FIRST QUARTER REPORT

Financial Statements and MD&A

March 31, 2023

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Copper Mountain Mining Corporation

Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2023
(Unaudited)

Copper Mountain Mining Corporation

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

	March 31, 2023 $	December 31, 2022 $
Assets		
Current assets		
Cash and cash equivalents	54,521	83,653
Restricted cash (note 11)	16,659	130,990
Accounts receivable and prepaid expenses (note 5)	35,620	33,334
Inventory (note 6)	42,608	38,448
Other assets (note 7)	872	1,903
	150,280	288,328
Other assets (note 7)	1,745	2,651
Mineral properties, plant and equipment (note 8)	773,949	744,447
Low grade stockpile (note 6)	64,541	64,541
	990,515	**1,099,967**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	78,220	86,212
Amounts payable to related parties	-	13,672
Current portion of lease liabilities (note 10)	14,011	13,746
Current portion of long-term debt (note 11)	13,533	131,377
Taxes payable	17,122	16,735
Other financial liabilities (note 13)	265	-
	123,151	261,742
Provisions and other liabilities (note 12)	47,600	18,149
Lease liabilities (note 10)	42,114	45,427
Long-term debt (note 11)	180,796	176,541
Deferred tax liability	99,498	88,392
	493,159	590,251
Equity		
Attributable to shareholders of the Company:		
Share capital (note 14)	293,711	292,929
Contributed surplus	17,170	17,319
Accumulated other comprehensive loss	(164)	(168)
Retained earnings	88,484	100,901
	399,201	410,981
Non-controlling interest	98,155	98,735
Total equity	497,356	509,716
	990,515	**1,099,967**

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 Loss and Comprehensive Loss
For the Three Months Ended March 31,
(Unaudited in thousands of Canadian dollars, except for number of and loss per share)

	2023 $	2022 $
Revenue (note 15)	100,497	93,858
Cost of sales (note 16)	(80,309)	(75,282)
Gross profit	20,188	18,576
Other income and expenses		
General and administration (note 16)	(4,838)	(6,420)
Share-based compensation (note 14)	(2,100)	(3,959)
Operating income	13,250	8,197
Finance income	675	284
Finance expense (note 17)	(12,568)	(8,198)
Foreign exchange (loss) gain	(60)	2,664
Loss on derivatives (note 13)	(265)	(5,115)
Loss on disposal of equipment	(2,536)	-
Loss before tax	(1,504)	(2,168)
Current tax expense	(386)	(621)
Deferred income tax expense	(11,107)	(1,408)
Net loss from continuing operations	(12,997)	(4,197)
Net income from discontinued operations (note 4)	-	35
Net loss	(12,997)	(4,162)
Other comprehensive (loss) income		
Foreign currency translation adjustment	4	724
Comprehensive loss	(12,993)	(3,438)
Net (loss) income from continuing operations attributable to:		
Shareholders of the Company	(12,417)	(6,337)
Non-controlling interest	(580)	2,140
	(12,997)	(4,197)
Net (loss) income attributable to:		
Shareholders of the Company	(12,417)	(6,302)
Non-controlling interest	(580)	2,140
	(12,997)	(4,162)
Loss per share from continuing operations:		
Basic	$(0.06)	$(0.03)
Diluted	$(0.06)	$(0.03)

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

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

Loss per share:		
Basic	$(0.06)	$(0.03)
Diluted	$(0.06)	$(0.03)
Weighted average shares outstanding, basic	213,892,859	210,767,083
Weighted average shares outstanding, diluted	213,892,859	210,767,083
Shares outstanding at end of the period	214,383,473	211,250,049

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended March 31,
(Unaudited in thousands of Canadian dollars)

	2023 $	2022 $
Cash flows from operating activities		
Net loss for the period	(12,997)	(4,162)
Adjustments for:		
Depreciation	5,883	5,646
Loss on disposal of equipment	2,536	-
Unrealized foreign exchange gain	(175)	(2,562)
Unrealized loss on derivatives	265	5,115
Deferred income tax expense	11,107	1,408
Finance expense	12,568	8,198
Share-based compensation	2,100	3,959
	21,287	17,602
Net changes in non-cash working capital items (note 19)	(12,188)	15,712
Net cash provided by operating activities	9,099	33,314
Cash flows from investing activities		
Deferred stripping activities	(6,413)	(10,469)
Development of mineral property, plant and equipment	(1,862)	(37,646)
Other assets	1,937	953
Net cash used in investing activities	(6,338)	(47,162)
Cash flows from financing activities		
Common shares issued on exercise of options	322	928
Repayment of loan to non-controlling interest	(13,672)	-
Loan principal repaid	(117,206)	-
Restricted cash	113,681	(8,964)
Interest paid	(10,452)	(1,008)
Finance lease payments	(4,507)	(3,872)
Net cash used in financing activities	(31,834)	(12,916)
Effect of foreign exchange rate changes on cash and cash equivalents	(59)	(1,637)
Decrease in cash and cash equivalents	(29,132)	(28,401)
Cash and cash equivalents - Beginning of period	83,653	171,902
Cash and cash equivalents - End of period	54,521	143,501

Supplementary cash flow disclosures (note 19)

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, 2022	210,363,573	287,724	18,973	(3,929)	68,940	371,708	107,731	479,439
Options exercised	886,476	928	-	-	-	928	-	928
Fair value of options exercised	-	520	(520)	-	-	-	-	-
Share-based compensation	-	-	69	-	-	69	-	69
Loss for the period	-	-	-	-	(6,302)	(6,302)	2,140	(4,162)
Foreign currency translation	-	-	-	724	-	724	-	724
Balance March 31, 2022	**211,250,049**	**289,172**	**18,522**	**(3,205)**	**62,638**	**367,127**	**109,871**	**476,998**
Balance January 1, 2023	213,841,261	292,929	17,319	(168)	100,901	410,981	98,735	509,716
Options and RSUs exercised	542,212	612	-	-	-	612	-	612
Fair value of options exercised	-	170	(170)	-	-	-	-	-
Share-based compensation	-	-	21	-	-	21	-	21
Loss for the period	-	-	-	-	(12,417)	(12,417)	(580)	(12,997)
Foreign currency translation	-	-	-	4	-	4	-	4
Balance March 31, 2023	**214,383,473**	**293,711**	**17,170**	**(164)**	**88,484**	**399,201**	**98,155**	**497,356**

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

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 ("IFRS") as issued by the International Accounting Standard Board ("IASB"). These condensed consolidated interim financial statements were approved on April 27, 2023 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. subsidiary is the U.S. dollar and the functional currency of the Company's former Australian subsidiaries was the Australian dollar. Transactions in currencies other than the functional currency of an entity are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency translation differences are recognized in profit or loss.

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

3 Significant Accounting Policies

The accounting policies followed in these condensed consolidated interim financial statements are consistent with those disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2022.

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 2022 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 2022 annual consolidated financial statements, sources of estimation uncertainty include estimates used to determine the recoverable reserves and resources and the valuation of other assets and liabilities including inventory and decommissioning and restoration provisions.

