well below the current known resource.

To evaluate this upside potential, a geoscience-based target definition program began in June 2022. This program aims to define new drill targets outboard of, and below, the current resource, particularly high grade "root zones", like the deeper parts of the Red Chris porphyry in British Columbia (also an alkalic porphyry and of similar age), and deposits in the Cadia-Ridgeway alkalic porphyry district in Australia. The 2022 program includes: relogging and resampling of historical drill core for multi-element geochemical analysis and petrographic study and the creation of a new 3D geological model of the deposit. Reinterpretation of historical geophysical data, including IP chargeability/resistivity data, magnetotellurics, and airborne magnetic/radiometric data is also ongoing, with additional geophysical surveys planned for early 2023. These geophysical data, together with geochemical and alteration/mineralization style data from drill holes will be used to rank and prioritize drill targets for testing in 2023.

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 serve to provide additional information. See “Non-GAAP Performance Measures” in this MD&A for details.

Financial Results	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
(In thousands of CDN\$, except for per share amounts)	\$	\$	\$	\$
Revenue				
Copper	49,020	121,313	180,477	393,827
Gold	10,775	17,791	35,609	50,814
Silver	1,499	3,651	4,238	13,553
Treatment and refining	(3,038)	(5,579)	(9,136)	(16,747)
	58,256	137,176	211,188	441,447
Cost of sales				
Direct mining and milling	(49,571)	(46,394)	(149,399)	(119,679)
Employee compensation	(11,994)	(13,139)	(39,987)	(41,407)
Depreciation	(4,906)	(7,286)	(17,016)	(21,272)
Transportation	(2,908)	(3,716)	(6,520)	(10,383)
Gross profit (loss)	(11,123)	66,641	(1,734)	248,707
General and administration	(4,008)	(2,272)	(14,633)	(11,803)
Share-based compensation	617	(2,141)	4,258	(12,632)
Operating income (loss)	(14,514)	62,228	(12,109)	224,272
Other income	120	88	418	137
Finance expense	(9,538)	(10,240)	(24,933)	(23,640)
Gain (loss) on derivatives	5,024	(794)	13,859	(2,709)
Foreign exchange loss	(19,642)	(7,170)	(23,212)	(4,341)
Income (loss) before tax	(38,550)	44,112	(45,977)	193,719
Current tax expense	-	(4,420)	(418)	(8,010)
Deferred tax expense	(880)	(13,868)	(1,145)	(69,105)
Net income (loss)	(39,430)	25,824	(47,540)	116,604
Adjustments				
Pricing adjustments on concentrate sales	1,892	7,601	10,804	(16,685)
(Gain) loss on derivatives	(5,024)	794	(13,859)	2,709
Foreign exchange loss	19,642	7,170	23,212	4,341
Adjusted net income (loss)⁽¹⁾	(22,920)	41,389	(27,383)	106,969
Earnings (loss) per share - basic	(0.15)	0.08	(0.19)	0.39
Adjusted earnings (loss) per share⁽¹⁾ - basic	(0.11)	0.20	(0.13)	0.51

⁽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 are produced by the Company are 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.

The 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 its operation, the Company is highly dependent on third parties for the provision of trucking, port, and other distribution services. Contractual disputes, demurrage charges, 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, and 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 – Three Months Ended September 30, 2022

Summary

The Company shipped and sold 12.3 million pounds of copper, 4,902 ounces of gold, and 59,790 ounces of silver during Q3 2022 compared to 24.4 million pounds of copper, 8,308 ounces of gold, and 142,128 ounces of silver for Q3 2021. During the quarter, the Company recognized revenue of \$58.3 million, net of pricing adjustments and treatment charges, based on an average realized copper price of US\$3.52 per pound, compared to revenue of \$137.2 million, net of pricing adjustments and treatment charges, at an average realized copper price of US\$4.27 per pound for Q3 2021. The Company generated a gross loss of \$11.1 million in Q3 2022 as compared to a gross profit of \$66.6 million for Q3 2021.

