



SECOND QUARTER REPORT

Financial Statements and MD&A

June 30, 2022

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Copper Mountain Mining Corporation

Condensed Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2022
(Unaudited)

Copper Mountain Mining Corporation

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

	June 30, 2022 \$	December 31, 2021 \$
Assets		
Current assets		
Cash and cash equivalents	85,539	171,902
Restricted cash (note 9)	6,695	6,512
Accounts receivable and prepaid expenses (note 4)	8,258	31,624
Inventory (note 5)	32,682	32,635
Other financial assets (note 11)	8,836	-
	142,010	242,673
Reclamation bonds and security deposits (note 10)	4,878	5,783
Property, plant and equipment (note 6)	801,821	710,583
Low grade stockpile (note 5)	64,233	64,879
	1,012,942	1,023,918
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	64,059	60,482
Current portion of lease liabilities (note 8)	12,600	10,403
Current portion of long-term debt (note 9)	12,886	12,678
Taxes payable	-	2,143
	89,545	85,706
Provisions and other liabilities (note 10)	20,531	23,961
Lease liabilities (note 8)	47,143	50,669
Long-term debt (note 9)	284,799	284,829
Deferred tax liability	99,579	99,314
	541,597	544,479
Equity		
Attributable to shareholders of the Company:		
Share capital (note 12)	292,836	287,724
Contributed surplus	17,310	18,973
Accumulated other comprehensive loss	(6,038)	(3,929)
Retained earnings	59,190	68,940
	363,298	371,708
Non-controlling interest	108,047	107,731
Total equity	471,345	479,439
	1,012,942	1,023,918

Approved on behalf of the Board of Directors

(signed) Gil Clausen _____ Director

(signed) Paula Rogers _____ Director

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

Copper Mountain Mining Corporation

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

For the Three and Six Months Ended June 30,

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

	Three months ended June 30,		Six months ended June 30,	
	2022 \$	2021 \$	2022 \$	2021 \$
Revenue (note 13)	59,074	142,064	152,932	304,271
Cost of sales (note 14)	(68,261)	(56,278)	(143,543)	(122,205)
Gross profit (loss)	(9,187)	85,786	9,389	182,066
Other income and expenses				
General and administration (note 13)	(4,882)	(4,263)	(11,774)	(9,531)
Share based compensation (note 12)	7,600	(4,532)	3,641	(10,491)
Operating income (loss)	(6,469)	76,991	1,256	162,044
Finance income	14	31	298	49
Finance expense (note 15)	(7,198)	(10,469)	(15,396)	(13,400)
Gain (loss) on derivatives (note 11)	13,951	(1,915)	8,836	(1,915)
Foreign exchange (loss) gain	(6,916)	(417)	(3,745)	2,829
Income (loss) before tax	(6,618)	64,221	(8,751)	149,607
Current tax recovery (expense)	203	(1,733)	(418)	(3,590)
Deferred income recovery (expense)	1,143	(23,826)	(265)	(55,237)
Net income (loss)	(5,272)	38,662	(9,434)	90,780
Other comprehensive income (loss)				
Foreign currency translation adjustment	(2,833)	(1,378)	(2,109)	(2,539)
Total comprehensive income (loss)	(8,105)	37,284	(11,543)	88,241
Net income (loss) attributable to:				
Shareholders of the Company	(3,448)	26,167	(9,750)	62,819
Non-controlling interest	(1,824)	12,495	316	27,961
	(5,272)	38,662	(9,434)	90,780
Earnings (loss) per share:				
Basic	(0.02)	0.12	(0.05)	0.30
Diluted	(0.02)	0.12	(0.05)	0.29
Weighted average shares outstanding, basic (thousands)	212,913	209,467	211,852	209,013
Weighted average shares outstanding, diluted (thousands)	212,913	219,642	211,852	216,016
Shares outstanding at end of the period (thousands)	213,791	209,889	213,791	209,889

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

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Cash Flows

For the Three and Six Months Ended June 30,

(Unaudited in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2022 \$	2021 \$	2022 \$	2021 \$
Cash flows from operating activities				
Net income (loss) for the period	(5,272)	38,662	(9,434)	90,780
Adjustments for:				
Depreciation	6,691	6,331	12,337	14,115
Unrealized foreign exchange (gain) loss	7,895	(4,502)	5,333	(6,446)
(Gain) Loss on derivatives	(13,951)	1,915	(8,836)	1,915
Deferred income tax (recovery) expense	(1,143)	23,810	265	55,221
Finance expense	7,198	10,469	15,396	13,400
Share based compensation	(7,600)	4,532	(3,641)	10,491
	(6,182)	81,217	11,420	179,476
Net changes in working capital items (note 17)	15,185	13,357	30,898	(5,309)
Net cash from operating activities	9,003	94,574	42,318	174,167
Cash flows from investing activities				
Purchase of copper puts	-	(3,397)	-	(3,397)
Reclamation bonds	(47)	3	906	(246)
Deferred stripping activities	(21,742)	(7,147)	(32,211)	(15,188)
Purchase of property, plant and equipment	(36,155)	(33,744)	(73,802)	(49,479)
Net cash used in investing activities	(57,944)	(44,285)	(105,107)	(68,310)
Cash flows from financing activities				
Net proceeds from issuance of bonds	-	287,785	-	287,785
Proceeds on exercise of options	2,430	1,229	3,358	1,720
Increase (decrease) in restricted cash	8,780	(45,615)	(184)	(45,615)
Advances from non-controlling interest	-	-	-	20,393
Payments made to non-controlling interest	-	(178,310)	-	(178,310)
Loan principal paid	(6,311)	(93,868)	(6,311)	(113,988)
Interest paid	(13,389)	(7,193)	(14,397)	(8,260)
Finance lease payments	(2,641)	(6,470)	(6,513)	(9,175)
Net cash used in financing activities	(11,131)	(42,442)	(24,047)	(45,450)
Effect of foreign exchange rate changes on cash and cash equivalents	2,110	(450)	473	(1,516)
Increase (decrease) in cash and cash equivalents	(57,962)	7,397	(86,363)	58,891
Cash and cash equivalents - Beginning of period	143,501	137,065	171,902	85,571
Cash and cash equivalents - End of period	85,539	144,462	85,539	144,462

Supplementary cash flow disclosures (note 17)

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

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited in thousands of Canadian dollars, except for number of shares)

Attributable to equity owners of the company

	Number of Shares	Amount \$	Contributed surplus \$	Accumulated other comprehensive loss	Retained Earnings (Deficit) \$	Total \$	Non- controlling interest \$	Total equity \$
Balance January 1, 2021	207,653,732	283,926	19,611	(520)	(35,153)	267,864	81,189	349,053
Options exercised	2,234,819	1,720	-	-	-	1,720	-	1,720
Fair value of options exercised	-	967	(967)	-	-	-	-	-
Share based compensation	-	-	287	-	-	287	-	287
Amount paid to non-controlling interest	-	-	-	-	-	-	(17,504)	(17,504)
Income for the period	-	-	-	-	62,819	62,819	27,961	90,780
Foreign currency translation	-	-	-	(2,539)	-	(2,539)	-	(2,539)
Balance June 30, 2021	209,888,551	286,613	18,931	(3,059)	27,666	330,151	91,646	421,797
Balance January 1, 2022	210,363,573	287,724	18,973	(3,929)	68,940	371,708	107,731	479,439
Options and RSUs exercised	3,427,688	3,358	-	-	-	3,358	-	3,358
Fair value of options exercised	-	1,754	(1,754)	-	-	-	-	-
Share based compensation	-	-	91	-	-	91	-	91
Loss for the period	-	-	-	-	(9,750)	(9,750)	316	(9,434)
Foreign currency translation	-	-	-	(2,109)	-	(2,109)	-	(2,109)
Balance June 30, 2022	213,791,261	292,836	17,310	(6,038)	59,190	363,298	108,047	471,345

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

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

1 Nature of Operations

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

2 Basis of presentation

a. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company’s most recent annual audited consolidated financial statements which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board (“IFRS”), except as disclosed in note 3. These condensed consolidated interim financial statements were approved on July 22, 2022 by the Board of Directors.

b. Foreign currency translation

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

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

3 Significant Accounting Policies

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

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

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

4 Accounts receivable and prepaid expenses

	June 30, 2022	December 31, 2021
	\$	\$
Amounts due from concentrate sales	3,419	24,827
GST and other receivables	2,720	2,469
Prepaid expenses	2,119	4,328
	8,258	31,624

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

5 Inventory

	June 30, 2022	December 31, 2021
	\$	\$
Supplies	14,190	13,325
Ore stockpile	12,881	12,484
Crushed ore stockpile	1,768	52
Copper Concentrate	3,843	6,774
	32,682	32,635
Low grade stockpile ¹	64,223	64,879

Inventory expensed during the six months ended June 30, 2022 totaled \$139,931 (2021 – \$115,538).