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

4 Discontinued operations

On December 15, 2022, the Company completed the sale of its previously wholly-owned Eva Copper Project and its exploration land package in Queensland, Australia to Harmony Gold Mining Company Limited. Under the terms of the agreement, the Company received US$170 million on closing. Additionally, the Company has the right to receive additional contingent future payments comprised of the following:

- 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.

The Company received cash consideration of $231,880. After taxes withheld by the purchaser, the Company received net consideration of $204,966. The Company has not recognized the contingent consideration at this time. The Company recognized a gain on disposition of $84,347 calculated as follows:

		December 15, 2022
Total consideration	$	231,880
Eva Copper net assets disposed		(89,251)
Gain before tax and other costs	$	142,629
Tax withheld by purchaser		(26,914)
Tax payable		(16,171)
Realization of foreign currency transaction adjustments related to Eva Copper reclassified to net income		(4,427)
Bond amendment expenses		(4,361)
Transaction costs		(6,409)
Gain on disposition	$	84,347

The results of discontinued operations included in net income are set out below. Comparative net loss from Eva Copper related entities has been presented as discontinued operations.

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

Net income for the period from discontinued operations:

	Three months ended March 31, 2022
General and administrative	(472)
Foreign exchange gain	507
Net income from discontinued operations	35

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

	Three months ended March 31, 2022
Net cash outflows from operating activities	1,220
Net cash outflows from investing activities	(7,087)
Net cash outflows	(5,867)

5 Accounts receivable and prepaid expenses

	March 31, 2023	**December 31, 2022**
	$	**$**
Amounts due from concentrate sales	26,631	23,848
GST and other receivables	3,887	4,865
Prepaid expenses	5,102	4,621
	35,620	**33,334**

* *Amounts due from concentrate sales includes mark-to-market changes to provisional pricing on sales not finalized. See note 15.*

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

6 Inventory

	March 31, 2023 $	December 31, 2022 $
Supplies	19,877	19,362
Ore stockpile	16,633	14,530
Crushed ore stockpile	2,697	410
Copper concentrate	3,401	4,146
	42,608	**38,448**
Low grade stockpile[1]	**64,541**	**64,541**

Inventory expensed during the three months ended March 31, 2023 totaled $76,665 (2022 – $73,716).

7 Other assets

	March 31, 2023 $	December 31, 2022 $
Current:		
Guaranteed investment certificates (GICs)	**872**	**1,903**
Non-current:		
Reclamation bonds	477	477
Guaranteed investment certificates (GICs)	1,268	2,174
	1,745	**2,651**

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

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

8 Mineral properties, plant and equipment

Cost	**Plant and equipment $**	**Exploration and evaluation assets $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2022	743,842	72,432	330,518	1,146,792
Additions	80,270	24,122	56,743	161,135
Restoration provision	-	-	(7,514)	(7,514)
Disposals	(2,507)	-	-	(2,507)
Assets sold (note 4)	(988)	(87,157)	-	(88,145)
As at December 31, 2022	**820,464**	**8,828**	**379,747**	**1,209,039**
Additions	1,014	-	9,984	10,998
Transfers	(12,358)	-	12,358	-
Restoration provision	-	-	27,554	27,554
Disposals	(5,226)	-	-	(5,226)
Currency translation	-	-	-	-
As at March 31, 2023	**803,894**	**8,828**	**429,643**	**1,242,365**

Accumulated depreciation	**Plant and equipment**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2022	(314,024)	-	(122,185)	(436,209)
Depreciation charge	(20,072)	-	(8,502)	(28,574)
Disposals	191	-	-	191
As at December 31, 2022	**(333,905)**	**-**	**(130,687)**	**(464,592)**
Depreciation charge	(4,688)	-	(1,827)	(6,515)
Disposals	2,691	-	-	2,691
As at March 31, 2023	**(335,902)**	**-**	**(132,514)**	**(468,416)**

Net book value				
As at December 31, 2022	486,559	8,828	249,060	744,447
As at March 31, 2023	**467,992**	**8,828**	**297,129**	**773,949**

Plant and equipment includes right of use assets of $85,623 (December 31, 2022 - $87,467) with a net book value of $74,004 at March 31, 2023 (December 31, 2022 - $74,428) related primarily to mobile mining equipment.

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

9 Accounts payable and accrued liabilities

	March 31, 2023	**December 31, 2022**
	$	**$**
Trade accounts payable	36,590	48,909
Accrued liabilities	38,127	33,771
Deferred Share Units liability	1,427	1,067
Restricted and Performance Share Units liability	2,076	2,465
	78,220	**86,212**

10 Lease liabilities

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

	March 31, 2023	**December 31, 2022**
	$	**$**
Lease liabilities	56,125	59,173
Less: current portion	(14,011)	(13,746)
Non-current portion	**42,114**	**45,427**

Gross lease liability and minimum lease payments	**March 31, 2023**	**December 31, 2022**
	$	**$**
Within one year	17,089	17,942
Between two and four years	46,052	48,903
	63,141	66,845
Future interest	(7,016)	(7,672)
Present value of lease liability	**56,125**	**59,173**

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

11 Long-term debt

	March 31 2023 $	December 31, 2022 $
Bonds in US$	143,597	227,346
Bonds in CA$	194,329	307,918
Less: current portion	(13,533)	(131,377)
	180,796	**176,541**

Bonds

On April 9, 2021, the Company completed an offering of US$250 million of secured bonds ("the Bonds"). The Bonds mature on April 9, 2026 and bear interest at an annual rate of 8.0%, payable semi-annually on April 9 and October 9. Semi-annual principal installments in the amount of US$5 million are payable on each interest payment date. At March 31, 2023, the Company had deposited US$10.9 million ($14,818) 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. In January 2023, the Company repurchased US$87 million principal amount of the Bonds for US$89.6 million plus interest of US$2.0 million.

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

The Bonds require the Company to maintain: (a) a minimum cash amount of US$10 million, on an unconsolidated basis, subject to the Liquidity Covenant Step-up, as defined below; and, (b) a minimum of cash amount of $10 million, at the Copper Mountain mine. The Liquidity Covenant Step-up is defined as: in case that at the end of the quarter, the Leverage Ratio (defined as net debt to trailing twelve months adjusted EBITDA) exceeds 4.00 : 1.00, the Company shall, on an unconsolidated basis, maintain a minimum cash balance of an amount equal to (i) US$25 million less (ii) an amount equal to the amount deposited in the debt service account. As at March 31, 2023, the Company is in compliance with the Bonds' financial covenants.

As at March 31, 2023, the Bonds have a principal amount outstanding of $200,288 (US$148 million). The outstanding amount of $194,329 is net of issue costs of $5,959.