The Company reported a net loss of \$39.4 million for Q3 2022 as compared to net income of \$25.8 million for Q3 2021. The variance in net income for Q3 2022, as compared to Q3 2021, was due to several items, including:

- Lower revenue in Q3 2022 due to a 50% decrease in pounds of copper sold in Q3 2022 as compared to Q3 2021 as well as lower average realized copper prices;
- Lower revenue in Q3 2022 due to a 43% decrease in gold and silver revenues in Q3 2022 as compared to Q3 2021 as a result of lower ounces of gold and silver sold at lower prices; and
- Elevated cost of sales in Q3 2022 of \$69.4 million as compared to \$70.5 million in Q3 2021, despite significantly lower revenues largely due to inflationary pressures.

Revenue

In Q3 2022, revenue was \$58.3 million, net of pricing adjustments and treatment charges, compared to \$137.2 million in Q3 2021. Revenue in Q3 2022 is based on the sale of 12.3 million pounds of copper, 4,902 ounces of gold, and 59,790 ounces of silver. This compares to 24.4 million pounds of copper, 8,308 ounces of gold, and 142,128 ounces of silver sold in Q3 2021. As noted above, the decrease in revenue was due to lower quantities of all metal sold and at a lower average prices. Lower quantities of metal sold was a result of lower metal production in Q3 2022 compared to Q3 2021.

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

	Realized Metal Prices		Quantities of Metal Sold	
	Three months ended		Three months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Copper ⁽¹⁾ – 000s lb	\$3.52	\$4.27	12,319	24,416
Gold ⁽¹⁾ – oz	\$1,755	\$1,796	4,902	8,308
Silver ⁽¹⁾ – oz	\$18.62	\$25.07	59,790	142,128

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

Cost of Sales

Cost of sales in Q3 2022 was \$69.4 million as compared to \$70.5 million for Q3 2021. The elevated cost of sales, despite lower revenues, can largely be attributed to cost increases associated with fuel, mill grinding media/steel, explosives, and mobile equipment repairs, as well as increased maintenance contractor support required to assist with managing both COVID-19 related absences and above-normal workforce absences.

Finance Expense

The Company recorded Q3 2022 finance expense of \$9.5 million as compared to \$10.2 million incurred in Q3 2021. Finance expense primarily consists of interest on loans and the amortization of loan-related financing fees. A large portion of finance expenses are denominated in US dollars and the expense can vary from quarter to quarter as the US dollar and Canadian dollar exchange rates varies.

Derivative Gain

The Company recorded a Q3 2022 derivative gain of \$5.0 million as compared to a derivative loss of \$0.8 million for Q3 2021. The derivative gain includes a non-cash unrealized loss of \$1.3 million on the revaluation (mark-to-market) of the Company's outstanding collar option contracts and a cash realized gain of \$6.3 million from the monthly contracts. The Company's collar option contracts cover 3.3 million pounds of copper per month through the end of 2022. The floor price of the monthly copper option contracts is US\$4.00 per pound with an average ceiling price of US\$4.91 per pound.

Foreign Exchange

The Company recorded a Q3 2022 foreign exchange loss of \$19.6 million as compared to a \$7.2 million loss in Q3 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 to Canadian dollar exchange rate varies.

Financial Results – Nine Months Ended September 30, 2022

Summary

The Company shipped and sold 38.7 million pounds of copper, 15,047 ounces of gold, and 177,481 ounces of silver during the first nine months of 2022; compared to 73.6 million pounds of copper, 23,406 ounces of gold and 425,076 ounces of silver for the first nine months of 2021. During the first nine months of 2022, the Company recognized revenue of \$211.2 million, net of pricing adjustments and treatment charges, based on an average realized copper price of US\$4.09 per pound, compared to revenue of \$441.4 million, net of pricing adjustments and treatment charges, at an average realized copper price of US\$4.15 per pound for

the first nine months of 2021. The first nine months of 2022 generated a gross loss of \$1.7 million as compared to a gross profit of \$248.7 million for the first nine months of 2021.