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

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

6 Property, plant and equipment

Cost	Plant and equipment \$	Exploration and evaluation asset \$	Mineral properties and mine development costs \$	Total \$
As at January 1, 2021	617,085	64,159	280,449	961,693
Additions	126,805	11,608	46,409	184,822
Restoration provision	-	-	3,660	3,660
Currency translation adjustment	(48)	(3,335)	-	(3,383)
As at December 31, 2021	743,842	72,432	330,518	1,146,792
Additions	58,352	14,776	38,677	111,805
Restoration provision	-	-	(3,783)	(3,783)
Currency translation adjustment	(135)	(2,418)	-	(2,553)
As at June 30, 2022	802,059	84,790	365,412	1,252,261

Accumulated depreciation	Plant and equipment	Exploration and evaluation asset \$	Mineral properties and mine development costs \$	Total \$
As at January 1, 2021	(294,276)	-	(114,769)	(409,045)
Depreciation charge	(19,748)	-	(7,416)	(27,164)
As at December 31, 2021	(314,024)	-	(122,185)	(436,209)
Depreciation charge	(10,484)	-	(3,747)	(14,231)
As at June 30, 2022	(324,508)	-	(125,932)	(450,440)

Net book value

As at December 31, 2021	429,818	72,432	208,333	710,583
As at June 30, 2022	477,551	84,790	239,480	801,821

Plant and equipment includes right of use assets of \$84,883 (December 31, 2021 - \$80,691) with a net book value of \$73,990 at June 30, 2022 (December 31, 2021 - \$71,549) related primarily to mobile mining equipment.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

7 Accounts payable and accrued liabilities

	June 30, 2022 \$	December 31, 2021 \$
Trade accounts payable	25,484	20,982
Accrued liabilities	34,229	28,852
Deferred Share Units liability	1,345	2,024
Restricted and Performance Share Units liability	3,001	8,624
	64,059	60,482

8 Lease liabilities

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

	June 30, 2022 \$	December 31, 2021 \$
Lease liabilities	59,743	61,072
Less: current portion	(12,600)	(10,403)
Non-current portion	47,143	50,669

Gross lease liability and minimum lease payments

	June 30, 2022 \$	December 31, 2021 \$
Within one year	15,850	14,814
Between two and four years	52,514	55,260
	68,364	70,074
Future interest	(8,621)	(9,002)
Present value of lease liability	59,743	61,072

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

9 Long-term debt

	June 30, 2022 \$	December 31, 2021 \$
Bonds in US\$	231,014	234,664
Bonds in CA\$	297,685	297,507
Less: current portion	(12,886)	(12,678)
	284,799	284,829

Bonds

On April 9, 2021, the Company completed an offering of US\$250 million of secured bonds (“the Bonds”). The Bonds mature on April 9, 2026 and bear interest at an annual rate of 8.0%, payable semi-annually on April 9 and October 9. Semi-annual principal installments in the amount of US\$5 million are payable on each interest payment date. At June 30, 2022, the Company had deposited US\$5.2 million (\$6,695) into a debt service account to satisfy the next semi-annual principal installment and interest payment. The debt service account is presented on the statement of financial position as restricted cash. A semi-annual principal installment of US\$5 million and interest payment of US\$9.8 million was made on April 8, 2022.

The Bonds are secured by a general security agreement on the assets of the Company. The Company may redeem all or part of the principal amount of the outstanding Bonds at any time from October 2023, at redemption prices ranging from 104% to 100%, plus accrued and unpaid interest to the date of redemption. The prepayment options are not closely related to the host debt instrument and are separately accounted for as embedded derivatives. At June 30, 2022, the value of the prepayment options was nominal.

As at June 30, 2022, the Bonds have a principal amount outstanding of \$309,264 (US\$240 million). The outstanding amount of \$297,685 is net of issue costs of \$11,579.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

10 Provisions

	Decommissioning and restoration provision \$	Share-based payment obligations \$	Total \$
Balance, January 1, 2022	22,109	12,500	34,609
Share-based payment recovery	-	(3,730)	(3,730)
Payments during the period	-	(2,483)	(2,483)
Changes in estimate costs and timing	(3,783)	-	(3,783)
Unwinding of discount on restoration provision	264	-	264
Balance, June 30, 2022	18,590	6,287	24,877
<i>Less: Current portion of share-based payment obligations included within accounts payable (Note 7)</i>	-	(4,346)	(4,346)
Total provision – Non-current	18,590	1,941	20,531
Balance, January 1, 2021	18,371	4,715	23,086
Share-based payment expense	-	16,550	16,550
Payments during the period	-	(8,765)	(8,765)
Changes in estimate costs and timing	3,660	-	3,660
Unwinding of discount on restoration provision	78	-	78
Balance, December 31, 2021	22,109	12,500	34,609
<i>Less: Current portion of share-based payment obligations included within accounts payable (Note 7)</i>	-	(10,648)	(10,648)
Total provision – Non-current	22,109	1,852	23,961

The Company has a liability for remediation of current and past disturbances associated with mining activities at the Copper Mountain mine property. At June 30, 2022, the Company used an inflation rate of 2.00% (December 31, 2021 – 2.00%) and a discount rate of 3.14% (December 31, 2021 – 1.47%), based on inflation targets and Bank of Canada interest rates respectively, in calculating the estimated obligation. The decommissioning obligations will be accreted as a finance expense over the life of the mine. The liability for retirement and remediation on an undiscounted basis is \$22,161 (December 31, 2021 – \$20,307). The expected timing of payment of the cash flows will occur in various stages to 2040.

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

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

11 Other financial assets

In January 2022, the Company entered into zero-cost collar option contracts on 3.3 million pounds of copper per month, for a total of 39.6 million pounds of copper, with maturity dates ranging from January 2022 to December 2022, with a minimum copper strike price of US\$4.00 per pound and an average ceiling price of US\$4.91 per pound. For the six months ended June 30, 2022, the collar options on 19.8 million pounds of copper expired unexercised. At June 30, 2022, the Company recorded an unrealized gain and a financial asset of \$8,836 on these collar options.

12 Share based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 19.7 million stock options exercisable for a period of up to ten years from the grant date. As at June 30, 2022, the Company had the following options outstanding:

	Number of shares	Weighted average exercise price \$
Outstanding, December 31, 2020	11,084,220	0.88
Exercised	(2,437,266)	0.80
Outstanding, December 31, 2021	8,646,954	0.91
Exercised	(3,348,059)	0.95
Outstanding, June 30, 2022	5,298,895	0.88

As at June 30, 2022, the following options were outstanding and exercisable:

Exercise prices (\$)	Outstanding			Exercisable		
	Number of options	Weighted average exercise price (\$)	Weighted average remaining life (years)	Number of options	Weighted average exercise price (\$)	Weighted average remaining life (years)
\$0.58 - \$1.00	2,575,708	0.62	2.52	1,994,281	0.64	2.48
\$1.02 - \$1.07	1,158,187	1.02	1.73	1,158,187	1.02	1.73
\$1.14 - \$1.28	1,565,000	1.21	0.91	1,565,000	1.21	0.91
	5,298,895	0.88	1.87	4,717,468	0.92	1.78

During the period ended June 30, 2022, the stock based compensation expense in respect of stock options vesting was \$91 (2021 – \$287). The fair values of the stock options granted were estimated on the grant date using the Black-Scholes option pricing model. Volatility was determined using a historical daily volatility over the expected life of the options. The weighted average share price at the date of exercise was \$3.02 (2021 - \$3.24) for the period ended June 30, 2022.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

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

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

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

	DSUs	RSUs	PSUs
Outstanding, January 1, 2021	540,297	2,513,150	2,513,150
Granted	374,009	948,697	623,393
Forfeited	(35,294)	-	(308,035)
Settled	(287,196)	(469,242)	(837,716)
Outstanding, December 31, 2021	591,816	2,992,605	1,990,792
Granted	199,522	593,265	751,519
Forfeited	-	-	-
Expired	-	-	-
Settled	-	(508,521)	(232,088)
Outstanding, June 30, 2022	791,338	3,077,349	2,510,223

During the period ended June 30, 2022, the Company recorded share-based compensation recovery of \$3,732 (2021 – expense of \$10,201) related to DSUs, RSUs and PSUs.