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

12 Provisions

	Decommissioning and restoration provision $	Share-based payment obligations $	Total $
Balance, January 1, 2023	15,131	6,550	21,681
Share-based payment expense	-	2,079	2,079
Payments during the period	-	(345)	(345)
Changes in estimate costs and timing	27,554	-	27,554
Unwinding of discount on restoration provision	134	-	134
Balance, March 31, 2023	**42,819**	**8,284**	**51,103**
Less: Current portion of share-based payment obligations included within accounts payable and accrued liabilities (Note 9)	-	(3,503)	(3,503)
Total provision – Non-current	**42,819**	**4,781**	**47,600**

Balance, January 1, 2022	22,109	12,500	34,609
Share-based payment expense	-	(3,054)	(3,054)
Payments during the period	-	(2,896)	(2,896)
Changes in estimate costs and timing	(7,514)	-	(7,514)
Unwinding of discount on restoration provision	536	-	536
Balance, December 31, 2022	**15,131**	**6,550**	**21,681**
Less: Current portion of share-based payment obligations included within accounts payable and accrued liabilities (Note 9)	-	(3,532)	(3,532)
Total provision – Non-current	**15,131**	**3,018**	**18,149**

The Company has a liability for remediation of current and past disturbances associated with mining activities at the Copper Mountain mine property. At March 31, 2023, the Company used an inflation rate of 2.00% (December 31, 2022 – 2.0%) and a discount rate of 3.02% (December 31, 2022 – 3.28%), 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 $57,912 (December 31, 2022 - $22,161). The increase in the decommissioning liability is due to the changes in the estimated reclamation related costs and an estimated post mine closure period of 100 years in accordance with government policies. The expected timing of payment of the cash flows will occur in various stages to 2152.

The Company has $477 (December 31, 2022 - $477) in reclamation bonds 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 $21,063 (December 31, 2022 - $21,063) for total reclamation security of $21,541.

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

13 Other financial liabilities

In January 2023, the Company entered into zero-cost collar options were purchased for 3.3 million pounds of copper per month for January 2023 to June 2023 with a floor price of US$3.60 per pound and a ceiling price of US$4.40 per pound. For the three months ended March 31, 2023, the collar options on 9.9 million pounds of copper expired. The Company recognized an unrealized loss and liability of $265 (2022 - $5,115) on the outstanding collar options.

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

14 Share-based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 16.1 million stock options exercisable for a period of up to ten years from the grant date. As at March 31, 2023, the Company had the following options outstanding:

	Number of shares	**Weighted average exercise price** $
Outstanding, December 31, 2021	8,646,954	0.91
Exercised	(3,398,059)	0.95
Expired	(56,600)	0.58
Forfeited	(953,076)	0.94
Outstanding, December 31, 2022	4,239,219	0.87
Exercised	(403,916)	0.80
Outstanding, March 31, 2023	**3,835,303**	**0.88**

As at March 31, 2023, the following options were outstanding and exercisable:

Exercise prices ($)	Number of options	Weighted average exercise price ($)	Weighted average remaining life (years)
$0.58 - $1.00	1,785,288	0.61	1.82
$1.02 - $1.07	870,015	1.04	0.98
$1.14 - $1.28	1,180,000	1.19	0.27
	3,835,303	0.88	1.15

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

During the period ended March 31, 2023, the share-based compensation expense in respect of stock options vesting was $21 (2022 – $69). The fair values of the stock options granted were estimated on the grant date using the Black-Scholes option pricing model. The weighted average share price at the date of exercise was $2.17 (2022 - $3.63) for the period ended March 31, 2023.

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

The Company has other share-based compensation plans in the form of a Deferred Share Unit ("DSU") Plan, Restricted Share Unit ("RSU") Plan and Performance Share Unit ("PSU") Plan. DSUs and PSUs are cash settled while RSUs may be settled in cash or shares of the Company at the discretion of the Company. All of the DSUs, PSUs and RSUs are accounted for as cash settled awards. Units granted under these share-based compensation plans are recorded at fair value on the grant date and are adjusted for changes in fair value each reporting period until settled. The expense, and any changes which arise from fluctuations in the fair value of the grants, is recognized in share-based compensation in the statement of earnings with the corresponding liability recorded on the balance sheet in provisions (Note 12). 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, 2022	591,816	2,992,605	1,990,792
Granted	227,070	829,374	774,682
Forfeited	-	(649,078)	(497,599)
Expired	(4,150)	-	-
Settled	(163,182)	(508,521)	(232,088)
Outstanding, December 31, 2022	**651,554**	**2,664,380**	**2,035,787**
Forfeited	-	(61,291)	(61,291)
Settled	-	(138,296)	-
Outstanding, March 31, 2023	**651,554**	**2,464,793**	**1,974,496**

During the period ended March 31, 2023, the Company recorded share-based compensation of $2,079 (2022 - $3,890) related to DSUs, RSUs and PSUs.

During the period ended March 31, 2023, the total fair value of DSUs, RSUs and PSUs granted was $Nil (2022 - $11,613) with a weighted average grant date fair value of $Nil (2022 - $2.47) per unit.

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

15 Revenue

	Three months ended March 31, 2023 $	2022 $
Copper in concentrate	88,997	84,363
Gold in concentrate	13,355	10,662
Silver in concentrate	1,966	1,801
Treatment and refining charges	(3,821)	(2,968)
	100,497	**93,858**

Revenue for the three months ended March 31, 2023 included a mark-to-market and final adjustments from provisional pricing on concentrate sales of $7,984 (2022 – $8,970).

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

	Three months ended March 31, 2023 $	2022 $
Copper in concentrate	1,432	6,847
Gold in concentrate	584	219
Silver in concentrate	(54)	(7)
	1,962	**7,059**

16 Expenses by nature

	Three months ended March 31, 2023 $	2022 $
Direct mining and milling costs	52,437	52,356
Employee compensation and benefits	18,462	15,885
Depreciation	5,766	5,475
Transportation costs	3,644	1,566
Cost of sales	**80,309**	**75,282**
Corporate employee compensation and benefits	2,601	3,854
Corporate and mine site administrative expenses	2,237	2,566
General and administration	**4,838**	**6,420**
	85,147	**81,702**

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

17 Finance expense

	Three months ended March 31, 2023 $	2022 $
Interest on loans	6,483	7,207
Amortization of financing fees	5,951	860
Unwinding of discount on restoration provision	134	131
	12,568	**8,198**

18 Related party transactions

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

a. During the three months ended March 31, 2023, the Company sold copper concentrates to MMC with revenues totalling $100,497 (2022 – $93,858) including pricing adjustments.

b. In January 2023, the Company repaid an unsecured non-revolving US$10 million ($13,486) term loan with interest of US$104 ($140) to MMC.

c. Compensation of key management:

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

	Three months ended March 31, 2023 $	2022 $
Salaries and short-term employee benefits	1,746	3,080
Share-based compensation	1,143	2,801
	2,889	**5,881**

19 Supplementary cash flow disclosures

a. As at March 31, 2023, cash and cash equivalents consists of guaranteed investment certificates of $234 (December 31, 2022 – $234) and $54,287 in cash (December 31, 2022 – $83,419) held in bank accounts.