The Company reported a net loss of \$47.5 million for the first nine months of 2022 as compared to net income of \$116.6 million for the first nine months of 2021. The variance in the net loss for the first nine months of 2022, as compared to the net income of the first nine months of 2021, was due to several items including:

- Revenue for the first nine months of 2022 was lower because of lower metal prices and lower quantities of metal sold when compared to the first nine months of 2021; and,
- Foreign exchange loss of \$23.2 million for the first nine months of 2022 as compared to a \$4.7 million loss for the first nine months of 2021. The increase is a result of the strengthening of the US dollar and losses primarily related to translation of the Company's debt, which is denominated in US dollars.

Revenue

For the nine months ended September 30, 2022, revenue was \$211.2 million, net of pricing adjustments and treatment charges, compared to \$441.1 million for the first nine months of 2021. Revenue for the first nine months of 2022 is based on the sale of 38.7 million pounds of copper, 15,047 ounces of gold, and 177,481 ounces of silver. This compares to 73.6 million pounds of copper, 23,406 ounces of gold, and 425,076 ounces of silver sold in the first nine months of 2021. The decrease in revenue for the first nine months of 2022 was due to selling fewer pounds of copper and realizing lower copper prices during the period.

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

	Realized Metal Prices		Quantities of Metal Sold	
	Nine months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Copper ⁽¹⁾ – 000s lb	\$4.09	\$4.15	38,698	73,613
Gold ⁽¹⁾ – oz	\$1,828	\$1,802	15,047	23,406
Silver ⁽¹⁾ – oz	\$21.61	\$25.96	177,481	425,076

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

Cost of Sales

Cost of sales for the nine month period ended September 30, 2022 was \$212.9 million as compared to \$192.7 million for the first nine months of 2021. Cost of sales is net of \$39.8 million of mining costs, exclusive of \$2.6 million in depreciation, allocated to deferred stripping in the nine month period ended September 30, 2022 as compared to \$15.4 million in the nine months ended September 30, 2021. The higher deferred stripping costs in the first nine months of 2022 were a result of accelerated mining activities to access ore from the Phase 4 area of the Main Pit. Additional factors impacting cost of sales included cost increases associated with fuel, mill grinding media/steel, mobile equipment repairs, and increased maintenance contractor support required to assist with managing both COVID-19 related absences and above-normal workforce absences.

Depreciation and Depletion

Depreciation expensed through cost of sales for the first nine months of 2022 was \$17.0 million as compared to \$21.3 million for the first nine months of 2021. The decrease in depreciation for the first nine months of 2022 is in part due to higher deferred stripping costs which includes depreciation on related mobile equipment.

General and Administrative

The Company recorded general and administrative costs of \$14.6 million for the first nine months of 2022 as compared to \$11.1 million incurred in the first nine months of 2021. The increase was mainly due to increased travel compared to 2021, during which lower travel expenses were incurred because of COVID-19 restrictions, and higher expenses related to corporate development activities primarily related to the sale process of the Company's Australian assets. In addition, costs in the nine months of 2022 included one-time expenses incurred relating to the departure of two senior executives.

Share-Based Compensation

The Company recorded a recovery of \$4.3 million in share-based compensation in the first nine months of 2022, as compared to an expense of \$12.6 million for the first nine months of 2021. The recovery was due to mark-to-market adjustments on share unit liabilities to reflect the decrease in the Company's share price during the period.

Finance Expense

The Company recorded a finance expense of \$24.9 million for the nine month period ended September 30, 2022 as compared to \$23.6 million incurred in the nine month period ended September 30, 2021. Finance expense primarily consists of interest on loans and the amortization of loan-related financing fees. Finance expense is also impacted by foreign exchange rates, with interest on US dollar denominated debt also paid in US dollars.

Derivative Gain

The Company recorded a derivative gain of \$13.9 million for the nine month period ended September 30, 2022 as compared to a derivative loss of \$2.7 million for the nine month period ended September 30, 2021. The derivative gain is a non-cash unrealized gain that occurs on the revaluation (mark-to-market) of the Company's collar option contracts, with maturity dates at the end of the year. In the nine month period ended September 30, 2022, the Company received a cash payment of \$6.4 million from the copper collar option contracts.