During the period ended June 30, 2022, the total fair value of DSUs, RSUs and PSUs granted was \$11,613 (2021 - \$4,548) with a weighted average grant date fair value of \$2.47 (2021 - \$2.42) per unit.

c. Basic and diluted weighted average number of shares outstanding

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Weighted average shares outstanding – basic	212,912,912	209,467,394	211,851,919	209,013,065
Dilutive securities				
Stock options	-	6,797,183	-	6,411,616
Restricted share units	-	3,377,562	-	591,177
Weighted average shares outstanding – diluted	212,912,912	219,642,139	211,851,919	216,015,858

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

13 Revenue

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Copper concentrate	47,095	127,257	131,457	272,514
Gold metal sales	14,172	15,129	24,834	33,023
Silver metal sales	937	4,691	2,739	9,902
Treatment and refining charges	(3,130)	(5,013)	(6,098)	(11,168)
	59,074	142,064	152,932	304,271

Revenue included a mark-to-market and final adjustments from provisional pricing on concentrate sales of \$(8,262) (2021 – \$33,738) for the six months ended June 30, 2022 and \$(17,232) (2021 - \$17,754) for the three months ended June 30, 2022.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Copper in concentrate	(16,865)	6,446	(10,018)	21,949
Gold in concentrate	1,255	1,626	(142)	1,193
Silver in concentrate	(361)	761	1,248	1,144
	(15,971)	8,833	(8,912)	24,286

14 Expenses by nature

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cost of sales				
Direct mining and milling costs	47,472	33,614	99,828	73,285
Employee compensation and benefits	12,108	13,555	27,993	28,268
Depreciation	6,635	6,300	12,110	13,985
Transportation costs	2,046	2,809	3,612	6,667
	68,261	56,278	143,543	122,205
General and administration				
Corporate employee compensation and benefits	1,646	3,136	5,972	5,868
Corporate administrative and office expenses	3,236	1,127	5,802	3,663
	4,882	4,263	11,774	9,531
	73,143	60,541	155,317	131,736

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

15 Finance expense

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest on loans	6,211	8,180	13,418	10,913
Amortization of financing fees	854	2,244	1,714	2,404
Loan guarantee fee	-	15	-	40
Unwinding of discount on restoration provision	133	30	264	43
	7,198	10,469	15,396	13,400

16 Related party transactions

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

- During the six months ended June 30, 2022, the Company sold copper concentrates to MMC with revenues totalling \$152,932 (2021 – \$304,271) including pricing adjustments.
- On June 9, 2021, the Company repaid to MMC the balance of a subordinated loan of \$9,600, funding advances of \$154,117, guarantee fees of \$3,514 with accumulated interest. For the six months ended June 30, 2021, the Company accrued \$1,191 of interest to MMC on these instruments.
- Compensation of key management:

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries and short-term employee benefits	2,122	1,813	5,203	4,461
Share based compensation	(3,509)	3,010	(709)	7,112
	(1,387)	4,823	4,494	11,573

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

17 Supplementary cash flow disclosures

- a. As at June 30, 2022, cash and cash equivalents consists of guaranteed investment certificates of \$1,512 (December 31, 2021 – \$1,457) and \$84,027 in cash (December 31, 2021 – \$170,445) held in bank accounts.
- b. A reconciliation of net changes in working capital items is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Change in accounts receivable and prepaid expenses	22,558	11,700	23,846	(5,069)
Change in inventory	594	(5,502)	592	1,305
Change in tax liability	(2,489)	(44)	(2,618)	701
Change in accounts payable and accrued liabilities	(5,478)	7,203	9,078	(2,246)
	15,185	13,357	30,898	(5,309)

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Increase in accounts payable related to plant and equipment	2,653	(988)	(7,597)	(2,864)
Addition of plant and equipment through leases	(3,763)	(5,219)	(4,561)	(22,818)

18 Financial instruments

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

Fair Value hierarchy

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

The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of the Bonds is \$293,801 and the carrying value is \$297,685 at June 30, 2022.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at June 30, 2022:

	Level 1 \$	Level 2 \$	Level 3 \$	Total fair value \$
Financial assets				
Amounts due from concentrate sales (note 4)		3,419		3,419
Derivative assets (note 11)		8,836		8,836

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.

	June 30, 2022 \$	December 31, 2021 \$
<i>Liquidity risk</i>		
Cash and cash equivalents	85,539	171,902
Working capital (current assets less current liabilities)	52,465	156,967

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

	Total \$	< 1 year \$	2-3 years \$	4-5 years \$	Thereafter \$
Long-term debt	297,685	12,886	25,772	259,027	-
Lease obligations	59,743	13,573	25,370	17,119	3,681
Decommissioning & restoration provision	18,590	-	-	-	18,590
Trade accounts payable	25,484	25,484	-	-	-
	401,502	51,943	51,142	276,146	22,271

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

19 Segmented Information

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

Geographic information as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Assets by geographic region, at cost		
Canada		
Current assets	137,622	240,404
Non-current assets	793,892	716,744
	<u>931,514</u>	<u>957,148</u>
Australia		
Current assets	4,388	2,269
Non-current assets	77,040	64,501
	<u>81,428</u>	<u>66,770</u>

The Company sells all of its copper concentrates to MMC smelters in Japan based on quoted market prices of contained metals. During the period ended June 30, 2022, revenues attributed to the sale of copper concentrate to MMC totaled \$152,932 (2021 – \$304,271).



MANAGEMENT'S DISCUSSION AND ANALYSIS OF

COPPER MOUNTAIN MINING CORPORATION

FOR THE QUARTER ENDED JUNE 30, 2022

The following Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Copper Mountain Mining Corporation and its subsidiaries ("Copper Mountain" or the "Company"). This MD&A should be read in conjunction with Copper Mountain's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2022 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to interim financial reporting. This MD&A contains forward-looking statements that are subject to risks and uncertainties, as discussed in the cautionary note contained in this MD&A. The reader is cautioned not to place undue reliance on forward-looking statements. All figures in this MD&A are expressed in thousands of **Canadian dollars** except for share, per share, per pound and per ounce amounts, unless otherwise specified. References to "US\$" are to United States dollars. This MD&A has been prepared as at July 22, 2022.

About Copper Mountain

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

Cautionary Statement on Forward-Looking Information

This MD&A contains certain statements that may be deemed "forward-looking statements." All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities, and events or developments that the Company expects to occur, are forward-looking statements. Future estimates regarding production, capital and operating costs are based on NI 43-101 Technical Reports and on mine plans and production schedules, which have been developed by the Company's personnel and independent consultants. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "targets" and similar expressions, or that events or conditions "will", "would", "may", "could", or "should" occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, but are not limited to: general business, economic, competitive, political and social uncertainties; actual results of reclamation activities; conclusions of economic evaluations; fluctuations in the value of the Canadian dollar relative to the United States dollar; fluctuations in the value of the Australian dollar relative to the United States dollar; changes in project parameters as plans continue to be refined; failure of equipment or process to operate as anticipated; changes in labor costs and other costs and availability of equipment or processes to operate as anticipated; accidents, labor disputes, material and labour shortages, and other risks of the mining industry, including but not limited to reserve and resource shortages, environmental hazards, cave-ins, rock bursts, pit-wall failures, flooding, extreme weather events, including those related to climate change and other acts of God or unfavorable operating conditions and losses; global economic events arising from the coronavirus (COVID-19) pandemic; global inflationary pressures driven by supply chain disruptions caused by the ongoing COVID-19 pandemic and global energy cost increases following the invasion of Ukraine by Russia; detrimental events that interfere with transportation of concentrate or the smelters ability to accept concentrate, including declaration of force majeure events, insurrection or war; delays in obtaining governmental approvals or revocation of governmental approvals; title risks and Aboriginal land claims; delays or unavailability in financing or in the completion of development or construction activities; failure to comply with restrictions and covenants in senior loan agreements, actual results of current exploration activities; volatility in the Company's publicly traded securities; and the factors discussed in the section entitled "Risk Factors" in the Company's AIF and in the Company's continuous disclosure filings available under its profile on SEDAR at www.sedar.com. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking

statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

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OVERVIEW

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

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

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

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

SUMMARY AND HIGHLIGHTS

During the quarter, the Company experienced a number of challenging issues that contributed to lower production than originally planned. A majority of these issues centered around adjusting the mining sequence to mine from lower grade areas in the deposit as a result of falling behind in stripping for phase 4 ore release, and downtime associated with the secondary crusher. Highlights of the quarter are as follows:

- Production in Q2 2022 was 16.1 million pounds of copper equivalent, including 13.3 million pounds of copper, 5,792 ounces of gold, and 61,628 ounces of silver.
- Revenue for Q2 2022 was \$59.1 million from the sale of 12.9 million pounds of copper, 5,069 ounces of gold, and 57,653 ounces of silver.
- C1 cash cost ⁽¹⁾ per pound of copper produced in Q2 2022 was US\$2.92.
- All-in sustaining cost (“AISC”) ⁽¹⁾ per pound of copper produced was US\$3.65 and all-in cost (“AIC”) ⁽¹⁾ per pound of copper produced was US\$4.93.
- Net loss for Q2 2022 was \$5.3 million, or (\$0.02) on a per-share basis.
- Cash flow from operations for Q2 2022 was \$9.0 million, or \$0.04 on a per-share basis⁽¹⁾.
- Cash, cash equivalents, and restricted cash at the end of June 30, 2022 was \$92.2 million.
- Installed and commissioned additional cleaner circuit capacity to handle higher mill feed grade at higher tonnage rates.
- Received the 2022 Towards Sustainable Mining (TSM) Environmental Excellence Award in recognition of the Company’s Electric Trolley Assist Project.

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

Results and Highlights (100%)	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
(In thousands of CDN\$, except for per share amounts)	\$	\$	\$	\$
Financial				
Revenue	59,074	142,064	152,932	304,271
Gross profit (loss)	(9,187)	85,786	9,389	182,066
Gross profit (loss) before depreciation ⁽¹⁾	(2,552)	92,085	21,499	196,051
Net income (loss)	(5,272)	38,662	(9,434)	90,780
Income (loss) per share – basic	(0.02)	0.12	\$(0.05)	0.30
Adjusted earnings (loss) ⁽¹⁾	3,664	32,161	(5,613)	65,580
Adjusted earnings (loss) per share – basic ⁽¹⁾	0.02	0.15	(0.03)	0.31
EBITDA ⁽¹⁾	7,201	80,958	18,457	176,943
Adjusted EBITDA ⁽¹⁾	16,137	74,457	22,278	151,743
Cash flow from operations	9,003	94,574	42,318	174,167
Cash flow from operations per share – basic ⁽¹⁾			0.20	0.83
Cash, cash equivalents, and restricted cash – end of period			92,234	191,190
Production				
Copper Equivalent (000s lb)	16,085	29,647	31,733	60,014
Copper (000s lb)	13,251	25,515	26,475	51,041
Gold (oz)	5,792	7,627	10,928	15,814
Silver (oz)	61,628	147,973	117,621	308,457
Unit costs and prices				
C1 cash cost per pound of copper produced (US\$(net)) ⁽¹⁾	2.92	1.38	3.25	1.27
AISC per pound of copper produced (US\$) ⁽¹⁾	3.65	1.83	4.05	1.64
AIC per pound of copper produced (US\$) ⁽¹⁾	4.93	2.06	5.01	1.88
Average realized copper price (US\$/lb)	4.18	4.33	4.36	4.09

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

OPERATIONS REVIEW

Mine Production Information

	2022	2022	2021	2021	2021	2022	2021	2021
Copper Mountain Mine (100% Basis)	Q2	Q1	Q4	Q3	Q2	H1	H1	Annual
Mine								
Total tonnes mined (000s)	14,826	12,230	11,368	14,483	15,674	27,056	31,046	56,897
Ore tonnes mined (000s)	2,523	2,888	3,023	3,053	3,854	5,411	7,282	13,358
Waste tonnes (000s)	12,303	9,342	8,346	11,430	11,820	21,645	23,764	43,540
Stripping ratio	4.88	3.23	2.76	3.74	3.07	4.00	3.26	3.26
Mill								
Tonnes milled (000s)	3,258	2,968	3,124	3,417	3,435	6,226	6,865	13,406
Feed Grade (Cu%)	0.23	0.25	0.30	0.37	0.42	0.24	0.42	0.38
Recovery (%)	79.1	82.0	80.4	79.7	79.4	80.6	79.8	79.8
Operating time (%)	89.0	86.3	87.5	92.2	94.1	87.7	94.0	91.9
Tonnes milled (TPD)	35,806	32,978	33,957	37,141	37,747	34,398	37,928	36,729

<i>Copper Mountain Mine (100% Basis)</i>	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2022 H1	2021 H1	2021 Annual
Production								
Copper (000s lb)	13,251	13,224	16,693	22,406	25,515	26,475	51,041	90,140
Gold (oz)	5,792	5,135	5,472	7,449	7,627	10,927	15,814	28,736
Silver (oz)	61,628	55,993	80,377	134,987	147,973	117,622	308,457	523,821
Sales								
Copper (000s lb)	12,893	13,487	19,391	24,416	21,696	26,379	49,197	93,004
Gold (oz)	5,069	5,076	6,285	8,308	6,545	10,145	15,098	29,691
Silver (oz)	57,653	60,038	108,020	142,128	121,291	117,691	282,948	533,096
C1 cash cost per pound of copper produced (US\$) ⁽¹⁾	2.92	3.58	2.17	1.50	1.38	3.25	1.27	1.49
AISC per pound of copper produced (US\$) ⁽¹⁾	3.65	4.45	2.54	1.77	1.83	4.05	1.64	1.84
AIC per pound of copper produced (US\$) ⁽¹⁾	4.93	5.08	2.76	2.17	2.06	5.01	1.88	2.12

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

Operation Results – Three Months Ended June 30, 2022

Production

The Copper Mountain Mine produced 13.3 million pounds of copper, 5,792 ounces of gold, and 61,628 ounces of silver in Q2 2022, compared to 25.5 million pounds of copper, 7,627 ounces of gold, and 147,973 ounces of silver in Q2 2021. Production was lower during the quarter due to lower grade and reduced mill throughput.

Mill feed grade in Q2 2022 was 0.23% Cu as compared to Q2 2021 of 0.42%. Ore was delivered to the mill from a lower grade area of Phase 2, the development phase of the North Pit, and from the low-grade stockpile during the quarter. All these sources resulted in lower mill feed grade in the quarter compared to Q2 2021. Phase 2 was mined out fully in June. Phase 4 higher grade ore release was delayed due to stripping shortfalls in the first half, resulting in the start of Phase 4 higher grade ore being delayed to mid-July.

Above average employee absences due to a number of reasons including COVID-19 limited maintenance and operations staffing during the quarter, and impacted overall mine production. Contracted labour alleviated this issue, but resulted in higher labor costs. Hiring full time replacement equipment operators was progressing well by quarter end with mine production back on track. The commencement of mining in the North Pit was also later than planned due to regulatory delays of a few months as additional test work was requested on potential acid rock drainage from the North Pit. The Company completed this test work and received full permission to mine the North Pit early in the quarter.

Supply chain issues, including a lack of available parts for some of the mine's production drills, severely limited drilled and blasted inventory levels, further impacting stripping production and delaying some Phase 4 waste removal. This situation has steadily improved during the quarter, which allowed mine production to be increased, advancing the Phase 4 waste stripping in the Copper Mountain Main Pit to expose higher grade ore starting in mid-July. Ore feed grades will improve in the year's second half to about 0.30% Cu for

H2 2022, with the higher-grade Phase 4 ore being the primary ore supply for the remainder of 2022. Phase 4 higher grade ore will also be the main ore supply for 2023, driving increased production.