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

b. A reconciliation of net changes in working capital items is as follows:

	Three months ended March 31, 2023 $	2022 $
Change in accounts receivable and prepaid expenses	(2,287)	1,288
Change in inventory	(4,091)	(2)
Change in tax liability	386	(129)
Change in accounts payable and accrued liabilities	(6,196)	14,555
	(12,188)	**15,712**

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

	2023 $	2022 $
Increase in accounts payable related to plant and equipment	2,258	1,555
Addition of plant and equipment through leases	(1,566)	(798)

20 Financial instruments

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

Fair Value hierarchy

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

The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- 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 $191,275 and the carrying value is $194,329 at March 31, 2023.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at March 31, 2023:

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

	Level 1 $	Level 2 $	Level 3 $	Total fair value $
Financial assets				
Amounts due from concentrate sales (note 5)		26,631		26,631
Financial liabilities				
Derivative liabilities (note 13)		265		265

Financial risks factors

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

Liquidity risk

	March 31, 2023 $	December 31, 2022 $
Cash and cash equivalents	54,521	83,653
Working capital	27,516	26,586

Maturity analysis of financial liabilities as at March 31, 2023 is as follows:

	Total $	< 1 year $	2-3 years $	4-5 years $	Thereafter $
Long-term debt	194,329	13,533	27,066	153,730	-
Lease obligations	56,125	14,935	27,175	12,211	1,804
Decommissioning & restoration provision	42,819	-	-	-	42,819
Trade accounts payable	36,590	36,590	-	-	-
	329,863	65,058	54,241	165,941	44,623

The Company sells all of its copper concentrates to MMC smelters in Japan based on quoted market prices of contained metals. During the period ended March 31, 2023 revenues attributed to the sale of copper concentrate to MMC totaled $100,497 (2022 – $93,868).

21 Segmented information

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

22 Subsequent event

On April 13, 2023, Hudbay Minerals Inc. ("Hudbay") and the Company entered into a definitive agreement by which Hudbay will acquire all of the issued and outstanding common shares of the Company, pursuant to a court approved plan of arrangement subject to regulatory and shareholder approval.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
COPPER MOUNTAIN MINING CORPORATION
FOR THE QUARTER ENDED MARCH 31, 2023

The following Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Copper Mountain Mining Corporation and its subsidiaries ("Copper Mountain" or the "Company"). This MD&A should be read in conjunction with Copper Mountain's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to year end financial reporting. This MD&A contains forward-looking statements that are subject to risks and uncertainties, as discussed in the cautionary note contained in this MD&A. The reader is cautioned not to place undue reliance on forward-looking statements. All figures in this MD&A are expressed in thousands of **Canadian dollars** except for share, per share, per pound and per ounce amounts, unless otherwise specified. References to "US$" are to United States dollars. This MD&A has been prepared as at April 27, 2023.

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 on average about 100 million pounds of copper equivalent per year and is expected to increase to approximately 140 million pounds of copper equivalent on average per year, with a large resource that remains open laterally and at depth. Copper Mountain trades on the Toronto Stock Exchange under the symbol "CMMC" and Australian Stock Exchange under the symbol "C6C". For further information on Copper Mountain, reference should be made to its public filings (including its most recently filed annual information form ("AIF")) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.cumtn.com.

Cautionary Statement on Forward-Looking Information

This MD&A contains certain statements that may be deemed "forward-looking statements." All statements in this MD&A, other than statements of historical fact, that address the Company's outlook and guidance, exploration drilling, exploitation activities, consummation and timing of the closing of the Transaction (as defined below), anticipated benefits following the successful closing of the Transaction including entitlement to any contingent consideration under the Transaction, 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 National Instrument 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 resources and mineral reserves 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 reconciliations, 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 primarily 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; the Company’s ability to comply with its financial covenants under its bond terms and meet its future cash commitments; actual results of current exploration activities; volatility in the Company’s publicly traded securities; the protection of the Company’s information technology systems or a component of such systems impacting the Company’s reputation and results of operations; impacts of the ransomware incident on business operations; delay or the failure to receive approval by the Company shareholders with respect to the Transaction; delay or failure to receive required court, regulatory and other consents and approvals to effect the Transaction, the possibility that the Arrangement Agreement could be terminated under certain circumstances; 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 in 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 two pressure filters. 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.

HIGHLIGHTS

- Production in Q1 2023 was 18.9 million pounds of copper equivalent, including 15.9 million pounds of copper, 5,616 ounces of gold, and 75,277 ounces of silver.
- Revenue for Q1 2023 was $100.5 million from the sale of 16.1 million pounds of copper, 5,579 ounces of gold, and 78,122 ounces of silver.
- C1 cash cost(1) per pound of copper produced in Q1 2023 was US$3.11, all-in sustaining cost ("AISC")(1) per pound of copper produced was US$3.36 and all-in cost ("AIC")(1) per pound of copper produced was US$3.66.
- Net loss for Q1 2023 was $13.0 million, or ($0.06) per-share and adjusted net income(1) was $0.9 million, or $0.00 per-share. The net loss in Q1 2023 was primarily due to one-time items including finance expenses associated with the bond buyback and deferred tax expense on an increase in decommissioning obligation, totaling $13.0 million.
- EBITDA(1) for Q1 2023 was $16.2 million and adjusted EBITDA(1) was $17.1 million.
- Cash flow from operating activities before non-cash working capital items for Q1 2023 was $21.3 million, or $0.10 on a per-share basis, and $9.1 million after non-cash working capital items, or $0.04 on a per-share basis(1).
- Cash, cash equivalents and restricted cash as at March 31, 2023 was $71.2 million.
- In January 2023, completed a bond buyback resulting in the repurchase of the total planned aggregate principal amount of US$87 million of bonds, thereby reducing the Company's total nominal value of bonds outstanding to US$148 million.
- Entered into monthly zero-cost collar option contracts for 3.32 million pounds of copper per month from January to June 2023, with a floor price of US$3.60 per pound and a ceiling price of US$4.40 per pound.

- After quarter end, the Company announced on April 13, 2023, it has entered into a definitive agreement (the "Arrangement Agreement") by which Hudbay Minerals Inc. ("Hudbay") will acquire all of the issued and outstanding common shares of Copper Mountain. Under the terms of the Arrangement Agreement, each Copper Mountain shareholder will receive 0.381 of a Hudbay common share for each Copper Mountain common share held.
    - The consideration represents approximately C$2.67 per Copper Mountain common share based on Hudbay's closing share price on April 12, 2023.
    - The consideration represents a 23% premium to Copper Mountain shareholders based on Hudbay's and Copper Mountain's 10-day volume-weighted-average share prices on April 12, 2023.
    - Existing Hudbay and Copper Mountain shareholders will own approximately 76% and 24% of Hudbay, respectively.

(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 for details.

Results and Highlights (100%)	**Three months ended March 31,**	
(In thousands of CDN$, except for per share amounts)	**2023** **$**	**2022** **$**
Financial		
Revenue	100,497	93,858
Gross profit	20,188	18,576
Gross profit before depreciation[1]	25,954	24,051
Net loss from continuing operations	(12,997)	(4,197)
Loss per share – basic	(0.06)	(0.03)
Adjusted net income (loss)[1]	867	(8,805)
Adjusted net income (loss) per share – basic [1]	0.00	(0.04)
EBITDA[1]	16,155	11,221
Adjusted EBITDA[1]	17,054	6,613
Cash flow from operating activities	9,099	33,314
Cash flow from operating activities per share – basic[1]	0.04	0.16
Cash, cash equivalents, and restricted cash – end of period	71,180	150,013
Production		
Copper Equivalent (000s lb)	18,904	15,648
Copper (000s lb)	15,864	13,224
Gold (oz)	5,616	5,135
Silver (oz)	75,277	55,993
Unit costs and prices		
C1 cash cost per pound of copper produced (US$(net))[1]	3.11	3.58
AISC per pound of copper produced (US$)[1]	3.36	4.45
AIC per pound of copper produced (US$)[1]	3.66	5.08
Average realized copper price (US$/lb)	4.02	4.54

[1] Non-GAAP performance measure. See "*Non-GAAP Performance Measures*" in this MD&A for details.