Foreign Exchange

The Company recorded a foreign exchange loss of \$23.2 million in the nine month period ended September 30, 2022 as compared to a \$4.7 million loss in the nine month period ended September 30, 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 varies.

Tax Expense

The Company recorded a deferred tax expense of \$1.1 million for the nine month period ended September 30, 2022 as compared to \$69.1 million of deferred tax expense for the nine month period ended September 30, 2021. The decrease is due to lower income before tax realized in the first nine months of 2022.

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	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	58,256	59,074	93,858	136,755	137,176	142,604	162,207	106,103
Net income (loss)	(39,430)	(5,272)	(4,162)	31,535	25,824	38,662	52,118	28,540
Earnings (loss) per share – basic	(0.15)	(0.02)	(0.03)	0.11	0.08	0.12	0.18	0.10
Adjusted net income (loss) ⁽¹⁾	(22,920)	3,664	(9,277)	23,293	41,389	32,161	33,419	5,502
Adjusted earnings (loss) per share – basic ⁽¹⁾	(0.11)	0.02	(0.04)	0.11	0.20	0.15	0.16	0.03
EBITDA ⁽¹⁾	(24,226)	7,201	11,256	67,724	61,550	80,958	95,985	57,205
Adjusted EBITDA ⁽¹⁾	(7,716)	16,137	6,141	59,482	77,115	74,457	77,286	34,167
Cash flow from operating activities	(7,518)	9,003	33,214	50,420	90,869	94,574	79,593	50,990
Average realized copper price (US\$)	\$3.52	\$4.18	\$4.54	\$4.44	\$4.27	\$4.33	\$3.90	\$3.35
C1 cash cost per pound of copper produced (US\$) ⁽¹⁾	\$3.70	\$2.92	\$3.58	\$2.17	\$1.50	\$1.38	\$1.15	\$1.43
Copper sales (000's lbs)	12,312	12,893	13,487	19,391	24,416	21,696	27,501	18,712

⁽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 operating activities and net income (loss) attributable to the shareholders vary from period to period primarily because of operational performance discussed 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 September 30, 2022 was \$49.6 million, which included restricted cash of \$17.2 million. The restricted cash has been placed into a debt service reserve account that is funded equally each month and will be applied to the Company's interest and semi-annual US\$5.0 million principal installment payments relating to the Company's US\$250 million senior secured bonds (the "Bonds"). This excludes cash of \$0.912 million held in the Company's wholly-owned Australian subsidiary as these assets are classified as held for sale due to the agreement to sell the Eva Copper Project and exploration tenements to Harmony. This compares to cash and cash equivalents of \$178.4 million at December 31, 2021.

During the first nine months of 2022 the Company generated \$34.8 million of positive cash flow from operating activities at the Copper Mountain Mine as compared to \$265.0 million for the first nine months of 2021.

During the first nine months of 2022, the Company used \$137.6 million in investing activities. Such amount is comprised of deferred stripping costs of \$39.8 million, sustaining capital of \$29.5 million, and development expenditures of \$68.3 million, which includes Eva Copper Project development work of \$21.9 million, exploration expenditures of \$5.2 million and Copper Mountain Mine development work for the plant optimization and improvement projects (cleaner column, filter press expansion and the rougher expansion) and the Trolley Assist project.

During the nine months ended September 30, 2022, the Company used a net of \$39.4 million in its financing activities. This is comprised primarily of a semi-annual principal installment of US\$5.0 million and interest payment of US\$15.4 million relating to the Bonds made on April 8, 2022, transferring USD\$7.4 million into the debt service reserve account for the Bonds, and \$9.4 million in lease payments on mining equipment.

Working Capital

As at September 30, 2022, the Company had working capital (current assets less current liabilities) of \$84.3 million, including the Eva Copper Project and Australian assets classified as current assets and held for sale and negative \$1.9 million net of the assets classified as held for sale compared to working capital of \$157.0 million at December 31, 2021.