The mill processed a total of 3.3 million tonnes of ore during the quarter as compared to 3.4 million tonnes in Q2 2021. Mill throughput was restricted due to the availability of crushed ore from the crushing circuit. The processing of wet, higher clay ore from the bottom of Phase 2 and low-grade stockpile, and oxidized higher clay ore from the top benches of the North Pit, negatively impacted crusher circuit performance during the quarter. The crushing circuit with its newly installed main shaft continues to perform well when processing clean ore, consistent with historical performance. The Company started implementing improvements to the crushing circuit during the quarter to support sustainable design performance on the varying ore types. Implementation of these improvements, which began in June, are resulting in throughput improvements and the milling circuit is ready to process the design throughput.

Copper recovery was 79.1% in Q2 2022 as compared to 79.4% in Q2 2021. The milling of high oxide material from the initial benches of the North Pit and some higher oxide material in the low-grade stockpile negatively impacted recovery. The Company has now mined through most of the North Pit higher oxide zones. It expects the copper recovery to improve for the remainder of the year, with even further increases scheduled with the completion of the plant improvement and optimization projects and Phase 4 ore supply coming online.

Mill availability averaged 89.0% for Q2 2022 as compared to 94.1% in Q2 2021. Mill availability was impacted by the feed lines sanding and plugging to Ball Mill #3 when operating at low tonnage rates. This was modified at the end of the quarter and Ball Mill #3 can now support stable production at all tonnages rates.

The Company continues to advance its plant improvement and optimization projects at the mine. The installation of an additional large column flotation cell to increase cleaner circuit capacity was completed and fully commissioned during the quarter. This large new flotation cell provides additional cleaner circuit capacity to handle higher mill feed grades at higher tonnage rates. The new filter press has also been installed and is in the final stages of commissioning. This second filter press will allow for maintaining design mill tonnage rates during extended periods of higher grades, eliminating the requirement to reduce mill tonnage as was experienced in 2021. The new filters will fully support the planned increased production levels in the second half of 2022 and 2023 at any grade. The expansion to the rougher flotation circuit is about 40% complete and is now planned to be completed in Q4 2022, which will support high recovery, especially on slower kinetic ore types. Supply chain issues delayed the delivery of certain parts of the rougher expansion, pushing the completion date by a few months.

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 Q2 2022 was US\$2.92, as compared to US\$1.38 in Q2 2021. The variance in C1 cash costs for Q2 2022, as compared to Q2 2021, was due to several items, including:

- Lower copper production due to lower mill feed grade and reduced mill throughput; and,

- Inflationary pressures increased the cost of fuel, grinding media, and mobile equipment repairs,

With production levels expected to increase throughout the remainder of the year and an easing of the temporary operating costs from H1 2022, the Company anticipates C1 cash cost per pound of copper produced to markedly improve for the remainder of 2022.

AISC per pound of copper produced for Q2 2022 was US\$3.65, compared to US\$1.83 in Q2 2021. AISC carries forward from C1 cash costs with the addition of \$12.3 million in sustaining capital, lease, and applicable administration expenditures in Q2 2022 compared to \$14.1 million in Q2 2021. The increase in AISC is carried forward from higher C1 cash costs and higher sustaining capital of \$8.9 million in Q2 2022 compared to sustaining capital of \$7.0 million in Q2 2021.

Sustaining capital costs for Q2 2022 were higher than Q2 2021 mainly due to \$2.9 million of expenditures for the new road overpass that will eliminate traffic interference with haulage trucks on the main waste haul road thereby improving productivity by reducing haul truck cycle times and delays. Capital expenditures for these haul truck productivity improvements were completed in Q2 2022. Sustaining capital also includes costs associated with the mine's environmental water management projects. The mine water management projects have been substantially advanced and are expected to be fully completed in Q3 2022.

AIC per pound of copper produced for Q2 2022 was US\$4.93, as compared to US\$2.06 in Q2 2021. AIC carries forward from AISC with the addition of \$21.7 million in deferred stripping as compared to \$7.1 million deferred stripping in Q2 2021. Deferred stripping costs in Q2 2022 were from regular development activities as the Company continued to advance the development of the higher-grade Phase 4 pushback of the Main Pit.

Operation Results – Six Months Ended June 30, 2022

Production

In the first half of 2022, the Copper Mountain Mine produced 26.5 million pounds of copper, 10,927 ounces of gold, and 117,622 ounces of silver compared to 51.0 million pounds of copper, 15,814 ounces of gold, and 308,457 ounces of silver in H1 2021. Lower mill feed grades and throughput are the primary drivers of lower production for H1 2022 compared to H1 2021.

Mill feed grade for the first half of 2022 averaged 0.24% Cu as compared to 0.42% Cu in H2 2021. Ore was delivered to the mill from the development phase of the North Pit and from the low-grade stockpile in Q2 2021 and from the lower grade Phase 2 area throughout H1 2021. All these sources resulted in lower mill feed grade in H1 2022 compared to H1 2021. Phase 2 was mined out fully in June. Phase 4 high grade ore release was delayed due to stripping shortfalls in the first half, resulting in Phase 4 ore delayed to mid-July. Ore feed grades will improve in the year's second half to about 0.30% Cu, with the higher-grade Phase 4 ore being the primary ore supply for the remainder of 2022. Phase 4 higher grade ore will also be the main ore supply for 2023, driving increased production.

Copper recovery was 80.6% in H1 2022 as compared to 79.8% in H1 2021. The mill processed a total of 6.2 million tonnes of ore during the first half of 2022 as compared to 6.9 million tonnes in H1 2021. Lower

recovery and throughput were a result of the processing of wet, higher clay ore from the bottom of Phase 2 and the low-grade stockpile, and oxidized ore from the top benches of the North Pit, which negatively impacted crusher circuit performance in Q2 2022. In addition, throughput was reduced in Q1 2022 because of a damaged secondary crusher which was repaired in April 2022. Mill availability averaged 87.7% for H1 2022 compared to 94.0% for H1 2021.

Costs

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

C1 cash cost per pound of copper produced for H1 2022 was US\$3.25, as compared to US\$1.27 in H1 2021. The increase in cost per pound in H1 2022 was due to lower production and lower by-product credits for the gold and silver produced in H1 2022 as compared to H1 2021, which resulted from lower grades and mill throughput. Additional factors included cost increases associated with fuel, mill grinding media, mobile equipment repairs, and increased maintenance contractor support required to assist with managing both COVID-19 related absences and above-normal workforce absences.

AISC per pound of copper produced (AISC) for H1 2022 were US\$4.05 compared to US\$1.64 in H1 2021. AISC carries forward from C1 cash costs with the addition of \$26.9 million in sustaining capital, lease, and applicable administration expenditures in H1 2022 as compared to \$24.1 million in H1 2021. The increase in total AISC is due to higher sustaining capital of \$19.2 million and lease payments of \$7.6 million in H1 2022. The higher sustaining capital resulted from the mine’s environmental water management projects which are expected to be complete in Q3 2022.

AIC per pound of copper produced (AIC), net of credits, for H1 2022 was US\$5.01 as compared to US\$1.88 for H1 2021. AIC carries forward from AISC with the addition of \$32.2 million in deferred stripping in H1 2022 as compared to \$15.2 million deferred stripping in H1 2021. The increase in deferred stripping is a result of the continued development of Phase 4 of the Main Pit to access the higher-grade ore and the commencement of development of the North Pit to access another ore source.

OUTLOOK

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

As a result of H1 2022 production results, the Company now expects annual production in the range of 65 to 75 million pounds of copper. The Company expects production in the second half of 2022 to be considerably higher than the first half of 2022 as the Company begins to mine from higher grade ore from Phase 4 of the Copper Mountain Main Pit in July. The higher grade Phase 4 ore is expected throughout the remainder of 2022 and through 2023. As a result, the Company is reiterating its 2023 production guidance range of between 90 to 105 million pounds of copper.

The Company is increasing its AIC per pound of copper cost guidance for 2022 to the range of between US\$2.75 and US\$3.25 because of the higher-than-planned AIC in H1 2022 and inflationary pressures noted.

As production is expected to increase throughout 2022, and as there were a number of non-recurring expenses in H1 2022, the Company expects AIC to improve for the remainder of 2022.