OPERATIONS REVIEW

Mine Production Information

Copper Mountain Mine (100% Basis)	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 Annual	2021 Annual	2020 Annual
Mine								
Total tonnes mined (000s)	15,800	11,450	14,248	14,826	12,230	52,755	56,897	55,045
Ore tonnes mined (000s)	3,800	3,865	3,660	2,523	2,888	12,937	13,358	14,173
Waste tonnes (000s)	12,000	7,585	10,588	12,303	9,342	39,818	43,540	40,872
Stripping ratio	3.16	1.96	2.89	4.88	3.23	3.08	3.26	2.88
Mill								
Tonnes milled (000s)	3,435	3,103	3,378	3,258	2,968	12,707	13,406	14,336
Feed Grade (Cu%)	0.27	0.24	0.24	0.23	0.25	0.24	0.38	0.32
Recovery (%)	78.7	81.2	74.4	79.1	82.0	79.1	79.8	78.0
Operating time (%)	88.7	77.2	89.0	89.0	86.3	85.4	91.9	92.4
Tonnes milled (TPD)	38,165	33,725	36,721	35,806	32,978	34,814	36,729	39,169
Production								
Copper (000s lb)	15,864	13,268	13,159	13,251	13,224	52,902	90,140	77,551
Gold (oz)	5,616	4,791	6,053	5,792	5,135	21,771	28,736	29,227
Silver (oz)	75,277	65,338	64,331	61,628	55,993	247,291	523,821	392,494
Sales								
Copper (000s lb)	16,122	13,961	12,319	12,893	13,487	52,659	93,004	73,277
Gold (oz)	5,579	5,889	4,902	5,069	5,076	20,937	29,691	26,137
Silver (oz)	78,122	71,551	59,790	57,653	60,038	249,032	533,096	323,276
C1 cash cost per pound of copper produced (US$)[1]	3.11	3.88	3.70	2.92	3.58	3.53	1.49	1.53
AISC per pound of copper produced (US$)[1]	3.36	4.20	4.50	3.65	4.45	4.20	1.84	1.69
AIC per pound of copper produced (US$)[1]	3.66	4.20	4.95	4.93	5.08	4.78	2.12	1.90

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

Operation Results – First Quarter 2023

Production

The Copper Mountain Mine produced 15.9 million pounds of copper, 5,616 ounces of gold, and 75,277 ounces of silver in Q1 2023, compared to 13.2 million pounds of copper, 5,135 ounces of gold, and 55,993 ounces of silver in Q1 2022. The higher production in Q1 2023 was due to higher mill throughput, higher mill feed grades and improved operating time.

Mill feed grade in Q1 2023 was 0.27% Cu compared to 0.25% Cu in Q1 2022. Higher mill feed grade was due to more feed being delivered from the higher-grade Phase 4 area, compared to quarters in 2022. Approximately 55% of the high grade mined was from Phase 4 and approximately 45% from the North Pit. In addition, Phase 4 grades were higher than planned at 0.32% Cu. Grades are expected to continue to improve in the second quarter and third quarter as more ore is sourced from the higher-grade Phase 4 area.

The mill processed a total of 3.4 million tonnes of ore during the quarter compared to 3.0 million tonnes in Q1 2022, with mill availability averaging 88.7% for Q1 2023 compared to 86.3% in Q1 2022. Mill availability was higher than the prior quarter but lower than target due to the ransomware attack in late December

2022, which resulted in the mill being preventatively shut down. Full mill production was restored on January 4th, 2023. In addition, mill throughput was reduced for ten days as a result of limited water available due to a mechanical failure of the reclaim water barge. An alternative process water pumping system was installed in early March. Average throughput continues to increase from 2022 with improving plant performance and better utilization of the ball mill 3 circuit.

Copper recovery was 78.7% in Q1 2023 compared to 82.0% in Q1 2022. The ransomware attack resulted in the plant operating without onstream analysis of the process flows, expert system control, and full utilization of the rougher expansion for much of the quarter, which resulted in the lower recovery experienced. All of these systems were fully restored at quarter end, supporting the 2023 recovery improvement plan.

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 Q1 2023 was US$3.11, compared to US$3.58 in Q1 2022. The decrease in C1 cash costs in Q1 2023 was primarily the result of higher copper production and higher precious metal credits.

AISC per pound of copper produced for Q1 2023 was US$3.36, compared to US$4.45 in Q1 2022. AISC carries forward from C1 cash costs with the addition of $5.3 million in AISC adjustments, which includes: $4.5 million for lease payments and $1.2 million for applicable mine administration costs and net of a $0.4 million credit for sustaining capital. Total sustaining capital expenditures in Q1 2023 was $3.2 million less $3.6 million in funding awarded to the Company through the Clean BC Industry Fund of the Province of British Columbia in support of our greenhouse gas reduction strategy to replace diesel equipment through electrification. This compares to the addition of $14.6 million in AISC adjustments in Q1 2022, which included $10.2 million for sustaining capital, $3.9 million for lease payments, and $0.5 million for applicable mine administration expenditures.

AIC per pound of copper produced for Q1 2023 was US$3.66, compared to US$5.08 in Q1 2022. AIC carries forward from AISC, with the addition of deferred stripping mining costs, which are capitalized, and low-grade stockpile mining costs, which are recorded as inventory. There was $6.4 million of deferred stripping costs in Q1 2023 as compared to $10.5 million deferred stripping costs in Q1 2022. There was no mining of low-grade stockpile material in Q1 2023 or Q1 2022.

PROJECT DEVELOPMENT UPDATE

Copper Mountain Mine, Canada

All major capital projects including ball mill 3, the rougher circuit expansion, cleaner circuit expansion, and filter press expansion were completed in 2022. The focus for 2023 is utilization and optimization of these circuits to support production. These projects will continue to add value and support processing higher grades while maintaining target throughput.

EXPLORATION UPDATE

The Copper Mountain Mine is a large alkalic porphyry deposit with known copper-gold mineralization occurring over a 5 x 2 kilometre area. A 61 km drilling program was completed during 2021 and 2022 and supported an updated resource model resulting in a 70% increase in the Measured and Indicated Mineral Resource at Copper Mountain. The deposit, however, remains open both laterally and at depth, providing further resource 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.

The 2023 exploration program will focus in particular on the identification of areas with the potential to host high-grade “root zones”, analogous to the deeper parts of the Red Chris porphyry in British Columbia (also an alkalic porphyry and of similar age), and the deposits in the Cadia-Ridgeway alkalic porphyry district in Australia. Drill testing of targets began in February 2023 with approximately 8000 metres of diamond drilling planned in Phase 1 of the program. A 3D induced polarization (“IP”) and resistivity survey is also underway at New Ingerbelle and will be completed in the second quarter. Drilling results from Phase 1 are expected mid-year.