Debt

The Company holds debt and financial liabilities in both Canadian and US 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)	September 30, 2022	December 31, 2021	December 31, 2020
	\$	\$	\$
Bonds (\$US)	240,000	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\$)	45,480	48,172	37,111
Total debt (US\$ in thousands)	285,480	293,172	274,590
Period-end foreign exchange rate (US\$ to CAD\$)	1.3707	1.2678	1.2732
Total debt (CDN\$ in thousands)	391,307	371,683	349,608

Shareholders' Equity

As of September 30, 2022, the Company had 213,791,261 common shares outstanding and shareholders' equity was \$330.0 million, compared to \$371.7 million at December 31, 2021.

Proposed Transactions

On October 6, 2022, the Company announced it had entered into a definitive agreement with Harmony to sell its wholly-owned Eva Copper Project and its 2,100km² exploration land package in Queensland, Australia for total consideration of up to US\$230 million (the "Transaction").

Under the terms of the Transaction, Copper Mountain will receive the following gross consideration:

- A. US\$170 million in cash payable on closing of the Transaction;
- B. Up to US\$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain 10% of the incremental revenue generated from the Eva Copper Project and the Australian exploration land package above the revenue assuming a US\$3.80/lb copper price; and
- C. Up to US\$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain US\$0.03 per pound of contained copper for any SAMREC copper resource discovered and declared on a new deposit within the Eva Copper Project and the Australian exploration land package after the closing of the Transaction.

Net cash proceeds are subject to capital gains and withholding taxes and will be net of transaction fees, which includes advisory fees in relation to the Transaction and consent process and amendment fees required in connection with the Bonds. The closing of the Transaction is subject to certain customary conditions, including approval from the Foreign Investment Review Board (FIRB) in Australia and Copper Mountain bondholder approval. The Transaction has received approval from the South African Reserve Bank (SARB) and is not subject to any financing conditions. The Transaction is expected to close in the first quarter of 2023.

Commitments and Contractual Obligations

As at September 30, 2022, the Company had the following consolidated contractual obligations:

(In thousands of CDN\$)	Annual Repayments due from September 30,						Over 5
	Total	2022	2023	2024	2025	2026	years
	\$	\$	\$	\$	\$	\$	\$
Bonds	317,577	13,707	13,707	13,707	13,707	262,749	-
Lease obligation	62,340	14,814	14,589	13,051	11,311	5,659	2,916
Mine closure and reclamation	15,965	-	-	-	-	-	15,965
Total contractual obligations	395,822	28,521	28,296	26,758	25,018	268,408	18,881

Capital Resources

As at September 30, 2022, the Company had \$49.6 million in cash and cash equivalents on hand, including restricted cash of \$17.2 million. The Company expects to meet future cash commitments from existing cash on hand, its working capital loan, cash proceeds from the sale of the Eva Copper Project and Australian exploration tenements, and anticipated cash flows generated from the Copper Mountain Mine.

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 its capital structure by issuing new shares, issuing new debt or retiring existing debt.

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 September 30, 2022.

As at September 30, 2022, the Company had a total of \$4.5 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.

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, including: 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 September 30, 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 nine months ended September 30, 2022, the Company sold copper concentrates under the provision of a long-term contract with MMC, for revenues totaling \$211.2 million (2021 – \$441.4 million) including pricing adjustments.
- On June 9, 2021, the Company repaid to MMC, the balance of a subordinated loan of \$9.6 million, funding advances of \$154.1 million, and guarantee fees of \$3.5 million with accumulated interest. For the nine months ended September 30, 2021, the Company incurred \$1.2 million of interest to MMC on these instruments.
- Subsequent to the quarter, on October 21, 2022, the Company entered into an unsecured non-revolving US\$10.0 million term loan agreement with MMC for working capital purposes.