PROJECT DEVELOPMENT UPDATE

Copper Mountain Mine, Canada

The Company's mill optimization and improvement projects at the mine site continue to progress. The cleaner column expansion project was completed and commissioned during the quarter and the filter press expansion was completed and is in commissioning. The rougher expansion project has experienced some delays due to supply chain issues and is now expected to be completed in Q4 2022. Phase 1 of the Trolley Assist project was completed during the first quarter and the one-kilometer trolley-assist haul ramp and seven pantograph-equipped electric haul trucks were successfully commissioned.

Eva Copper Project, Australia

The Company announced updated economics for the Eva Copper Project, including capital and operating costs, at the end of 2021. The Company continues to advance project financing and detailed engineering on the project. In addition, the Company is evaluating strategic opportunities for the Eva Copper Project, and has engaged Macquarie Capital to assist with this process.

EXPLORATION UPDATE

Canada

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

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

Australia

In late 2021, the Company completed an exploration program on its Cameron Copper Project, located approximately 40 kilometres south of its Eva Copper Project. The program was designed to discover additional copper, copper-gold or gold deposits. The program, which consisted of detailed geophysical, geochemical, and geological surveys followed by drill testing, produced encouraging results with multiple mineralized zones identified. A total of 60 reverse circulation holes (6,997 metres of drilling) and 7 diamond drill holes (1,341 metres of drilling) were completed on a series of targets at Cameron (C1, C1 South, C2, C3, C6, and C24). The drill program encountered intercepts of high-grade mineralization, within long, low-grade mineralized envelopes, with lateral continuity between intercepts of up to 1 kilometre. For drill hole results please see Copper Mountain's October 12, 2021 press release.

The Company is currently conducting a review and evaluation of exploration targets on the entire Cameron license block. Data from last years program is being integrated with open file geophysical data to produce an improved understanding of the structural and stratigraphic setting of copper prospects at Cameron. Additional geophysical surveys are planned for the second half of 2022 and will guide subsequent drill testing of targets.

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 June 30,		Six months ended June 30,	
	2022	2021	2022	2021
(In thousands of CDN\$, except for per share amounts)	\$	\$	\$	\$
Revenue				
Copper	47,094	127,257	131,457	272,514
Gold	14,172	15,129	24,834	33,023
Silver	938	4,691	2,739	9,902
Treatment and refining	(3,130)	(5,013)	(6,098)	(11,168)
	59,074	142,064	152,932	304,271
Cost of sales				
Direct mining and milling	(47,472)	(33,614)	(99,828)	(73,285)
Employee compensation	(12,108)	(13,555)	(27,993)	(28,268)
Depreciation	(6,635)	(6,300)	(12,110)	(13,985)
Transportation	(2,046)	(2,809)	(3,612)	(6,667)
Gross profit (loss)	(9,187)	85,786	9,389	182,066
General and administration	(4,882)	(4,263)	(11,774)	(9,531)
Share based compensation	7,600	(4,532)	3,641	(10,491)
Operating income (loss)	(6,469)	76,991	1,256	162,044
Other income	14	31	298	49
Finance expense	(7,198)	(10,469)	(15,396)	(13,400)
Unrealized gain (loss) on derivatives	13,951	(1,915)	8,836	(1,915)
Foreign exchange gain (loss)	(6,916)	(417)	(3,745)	2,829
Income (loss) before tax	(6,618)	64,221	(8,751)	149,607
Current tax recovery (expense)	203	(1,733)	(418)	(3,590)
Deferred tax recovery (expense)	1,143	(23,826)	(265)	(55,237)
Net income (loss)	(5,272)	38,662	(9,434)	90,780
Adjustments				
Pricing adjustments on concentrate sales	15,971	(8,833)	8,912	(24,286)
Unrealized (gain) loss on derivatives	(13,951)	1,915	(8,836)	1,915
Foreign exchange (gain) loss	6,916	417	3,745	(2,829)
Adjusted net income (loss) ⁽¹⁾	3,664	32,161	(5,613)	65,580
Income (loss) per share	(0.02)	0.12	(0.05)	0.30
Adjusted earnings per share ⁽¹⁾	0.02	0.15	(0.03)	0.31

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

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

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

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

Financial Results – Three Months Ended June 30, 2022

Summary

The Company shipped and sold 12.9 million pounds of copper, 5,069 ounces of gold, and 57,653 ounces of silver during Q2 2022 compared to 21.7 million pounds of copper, 6,545 ounces of gold, and 121,291 ounces of silver for Q2 2021. During the quarter, the Company recognized revenue of \$59.1 million, net of pricing adjustments and treatment charges based on an average realized copper price of US\$4.18 per pound; compared to revenue of \$142.1 million net of pricing adjustments and treatment charges at an average realized copper price of US\$4.33 per pound for Q2 2021. The Company generated a gross loss of \$9.2 million in Q2 2022 as compared to a gross profit of \$85.8 million for Q2 2021.

The Company reported a net loss of \$5.3 million for Q2 2022 as compared to a net income of \$38.7 million for Q2 2021. The variance in net income for Q2 2022, as compared to Q2 2021, was due to several items, including:

- Lower revenue in Q2 2022 due to fewer pounds of copper sold as compared to Q2 2021.
- Q2 2022 included a \$15.9 million negative mark to market and final adjustment from provisional pricing on concentrate sales, as compared to an \$8.8 million positive mark to market and final adjustment from provisional pricing on concentrate sales for Q2 2021.
- Higher cost of sales in Q2 2022 due to increased operating costs as compared to Q2 2021.

Revenue

In Q2 2022, revenue was \$59.1 million, net of pricing adjustments and treatment charges, compared to \$142.1 million in Q2 2021. Revenue in Q2 2022 is based on the sale of 12.9 million pounds of copper, 5,069 ounces of gold, and 57,653 ounces of silver. This compares to 21.7 million pounds of copper, 6,545 ounces of gold, and 121,291 ounces of silver sold in Q2 2021. As noted above, the decrease in revenue was due to lower quantities of all metal sold and at a lower average price.

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

	Realized Metal Prices		Quantities of Metal Sold	
	Three months ended		Three months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Copper ⁽¹⁾ – 000s lb	\$4.18	\$4.33	12,893	21,696
Gold ⁽¹⁾ – oz	\$1,844	\$1,827	5,069	6,545
Silver ⁽¹⁾ – oz	\$21.69	\$26.74	57,653	121,291

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

Cost of Sales

Cost of sales in Q2 2022 was \$68.3 million as compared to \$56.3 million for Q2 2021. The increase in cost of sales can largely be attributed to the increase in higher fuel and steel costs, and increased maintenance contractor support required to assist with managing COVID-19 absences, and other related workforce absences.

Finance Expense

The Company recorded Q2 2022 finance expense of \$7.2 million as compared to \$10.5 million incurred in Q2 2021. Finance expense primarily consists of interest on loans and the amortization of loan-related financing fees. The decrease in finance expenses was due to the higher interest rate associated with a one-time non-recurring transaction in Q2 2021.

Derivative Expense

The Company recorded a Q2 2022 derivative gain of \$13.9 million as compared to a derivative loss of \$1.9 million for Q2 2021. The derivative gain is a non-cash unrealized gain 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 2022. The floor price of the monthly copper options is US\$4.00 per pound with an average ceiling price of US\$4.91 per pound.

Foreign Exchange

The Company recorded a Q2 2022 foreign exchange loss of \$6.9 million as compared to a \$0.4 million loss in Q2 2021. Foreign exchange gains and losses are primarily related to the Company's debt which is denominated in US dollars. Any variance is due to the non-cash foreign exchange adjustment required to be made to the Company's US dollar debt, as the US dollar and Canadian dollar exchange rates vary.

Financial Results – Six Months Ended June 30, 2022

Summary

The Company shipped and sold 26.4 million pounds of copper, 10,145 ounces of gold, and 117,691 ounces of silver during H1 2022; compared to 49.2 million pounds of copper, 15,098 ounces of gold and 282,948 ounces of silver for H1 2021. During H1 2021, the Company recognized revenue of \$152.9 million, net of pricing adjustments and treatment charges, based on an average realized copper price of US\$4.36 per pound, compared to revenue of \$304.3 million, net of pricing adjustments and treatment charges, at an average

realized copper price of US\$4.09 per pound for H1 2021. H1 2022 generated a gross profit of \$9.4 million as compared to a gross profit of \$182.1 million for H1 2021.