CORPORATE UPDATE

Transactions

On April 13, 2023, Hudbay and Copper Mountain announced the Arrangement Agreement, pursuant to which, Hudbay will acquire all of the issued and outstanding common shares of Copper Mountain, pursuant to a court approved plan of arrangement (the “Transaction”).

The Transaction will create a premier Americas-focused copper mining company that is well-positioned to deliver sustainable cash flows from an operating portfolio of three long-life mines, as well as compelling organic growth from a world-class pipeline of copper expansion and development projects. All assets in the combined portfolio are located in tier-one mining-friendly jurisdictions of Canada, Peru and the United States. The combined company represents the third largest copper producer in Canada based on 2023 estimated copper production.

Under the terms of the Arrangement Agreement, each Copper Mountain shareholder will receive 0.381 of a Hudbay common share for each Copper Mountain common share held.

The Transaction consideration represents approximately C$2.67 per Copper Mountain common share and a US$439 million equity value based on Hudbay’s closing share price on April 12, 2023. The Transaction consideration represents a 23% premium to Copper Mountain shareholders based on Hudbay’s and Copper

Mountain's 10-day volume-weighted-average share prices on April 12, 2023. Existing Hudbay and Copper Mountain shareholders will own approximately 76% and 24% of Hudbay, respectively.

Following the closing of the Transaction, the Board of Directors of Hudbay will include two directors from the Board of Directors of Copper Mountain, and the management team of Hudbay will include select members from the management team of Copper Mountain.

In light of the Transaction, Gil Clausen has postponed his retirement and will remain as President and Chief Executive Officer of Copper Mountain until closing.

The Transaction is subject to shareholder approval, the satisfaction of certain other closing conditions customary in transactions of this nature, including clearance under the Competition Act (Canada), B.C. court approval and applicable stock exchange approvals.

The Transaction is expected to be completed late in the second quarter or early in the third quarter of 2023. Following completion of the Transaction, the shares of Copper Mountain will be de-listed from the Toronto Stock Exchange and the Australian Securities Exchange.

For more information on the Transaction see Copper Mountain's press release *"Hudbay and Copper Mountain Combine to Create a Premier Americas-Focused Copper Producer"* dated April 13, 2023.

Ransomware Attack

The Company was subject to a ransomware attack late on December 27, 2022 that affected the Company's internal IT systems at the Copper Mountain Mine and corporate office. As a result, the Company isolated operations, switched to manual processes, where possible, and the mill was preventatively shutdown to determine the effect on its control system. On January 1, 2023, the Company resumed operations of the primary crusher and on January 4, 2023 the mill was at full production. The Company has now returned to full business functionality in a safe and secure manner. Throughout the outage, all environmental management systems at the Copper Mountain Mine were operational, and there were no environmental incidents or injuries to personnel.

The Company has since enhanced its security and monitoring tools with additional protection and continues to work with external advisors to review and evaluate additional security measures that could be implemented to further protect the Company's systems. Ensuring the safety and security of the Company's systems remain one of the Company's top priorities. See also "*Risks and Uncertainties*".

OUTLOOK

This section of the MD&A provides management's production and cost estimates for 2023. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements contained in this MD&A. C1 cash costs, AISC and AIC per pound of copper produced are non-GAAP financial measures. See "Non-GAAP Financial Measures" in this MD&A.

With a solid first quarter, the Company is on track to achieve 2023 production guidance of 88 to 98 million pounds of copper. The Company forecasts production and grade to increase sequentially through the first three quarters of the year.

Costs across all metrics have significantly improved in the first quarter of 2023, and are expected to continue to trend lower, driven by higher production, lower mining costs and lower sustaining capital and deferred stripping. The Company is on track to achieve its 2023 cost guidance.

FINANCIAL REVIEW

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

Financial Results	**Three months ended March 31,**	
(In thousands of CDN$, except for per share amounts)	**2023 $**	**2022 $**
Revenue		
Copper	88,997	84,363
Gold	13,355	10,662
Silver	1,966	1,801
Treatment and refining	(3,821)	(2,968)
	100,497	**93,858**
Cost of sales		
Direct mining and milling	(52,437)	(52,356)
Employee compensation	(18,462)	(15,885)
Depreciation	(5,766)	(5,475)
Transportation	(3,644)	(1,566)
Gross profit	**20,188**	**18,576**
General and administration	(4,838)	(6,420)
Share-based compensation	(2,100)	(3,959)
Operating income	**13,250**	**8,197**
Other income	675	284
Finance expense	(12,568)	(8,198)
Loss on derivatives	(265)	(5,115)
Foreign exchange (loss) gain	(60)	2,664
Loss on disposal of fixed assets	(2,536)	-
Loss before tax	**(1,504)**	**(2,168)**
Current tax expense	(386)	(621)
Deferred income tax expense	(11,107)	(1,408)
Net loss from continuing operations	(12,997)	(4,197)
Net income from discontinued operations	-	35
Net loss	**(12,997)**	**(4,162)**
Adjustments		
Net loss from continuing operations	(12,997)	(4,197)
Pricing adjustments on concentrate sales	(1,962)	(7,059)
Loss on derivatives	265	5,115
Foreign exchange loss (gain)	60	(2,664)
Deferred tax on increase in decommissioning obligation	7,740	-
Finance costs on bond buyback	5,225	-
Loss on disposal of fixed assets	2,536	-
Adjusted net income (loss)(1)	**867**	**(8,805)**
Loss per share	**(0.06)**	**(0.03)**
Adjusted net income (loss) per share(1)	**0.00**	**(0.04)**

(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 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 – First Quarter 2023

Summary

The Company shipped and sold 16.1 million pounds of copper, 5,579 ounces of gold, and 78,122 ounces of silver during Q1 2023 compared to 13.5 million pounds of copper, 5,076 ounces of gold and 60,038 ounces of silver for Q1 2022. During the quarter, the Company recognized revenue of $100.5 million, net of pricing adjustments and treatment charges based on an average realized copper price of US$4.02 per pound; compared to revenue of $93.9 million net of pricing adjustments and treatment charges at an average realized copper price of US$4.54 per pound for Q1 2022. The Company generated gross profit of $20.2 million in Q1 2023 as compared to a gross profit of $18.6 million for Q1 2022.

The Company reported a net loss of $13.0 million for Q1 2023 as compared to a net loss of $4.2 million for Q1 2022. The variance in net income for Q1 2023, as compared to Q1 2022, was due to several items, including:

- Q1 2023 included a $2.0 million positive mark to market and final adjustments from provisional pricing on concentrate sales, as compared to a $7.1 million positive adjustment in Q1 2022.
- Higher cost of sales primarily due to less mining costs being capitalized to deferred stripping in Q1 2023 as compared to Q1 2022.
- Higher finance expenditures due to costs related to the repurchase of US$87.0 million of bonds and amortization of finance fees related to the repaid amount.
- Q1 2023 included a non-cash deferred tax expense of $11.1 million compared to $1.4 million in Q1 2022.