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
<i>(In thousands of CDN\$)</i>	\$	\$	\$	\$
Salaries and short-term employee benefits	689	694	5,893	5,155
Share-based compensation	(470)	3,936	(1,209)	11,049
Total	219	4,630	4,684	16,204

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 September 30, 2022, with the exception of the amendments to IAS 16, Property, Plant and Equipment – Proceeds before Intended Use ("IAS 16"), 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 of September 30, 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 the performance and 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 the Company's 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		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
(In thousands of CDN\$, unless otherwise noted)	\$	\$	\$	\$
Cost of sales	69,379	70,535	212,922	192,740
Adjustments				
Depreciation and depletion	(4,906)	(7,286)	(17,016)	(21,272)
Change in inventory	8,264	(5,105)	7,727	(1,030)
Transportation costs	(4,196)	(5,567)	(10,253)	(16,332)
Site cash costs	68,541	52,577	193,380	154,106

Cash Costs per Pound Produced (100%)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
(In thousands of CDN\$, unless otherwise noted)	\$	\$	\$	\$
Adjustments				
Transportation costs	4,196	5,567	10,253	16,332
Treatment and refining costs	3,038	5,579	9,136	16,747
By-product credits (gold and silver)	(12,274)	(21,442)	(39,847)	(64,367)
C1 cash cost	63,501	42,281	172,922	122,818
Adjustments				
Sustaining capital	10,308	4,700	29,464	18,102
Lease payments	2,901	2,403	9,414	11,578
Applicable administration	670	636	1,870	2,191
All-in sustaining costs (AISC)	77,380	50,020	213,670	154,689
Adjustments				
Deferred stripping	7,607	11,316	39,818	26,504
All-in costs (AIC)	84,987	61,336	253,488	181,193
Average foreign exchange rate (CDN\$ to US\$)	0.7657	0.7937	0.7795	0.7992
Copper production (000s lb)	13,159	22,406	39,634	73,446
C1 cash costs (US\$/lb produced (net))	\$3.70	\$1.50	\$3.40	\$1.34
All-in sustaining costs (AISC) (US\$/lb produced (net))	\$4.50	\$1.77	\$4.20	\$1.68
All-in costs (AIC) (US\$/lb produced (net))	\$4.95	\$2.17	\$4.99	\$1.97
Average realized copper price (US\$/lb)	\$3.52	\$4.27	\$4.09	\$4.15

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;
- Derivative gains/losses;
- 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		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
(In thousands of CDN\$, except per share amounts)	\$	\$	\$	\$
Net income (loss)	(39,430)	25,824	(47,540)	116,604
Adjustments				
Pricing adjustments on concentrate sales	1,892	7,601	10,804	(16,685)
(Gain) loss on derivative	(5,024)	794	(13,859)	2,709

Foreign exchange loss	19,642	7,170	23,212	4,341
Adjusted net income (loss)	(22,920)	41,389	(27,383)	106,969
Weighted average number of common shares outstanding, as reported – basic (thousands)	213,791	209,921	212,508	209,320
Adjusted earnings per share (loss) - basic	\$(0.11)	\$0.20	\$(0.13)	\$0.51

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;
- Derivative gains/losses;
- 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, gains/losses on derivative instruments, and 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		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
(In thousands of CDN\$)	\$	\$	\$	\$
Net income (loss)	(39,430)	25,824	(48,864)	116,604
Adjustments				
Finance income	(120)	(88)	(418)	(137)
Finance expense	9,538	10,240	24,934	23,640
Depreciation	4,906	7,286	17,016	21,272
Current tax expense	-	4,420	418	8,010
Deferred income and resource tax expense	880	13,868	1,145	69,105
EBITDA	(24,226)	61,550	(5,769)	238,493
Adjustments				
Mark to market adjustments on concentrate sales	1,892	7,601	10,804	(16,685)
(Gain) loss on derivative	(5,024)	794	(13,859)	2,709

EBITDA and Adjusted EBITDA	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
(In thousands of CDN\$)	\$	\$	\$	\$
Foreign exchange loss	19,642	7,170	23,212	4,341
Adjusted EBITDA	(7,716)	77,115	14,388	228,858

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 of September 30, 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 September 30, 2022 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

RISKS AND UNCERTAINTIES

The mining industry involves many risks which are inherent to the nature of the business, global economic trends and economic, environmental and social conditions in the geographical areas of operation. As a result, the Company is subject to a number of risks and uncertainties, each of which could have an adverse effect on its operating results, business prospects or financial position. 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 severe flooding and cold temperatures experienced at the Copper Mountain Mine in 2021). Extreme weather events have the potential to further disrupt operations at the Copper Mountain Mine 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 AIF.