The Company reported a net loss of \$9.4 million for H1 2022 as compared to a net income of \$90.8 million for H1 2021. The variance in the net loss for H1 2021, as compared to the net income of H1 2021, was due to several items including:

- Revenue for H1 2022 was lower because of lower realized metal prices and lower quantities of metal sold when compared to H1 2021; and,
- The inclusion of \$0.3 million in non-cash deferred tax expense for H1 2022, as compared to \$55.2 million of deferred tax expense for H1 2021, is a result of higher income before tax in the comparative period.

Revenue

In H1 2022, revenue was \$152.9 million, net of pricing adjustments and treatment charges, compared to \$304.3 million for H1 2021. Revenue for H1 2022 is based on the sale of 26.4 million pounds of copper, 10,145 ounces of gold, and 117,691 ounces of silver. This compares to 49.2 million pounds of copper, 15,098 ounces of gold, and 282,948 ounces of silver sold in H1 2021. The decrease in revenue for H1 2022 was due to selling fewer pounds of copper and realizing lower copper prices during the period.

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

	Realized Metal Prices Six months ended June 30,		Quantities of Metal Sold Six months ended June 30,	
	2022	2021	2022	2021
Copper ⁽¹⁾ – 000s lb	\$4.36	\$4.09	26,379	49,197
Gold ⁽¹⁾ – oz	\$1,867	\$1,807	10,145	15,098
Silver ⁽¹⁾ – oz	\$23.05	\$26.50	117,691	282,948

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

Cost of Sales

Cost of sales for H1 2022 was \$143.5 million as compared to \$122.2 million for H1 2021. Cost of sales is net of \$32.2 million of mining costs, exclusive of \$2.0 million in depreciation, allocated to deferred stripping for H1 2022 as compared to \$15.2 million in H1 2021. The higher deferred stripping costs in H1 2022 were a result of accelerated mining activities to access ore from the Phase 4 area of the CMM Main Pit.

Depreciation and Depletion

Depreciation expensed through cost of sales for H1 2022 was \$12.1 million as compared to \$13.9 million for H1 2021.

General and Administrative

The Company recorded general and administrative costs of \$11.8 million for H1 2022 as compared to \$9.5 million incurred in H1 2021. The increase was mainly due to non-recurring costs on the exercise of deferred

share units related to the retirement of a director as part of the Company's Board renewal program, and one-time expenses incurred relating to the departure of two senior executives during the period.

Stock-Based Compensation

The Company recorded a recovery of \$3.6 million in stock-based compensation in H1 2022, as compared to an expense of \$10.5 million for H1 2021. The recovery was due to mark-to-market adjustments on share unit liabilities to reflect the decrease in the share price during the period.

Finance Expense

The Company recorded a finance expense of \$15.4 million for H1 2022 as compared to \$13.4 million incurred in H1 2021. Finance expense primarily consists of interest on loans and the amortization of loan-related financing fees. The increase in finance expenses is due to the higher interest rate associated with the Company's US\$250 million senior secured bond financing (the "Bonds") as compared to the former Senior Credit Facility and Term Loan that were repaid in 2021.

Derivative Expense

The Company recorded an H1 2022 derivative gain of \$8.8 million as compared to a derivative loss of \$1.9 million for H1 2021. The derivative gain is a non-cash unrealized gain that occurs on the revaluation (mark to market) of the Company's collar options that are contracted to the end of the year.

Foreign Exchange

The Company recorded a foreign exchange loss of \$3.7 million in H1 2022 as compared to a \$2.8 million loss in H1 2021. Foreign exchange gains and losses are primarily related to the Company's debt which is denominated in US dollars. Any variance is due to the non-cash foreign exchange adjustment required to be made to the Company's US dollar debt, as the US dollar and Canadian dollar exchange rates vary.

Tax Expense

The Company recorded a deferred tax expense of \$0.3 million for H1 2022 as compared to \$55.2 million of deferred tax expense for H1 2021. The decrease is due to lower income before tax realized in H1 2022.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Quarter results (100%)	2022		2021				2020	
(In thousands of CDN\$, unless otherwise indicated)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	59,074	93,858	136,755	137,176	142,604	162,207	106,103	94,992
Net income (loss)	(5,272)	(4,162)	31,535	25,824	38,662	52,118	28,540	33,249
Earnings (loss) per share – basic	(0.02)	(0.03)	0.11	0.08	0.12	0.18	0.10	0.13
Adjusted net income (loss) ⁽¹⁾	3,664	(9,277)	23,293	41,389	32,161	33,419	5,502	15,078
Adjusted earnings (loss) per share – basic	0.02	(0.04)	0.11	0.20	0.15	0.16	0.03	0.08
EBITDA	7,201	11,256	67,724	61,550	80,958	95,985	57,205	51,226
Adjusted EBITDA ⁽¹⁾	16,137	6,141	59,482	77,115	74,457	77,286	34,167	33,055
Cash flow from operations	9,003	33,214	50,420	90,869	94,574	79,593	50,990	38,595
Average realized copper price (US\$)	\$4.18	\$4.54	\$4.44	\$4.27	\$4.33	\$3.90	\$3.35	\$2.97
C1 cash cost per pound of copper produced (US\$) ⁽¹⁾	\$2.92	\$3.58	\$2.17	\$1.50	\$1.38	\$1.15	\$1.43	\$1.27
Copper sales (000's lbs)	12,893	13,487	19,390	24,416	21,696	27,501	18,712	17,824

⁽¹⁾ Non-GAAP performance measure. See: Non-GAAP Performance Measures²⁷ in this MD&A for details.

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

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

LIQUIDITY AND CAPITAL RESOURCES

Cash

The Company's cash and cash equivalents and restricted cash at June 30, 2022 was \$92.2 million, which included restricted cash of \$6.7 million. The restricted cash of \$6.7 million has been placed into a debt service reserve account that is funded equally each month and will be applied to the Company's interest and semi-annual US\$5.0 million principal installment payments relating to the Bonds. This compares to cash and cash equivalents of \$178.4 million at December 31, 2021.

During H1 2022 the Company generated \$42.3 million of positive cash flow from operations at the Copper Mountain Mine as compared to \$174.2 million for H1 2021.

During H1 2022, the Company used \$105.1 million in investing activities comprised of deferred stripping costs of \$32.2 million, sustaining capital of \$19.2 million, and development expenditures of \$53.7 million which includes Eva development work of \$14.2 million, exploration of \$4.6 million and Copper Mountain

development work of \$34.9 million for the plant optimization and improvement projects (cleaner column and filter press expansion and the rougher expansion), the Trolley Assist project, and the east seepage pump back system.

During H1 2022, the Company used a net of \$24.0 million in its financing activities. This is comprised primarily of a semi-annual principal installment of US\$5.0 million and interest payment of US\$9.8 million relating to the Bond made on April 8, 2022, transferring USD\$5.2 million into the debt service reserve account for the Bond, and \$6.5 million in lease payments on mining equipment.

Working Capital

As at June 30, 2022, the Company had working capital (current assets less current liabilities) of \$52.5 million compared with working capital of \$157.0 million at December 31, 2021.

Debt

The Company holds debt and financial liabilities in both Canadian and US dollars.

The Company's US debt position is summarized in the following table:

(In thousands of CDN\$, except for ratio amounts and where otherwise noted)	June 30, 2022 \$	December 31, 2021 \$	December 31, 2020 \$
Bond (\$US)	240,000	245,000	-
Senior credit facility (US\$)	-	-	69,660
Term loan (US\$)	-	-	48,000
Related party loan (US\$)	-	-	108,345
Subordinated loan (US\$)	-	-	11,474
Leases (US\$)	46,363	48,172	37,111
Total debt (US\$ in thousands)	286,363	293,172	274,590
Period-end foreign exchange rate (US\$ to CAD\$)	1.2886	1.2678	1.2732
Total debt (CDN\$ in thousands)	369,007	371,683	349,608

At June 30, 2022, the Company had a net debt to trailing twelve month EBITDA of 1.4 compared to a net debt to trailing twelve month EBITDA of 0.7 at June 30, 2021. Net debt to EBITDA is a non-GAAP performance measure. (See: "Non-GAAP Performance Measures" in this MD&A for details).

Shareholders' Equity

As of June 30, 2022, the Company had 213,791,261 common shares outstanding and shareholders' equity was \$363.3 million, compared to \$371.7 million at December 31, 2021.