Revenue

In Q1 2023, revenue was $100.5 million, net of pricing adjustments and treatment charges, compared to $93.9 million in Q1 2022. Revenue in Q1 2023 is based on the sale of 16.1 million pounds of copper, 5,616 ounces of gold, and 75,277 ounces of silver. This compares to 13.5 million pounds of copper, 5,076 ounces of gold and 60,038 ounces of silver sold in Q1 2022. As noted above, the increase in revenue was due to higher quantities of all metal sold which was marginally offset by a smaller positive mark to market and final adjustment on concentrate sales of $2.0 million for Q1 2023 as compared to a positive mark to market and final adjustment of $7.1 million for Q1 2022. Higher copper production and sales in the quarter was due to higher grades and improved mill throughput in Q1 2023 as compared to Q1 2022.

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

	Realized Metal Prices Three months ended March 31,		**Quantities of Metal Sold Three months ended March 31,**	
	2023	**2022**	**2023**	**2022**
Copper[1] – 000s lb	$4.02	$4.54	16,122	13,487
Gold[1] – oz	$1,895	$1,898	5,579	5,076
Silver[1] – oz	$22.86	$24.36	78,122	60,038

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

Cost of Sales

Cost of sales in Q1 2023 was $80.3 million as compared to $75.3 million for Q1 2022. The increase in cost of sales is primarily due to less mining costs capitalized to deferred stripping with $6.9 million of mining costs capitalized to deferred stripping in Q1 2023 compared to $11.1 million in Q1 2022. The increase in cost of sales is also a result of the payment of safety bonuses to mine site employees in Q1 2023 and higher transportation costs due to the timing of concentrate shipments and related shipping and port costs.

Finance Expense

The Company recorded Q1 2023 finance expense of $12.6 million as compared to $8.2 million incurred in Q1 2022. The increase in finance expense was due to costs related to the repurchase of US$87.0 million of bonds and amortization of finance fees related to the repaid amount. Finance expense primarily consists of interest on loans and the amortization of loan-related financing fees. With the buyback of bonds in January 2023 and decrease of the nominal value of bonds outstanding to US$148 million, finance expenses are expected to be lower in future periods.

Foreign Exchange

The Company recorded a Q1 2023 foreign exchange loss of $0.1 million as compared to a $2.7 million gain in Q1 2022. Foreign exchange gains and losses are primarily related to the Company’s debt which is denominated in US dollars. Any variance is due to the non-cash foreign exchange adjustment required to be made to the Company’s US dollar debt, as the US Dollar and Canadian dollar exchange rates vary.

Derivative Expense

The Company recorded a Q1 2023 derivative loss of $0.3 million as compared to a derivative loss of $5.1 million for Q1 2022. The derivative loss is a non-cash unrealized loss that occurs on the revaluation (mark to market) of the Company's collar options that cover 3.3 million pounds of copper per month through to June 2023 and covered 3.3 million pounds per month through to December 2022. The floor price of the monthly copper options entered into for the first six months of 2023 is US$3.60 per pound with a ceiling price of US$4.40 per pound compared to 2022 which had a floor price of US$4.00 per pound and an average ceiling price of US$4.91 per pound.

Tax Expense

The Company recorded a Q1 2023 deferred tax expense of $11.1 million as compared to a $1.4 million expense in Q1 2022. The Q1 2023 expense is due to $2.3 million of deferred tax expense from income for tax purposes and an increase in expense resulting from the change in decommissioning and restoration provision.

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.

From continuing operations[(2)] (100%)	**2023**	**2022**				**2021**		
(In thousands of CDN$, unless otherwise indicated)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	100,497	90,279	58,256	59,074	93,858	136,755	137,176	142,604
Net income (loss) from continuing operations	(12,997)	(11,313)	(39,292)	(4,051)	(4,197)	32,073	26,077	38,816
Earnings (loss) per share – basic	(0.06)	(0.05)	(0.15)	(0.01)	(0.03)	0.11	0.09	0.13
Adjusted net income (loss)[(1)]	867	(20,605)	(22,919)	4,314	(8,805)	23,830	41,647	32,317
Adjusted net income (loss) per share – basic[(1)]	0.00	(0.10)	(0.11)	0.02	(0.04)	0.11	0.20	0.15
EBITDA[(1)]	16,155	(5,376)	(24,088)	8,422	11,221	68,262	61,802	81,112
Adjusted EBITDA[(1)]	17,054	(14,668)	(7,715)	16,814	6,613	60,019	77,372	74,613
Cash flow from operating activities	9,099	(15,325)	(7,518)	9,003	33,214	50,420	90,869	94,574
Average realized copper price (US$)	$4.02	$3.62	$3.52	$4.18	$4.54	$4.44	$4.27	$4.33
C1 cash cost per pound of copper produced (US$)[(1)]	$3.11	$3.88	$3.70	$2.92	$3.58	$2.17	$1.50	$1.38
Copper sales (000's lbs)	16,122	13,961	12,319	12,893	13,487	19,391	24,416	21,696

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

[(2)] From continuing operations following completion of the sale of the Eva Copper Project and exploration land package in Queensland, Australia on December 15, 2022.

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, cash equivalents and restricted cash at March 31, 2023 was $71.2 million. Restricted cash was $16.6 million. The restricted cash is 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. This compares to cash, cash equivalents and restricted cash at December 31, 2022 of $214.6 million, which included restricted cash of $131.0 million. Included in restricted cash at December 31, 2022 was cash held in escrow for the repurchase of US$87 million in principal of the bonds, at an offer price of 103% of the nominal amount (plus accrued interest). The Bond repurchase was made in January 2023.

During the first three months of 2023, the Company generated $21.3 million of positive cash flow from operating activities before changes in working capital items at the Copper Mountain Mine as compared to $17.6 million for the first three months of 2022.

During the first three months of 2023, the Company used $6.3 million in investing activities comprised of deferred stripping costs of $6.4 million, $1.9 million for capital expenditures ($0.4 million credit for sustaining capital, $1.1 million for development capital and $1.2 million for exploration) and net of $1.9 million in refunds on reclamation deposits.

During the first three months of 2023, the Company used net $31.8 million in its financing activities which included using cash held in escrow for the repurchase of US$87.0 million in bond principal payments. Other expenditures included the repayment of an advance of $13.7 million to MMC and $4.5 million in lease payments on mining equipment.

Working Capital

As at March 31, 2023, the Company had working capital (current assets less current liabilities) of $27.1 million, including restricted cash of $16.6 million held in the debt service reserve account for Bond payments. Net of restricted cash the Company had $10.5 million of working capital compared with working capital of $17.8 million at December 31, 2022 net of restricted cash.

Debt

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

(In thousands of CDN$)	March 31, 2023 $	December 31, 2022 $	December 31, 2021 $
Bonds	194,329	307,918	297,507
Leases	56,125	59,173	61,072
Total debt	**250,454**	**367,091**	**358,579**

Shareholders' Equity

As at March 31, 2023, the Company had 214,383,473 common shares outstanding and shareholders' equity was $398.7 million, compared to $411.0 million at December 31, 2022.

Proposed Transactions

On April 13, 2023, Hudbay and the Company entered into a definitive agreement pursuant to which Hudbay will acquire all of the issued and outstanding common shares of the Company. Under the terms of the Arrangement Agreement, each Copper Mountain shareholder will receive 0.381 of a Hudbay common share for each Copper Mountain common share held. Please see *"Corporate Update – Transactions"* included above for details.