Proposed Transactions

None.

Commitments and Contractual Obligations

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

	Annual Repayments due from June 30,						Over 5
	Total	2022	2023	2024	2025	2026	years
(In thousands of CDN\$)	\$	\$	\$	\$	\$	\$	\$
Bond	297,685	12,886	12,886	12,886	12,886	246,141	-
Lease obligation	59,743	13,573	13,169	12,201	10,791	6,328	3,681
Mine closure and reclamation	18,590	-	-	-	-	-	18,590
Total contractual obligations	376,018	26,459	26,055	25,087	23,677	252,469	22,271

Capital Resources

As at June 30, 2022, the Company had \$92.2 million in cash and cash equivalents on hand, including restricted cash of \$6.7 million. The Company expects to meet future cash commitments from existing cash on hand and anticipated cash flows generated from the Copper Mountain Mine.

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

The Company's investment policy is to invest its cash in highly liquid interest-bearing investments that are readily convertible to known amounts of cash or in cashable Guaranteed Investment Certificates at major Canadian, United States, or Australian banks. There were no changes to the Company's approach to capital management during the period ended June 30, 2022.

As at June 30, 2022, the Company had a total of \$4.5 million on deposit and a surety bond in the amount of \$17.5 million with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain Mine.

Financial Instruments and Risks

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

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

and non-derivative financial instruments, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance. The financial instruments risk factors and the Company's exposure to these risks are disclosed in Note 19 of the Company's 2021 audited annual consolidated financial statements. For a discussion on the methods used to value financial instruments, as well as significant assumptions, refer also to Note 3 of the Company's 2021 audited annual consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at June 30, 2022.

RELATED PARTY TRANSACTIONS

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

- During H1 2022, the Company sold copper concentrates under the provision of a long-term contract with MMC, for revenues totaling \$152.9 million (2021 – \$304.3 million) including pricing adjustments.
- On June 9, 2021, the Company repaid to MMC the balance of a subordinated loan of \$9.6 million, funding advances of \$154.1 million, and guarantee fees of \$3.5 million with accumulated interest. For the six months ended June 30, 2022, the Company accrued \$1.2 million of interest to MMC on these instruments.

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
<i>(In thousands of CDN\$)</i>	\$	\$	\$	\$
Salaries and short-term employee benefits	2,122	1,813	5,203	4,461
Share-based compensation	(3,509)	3,010	(709)	7,112
Total	(1,387)	4,823	4,494	11,573

ACCOUNTING POLICIES AND ESTIMATES

Critical accounting estimates

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

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

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

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

Change in accounting policies

No changes to accounting policies have been made in the period ended June 30, 2022, with the exception of the amendments to IAS 16, Property, Plant and Equipment – Proceeds before Intended Use, which became effective on January 1, 2022. The amendments to IAS 16 did not have a significant impact on the Company's financial statements. The accounting policies adopted in the preparation of the Company's condensed consolidated interim financial statements are based on IFRS and interpretations effective as of June 30, 2022.

NON-GAAP PERFORMANCE MEASURES

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

Cash Costs per Pound

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

C1 Cash Costs

C1 cash costs is a metric representing the cash cost per unit of extracting and processing the Company's principal metal product, copper, to a condition in which it may be delivered to customers net of gold and

silver credits from concentrates sold. It is provided in order to support peer group comparability and to provide investors and other stakeholders with additional information about the underlying cash costs of Copper Mountain and the impact of gold and silver credits on the operations' cost structure. C1 cash costs are relevant to understanding the Company's operating profitability and ability to generate cash flow. When calculating costs associated with producing a pound of copper, the Company deducts gold and silver revenue credits as the production cost is reduced as a result of selling these products.

All-in Sustaining Costs (AISC)

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

All-in Costs (AIC)

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

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

Cash Costs per Pound Produced (100%)	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
(In thousands of CDN\$, unless otherwise noted)	\$	\$	\$	\$
Cost of sales	68,261	56,278	143,543	122,205
Adjustments				
Depreciation and depletion	(6,635)	(6,299)	(12,110)	(13,985)
Change in inventory	(208)	8,155	(537)	4,075
Transportation costs	(3,221)	(4,699)	(6,057)	(10,765)
Site cash costs	58,197	53,435	124,839	101,530
Adjustments				
Transportation costs	3,221	4,699	6,057	10,765
Treatment and refining costs	3,130	5,013	6,098	11,168
By-product credits (gold and silver)	(15,110)	(19,820)	(27,573)	(42,925)
C1 cash cost	49,438	43,327	109,421	80,538
Adjustments				
Sustaining capital	8,907	7,034	19,156	13,402
Lease payments	2,641	6,470	6,513	9,175

Cash Costs per Pound Produced (100%)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
(In thousands of CDN\$, unless otherwise noted)	\$	\$	\$	\$
Applicable administration	728	569	1,200	1,555
All-in sustaining costs (AISC)	61,714	57,400	136,290	104,670
Adjustments				
Deferred stripping	21,742	7,147	32,211	15,188
All-in costs (AIC)	83,456	64,547	168,501	119,858
Average foreign exchange rate (CDN\$ to US\$)	0.7832	0.8142	0.7865	0.8019
Copper production (000s lb)	13,251	25,515	26,475	51,041
C1 cash costs (US\$/lb produced (net))	\$2.92	\$1.38	\$3.25	\$1.27
All-in sustaining costs (AISC) (US\$/lb produced (net))	\$3.65	\$1.83	\$4.05	\$1.64
All-in costs (AIC) (US\$/lb produced (net))	\$4.93	\$2.06	\$5.01	\$1.88
Average realized copper price (US\$/lb)	\$4.18	\$4.33	\$4.36	\$4.09

Adjusted Net Income

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

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

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

Adjusted Net Income	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
(In thousands of CDN\$, except per share amounts)	\$	\$	\$	\$
Net income	(5,272)	38,662	(9,434)	90,780
Adjustments				
Pricing adjustments on concentrate sales	15,971	(8,833)	8,912	(24,286)
Unrealized loss on derivative	(13,951)	1,915	(8,836)	1,915
Unrealized foreign exchange (gain) loss	6,916	417	3,745	(2,829)
Sale of fixed assets (gain) loss	-	-	-	-
Adjusted net income	3,664	32,161	(5,613)	65,580
Adjusted income per share	\$0.02	\$0.15	\$(0.03)	\$0.31

EBITDA and Adjusted EBITDA

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

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

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

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

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

EBITDA and Adjusted EBITDA	Three months ended		Six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
(In thousands of CDN\$)	\$	\$	\$	\$
Net income (loss)	(5,272)	38,662	(9,434)	90,780
Adjustments				
Finance income	(14)	(31)	(298)	(49)
Finance expense	7,198	10,469	15,396	13,400
Depreciation	6,635	6,299	12,110	13,985
Current tax (recovery) expense	(203)	1,733	418	3,590
Deferred income and resource tax (recovery) expense	(1,143)	23,826	265	55,237
EBITDA	7,201	80,958	18,457	176,943
Adjustments				
Mark to market adjustments on concentrate sales	15,971	(8,833)	8,912	(24,286)
Unrealized (gain) loss on derivative	(13,951)	1,915	(8,836)	1,915
Unrealized foreign exchange (gain) loss	6,916	417	3,745	(2,829)
Adjusted EBITDA	16,137	74,457	22,278	151,743

Net Debt to EBITDA

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

Net Debt to EBITDA	June 30,	
	2022	2021
(In thousands of CDN\$)	\$	\$
Debt		
Long-term debt	284,799	331,525
Related party debt	-	-
Current debt	12,886	62,387
Total debt	297,685	393,912
Cash and restricted cash	(92,234)	(191,190)
Net debt	205,451	202,722
EBITDA (trailing 12 months)	147,731	285,374
Net Debt to EBITDA	1.4	0.7

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

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

Internal controls over financial reporting

Management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting, and uses the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's controls. The Company's internal control over financial reporting is designed to provide reasonable assurance of the reliability of its financial reporting and preparation of the financial statements. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of June 30, 2022 and provided reasonable assurance of the reliability of the Company's financial reporting and preparation of the financial statements.

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

Changes in internal controls over financial reporting

There have been no changes in the Company's internal control over financial reporting and disclosure controls and procedures during the period ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

RISKS AND UNCERTAINTIES

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