Commitments and Contractual Obligations

As at March 31, 2023, the Company had the following consolidated contractual obligations:

(In thousands of CDN$)	**Total** **$**	**2023** **$**	**2024** **$**	**2025** **$**	**2026** **$**	**Over 5 years** **$**
Bond	194,329	13,533	13,533	13,533	153,730	-
Lease obligation	56,125	14,935	14,415	12,760	8,913	5,102
Mine closure and reclamation	34,067	-	-	-	-	34,067
Total contractual obligations	284,521	28,468	27,948	26,293	162,643	39,169

Capital Resources

As at March 31, 2023, the Company had $71.2 million in cash and cash equivalents on hand, including restricted cash of $16.6 million. The Company expects to meet future cash commitments from existing cash on hand and anticipated operating cash flows generated from the Copper Mountain Mine. The Company's bonds have financial covenants that include minimum liquidity requirements based on a leverage ratio, as defined under the Bond terms. As at March 31, 2023, the Company is in compliance with the bonds' financial covenants.

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 or United States banks. There were no changes to the Company's approach to capital management during the period ended March 31, 2023.

As at March 31, 2023, the Company had a total of $0.5 million on deposit and a surety bond in the amount of $21.1 million with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain Mine. The reclamation liability increased in Q1 2023 due to changes in estimated reclamation related costs and an estimated post mine closure period to 100 years in accordance with government policies.

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 21 of the Company's 2022 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 2022 audited annual consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at March 31, 2023.

RELATED PARTY TRANSACTIONS

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

- During the three months ended March 31, 2023, the Company sold copper concentrates under the provisions of a long-term contract with MMC, for revenues totalling $100.5 million (2022 – $93.8 million) including pricing adjustments.
- In January 2023, the Company repaid an unsecured non-revolving US$10.0 million loan plus interest to MMC.

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

(In thousands of CDN$)	Three months ended March 31, 2023 $	2022 $
Salaries and short-term employee benefits	1,746	3,080
Share-based compensation	1,143	2,801
Total	**2,889**	**5,881**

ACCOUNTING POLICIES AND ESTIMATES

Critical accounting estimates

The Company's significant accounting policies are presented in Note 3 of the Company's 2022 audited annual consolidated financial statements. The preparation of consolidated financial statements in accordance with IFRS requires management to establish accounting policies and to make judgement, estimates and assumptions that affect both the amount and timing of assets, liabilities, income and expenses. Some of these estimates require judgments about matters that are inherently uncertain.

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

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

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

Change in accounting policies

No changes to accounting policies have been made in the period ended March 31, 2023.

NON-GAAP PERFORMANCE MEASURES

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

Cash Costs per Pound

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

C1 Cash Costs

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

All-in Sustaining Costs (AISC)

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

All-in Costs (AIC)

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

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

Cash Costs per Pound Produced (100%)	**Three months ended March 31,**	
(In thousands of CDN$, unless otherwise noted)	**2023** **$**	**2022** **$**
Cost of sales	80,309	75,282
Adjustments		
Depreciation and depletion	(5,766)	(5,475)
Change in inventory	3,577	(329)
Transportation costs	(4,785)	(2,836)
Site cash costs	**73,335**	**66,642**
Adjustments		
Transportation costs	4,785	2,836
Treatment and refining costs	3,821	2,968
By-product credits (gold and silver)	(15,321)	(12,463)
C1 cash cost	**66,620**	**59,983**
Adjustments		
Sustaining capital	(366)	10,249
Lease payments	4,507	3,872
Applicable administration	1,213	472
All-in sustaining costs (AISC)	**71,974**	**74,576**
Adjustments		
Deferred stripping	6,413	10,469
All-in costs (AIC)	**78,387**	**85,045**
Average foreign exchange rate (CDN$ to US$)	0.7403	0.7898
Copper production (000s lb)	15,864	13,224
C1 cash costs (US$/lb produced (net))	**$3.11**	**$3.58**
All-in sustaining costs (AISC) (US$/lb produced (net))	**$3.36**	**$4.45**
All-in costs (AIC) (US$/lb produced (net))	**$3.66**	**$5.08**
Average realized copper price (US$/lb)	$4.02	$4.54

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 (In thousands of CDN$, except per share amounts)	**Three months ended March 31,** **2023** **$**	 **2022** **$**
Net loss from continuing operations	(12,997)	(4,197)
Adjustments		
Pricing adjustments on concentrate sales	(1,962)	(7,059)
Loss on derivative	265	5,115
Foreign exchange loss (gain)	60	(2,664)
Deferred tax expense on increase in decommissioning obligation	7,740	-
Finance costs on bond buyback	5,225	-
Loss on the sale of fixed assets	2,536	-
Adjusted net income (loss)	**867**	**(8,805)**
Adjusted net income (loss) per share - basic	**$0.00**	**$(0.04)**

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 March 31,	
	2023	2022
(In thousands of CDN$)	$	$
Net loss from continuing operations	(12,997)	(4,197)
Adjustments		
Finance income	(675)	(284)
Finance expense	12,568	8,198
Depreciation	5,766	5,475
Current tax expense	386	621
Deferred income and resource tax expense	11,107	1,408
EBITDA	**16,155**	**11,221**
Adjustments		
Mark to market adjustments on concentrate sales	(1,962)	(7,059)
Loss on derivatives	265	5,115
Foreign exchange loss (gain)	60	(2,664)
Loss on the sale of fixed assets	2,536	-
Adjusted EBITDA	**17,054**	**6,613**

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

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

Internal controls over financial reporting

Management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting, and uses the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's controls. The Company's internal control over financial reporting is designed to provide reasonable assurance of the reliability of its financial reporting and preparation of the financial statements. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as at March 31, 2023 and provided reasonable assurance of the reliability of the Company's financial reporting and preparation of the financial statements.

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

Changes in internal controls over financial reporting

There have been no changes in the Company's internal control over financial reporting and disclosure controls and procedures during the period ended March 31, 2023 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. 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.

Cyber-attacks or other breaches of information technology security could have an adverse impact on the Company's business

The Company relies on certain internal processes, infrastructure and information technology systems, including infrastructure and systems operated by third parties, to efficiently operate the Company's business in a secure manner. The inability to continue to enhance or prevent a failure of these internal processes, infrastructure or information technology systems could negatively impact the ability to operate the Company's business.

Cyber-attacks or other breaches of network or IT systems security may in the future cause disruptions to the Company's operations. The prevalence and sophistication of these types of threats are increasing and the Company's frequently evolving security measures may not be sufficient to prevent the damage that such threats can inflict on assets and information. The theft, unauthorized use or publication of confidential business information could harm the Company's competitive position and/or otherwise adversely affect the Company's business. The Company's security measures may also be breached due to employee error, malfeasance, system errors or vulnerabilities, including vulnerabilities of vendors, suppliers, their products or otherwise. To the extent that any security breach results in inappropriate disclosure of customers' confidential information, the loss, theft or unauthorized processing of personal information, or disruption of operations, the Company may incur liability, be subject to legal action and suffer damage to its reputation.

For a comprehensive list of risks, please refer to the Company's AIF.