Copper Mountain Mining ULC

Unaudited Condensed Consolidated Financial Statements (in CAD dollars)
For the three and six months ended June 30, 2023 and 2022
(Prepared by Management)

Copper Mountain Mining ULC

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

	June 30, 2023 $	December 31, 2022 $
Assets		
Current assets		
Cash and cash equivalents	39,407	83,653
Restricted cash	8,584	130,990
Accounts receivable and prepaid expenses	29,410	33,334
Inventory	63,391	38,448
Other assets	1,245	1,903
	142,037	288,328
Other assets	1,420	2,651
Mineral properties, plant and equipment	776,851	744,447
Low grade stockpile	7,945	64,541
	928,253	**1,099,967**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 1)	81,356	86,212
Amounts payable to related parties	4,530	13,672
Current portion of lease liabilities	15,375	13,746
Current portion of long-term debt	185,144	131,377
Taxes payable	11,823	16,735
	298,228	261,742
Provisions and other liabilities	47,417	18,149
Lease liabilities	45,158	45,427
Long-term debt	-	176,541
Deferred tax liability	106,339	88,392
	497,142	590,251
Equity		
Attributable to shareholders of the Company:		
Share capital	309,172	292,929
Contributed surplus	45,951	17,319
Accumulated other comprehensive loss	33	(168)
Retained earnings	(2,771)	100,901
	352,385	410,981
Non-controlling interest	78,726	98,735
Total equity	431,111	509,716
	928,253	**1,099,967**

Copper Mountain Mining ULC

Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited in thousands of Canadian dollars, except for per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Revenue	77,824	59,074	178,321	152,932
Cost of sales	(79,805)	(68,261)	(160,114)	(143,543)
Gross (loss) profit	(1,981)	(9,187)	18,207	9,389
Other income and expenses				
General and administration	(23,421)	(4,221)	(28,259)	(10,641)
Impairment of low grade stockpile	(56,596)	-	(56,596)	-
Loss on disposal of fixed assets	(13,315)	-	(15,851)	-
Share based compensation	(9,812)	7,600	(11,912)	3,641
Operating(loss)income	(105,125)	(5,808)	(94,411)	2,389
Finance income	749	14	1,424	298
Finance expense	(7,927)	(7,198)	(20,495)	(15,396)
Gain on derivatives	265	13,951	-	8,836
Foreign exchange gain (loss)	3,505	(6,356)	3,445	(3,692)
Loss before tax	**(108,533)**	**(5,397)**	**(110,037)**	**(7,565)**
Current tax recovery (expense)	25	203	(361)	(418)
Deferred income (expense) recovery	(6,841)	1,143	(17,948)	(265)
Net loss from continuing operations	**(115,349)**	**(4,051)**	**(128,346)**	**(8,248)**
Net income (loss) from discontinued operations	**4,665**	**(1,221)**	**4,665**	**(1,186)**
Net loss	**(110,684)**	**(5,272)**	**(123,681)**	**(9,434)**
Other comprehensive income (loss)				
Foreign currency translation adjustment	197	(2,833)	201	(2,109)
Total comprehensive loss	**(110,487)**	**(8,105)**	**(123,480)**	**(11,543)**
Net (loss) income from continuing operations attributable to:				
Shareholders of the Company	(95,920)	(2,227)	(108,337)	(8,564)
Non-controlling interest	(19,429)	(1,824)	(20,009)	316
	(115,349)	**(4,051)**	**(128,346)**	**(8,248)**
Net (loss) income attributable to:				
Shareholders of the Company	(91,255)	(3,448)	(103,672)	(9,750)
Non-controlling interest	(19,429)	(1,824)	(20,009)	316
	(110,684)	**(5,272)**	**(123,681)**	**(9,434)**
Loss per share from continuing operations:				
Basic	(0.45)	(0.02)	(0.50)	(0.04)
Diluted	(0.45)	(0.02)	(0.50)	(0.04)

Copper Mountain Mining ULC

Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited in thousands of Canadian dollars, except for per share amounts)

Loss per share:				
Basic	(0.42)	(0.02)	(0.48)	(0.05)
Diluted	(0.42)	(0.02)	(0.48)	(0.05)
Weighted average shares outstanding, basic (thousands)	215,385	212,913	214,647	211,852
Weighted average shares outstanding, diluted (thousands)	215,385	212,913	214,647	211,852
Shares outstanding at end of the period (thousands)	220,907	213,791	220,907	213,791

Copper Mountain Mining ULC

Condensed Consolidated Statements of Cash Flows
(Unaudited in thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Cash flows from operating activities				
Net loss for the period	(110,684)	(5,272)	(123,681)	(9,434)
Adjustments for:				
Depreciation	4,949	6,691	10,832	12,337
Loss on disposal of fixed assets	13,315	-	15,851	-
Low grade stockpile write-down	56,596	-	56,596	-
Unrealized foreign exchange (gain) loss	(3,895)	7,895	(4,070)	5,333
Gain on derivatives	(265)	(13,951)	-	(8,836)
Deferred income tax expense (recovery)	6,841	(1,143)	17,948	265
Finance expense	7,927	7,198	20,495	15,396
Share based compensation	11,891	(7,600)	13,991	(3,641)
	(13,325)	(6,182)	7,962	11,420
Net changes in working capital items	(19,942)	15,185	(32,130)	30,898
Net cash (used in) from operating activities	(33,267)	9,003	(24,168)	42,318
Cash flows from investing activities				
Reclamation bonds	(48)	(47)	1,889	906
Deferred stripping activities	(5,046)	(21,742)	(11,459)	(32,211)
Purchase of property, plant and equipment	(3,026)	(36,155)	(4,888)	(73,802)
Net cash used in investing activities	(8,120)	(57,944)	(14,458)	(105,107)
Cash flows from financing activities				
Proceeds on exercise of options	691	2,430	1,013	3,358
Increase (decrease) in restricted cash	8,075	8,780	121,756	(184)
Net contributions from Hudbay	34,167	-	34,167	-
Note payable to Hudbay	4,530		4,530	-
Repayment of related party loan	-	-	(13,672)	-
Loan principal paid	(6,739)	(6,311)	(123,945)	(6,311)
Interest paid	(9,472)	(13,389)	(19,924)	(14,397)
Finance lease payments	(3,779)	(2,641)	(8,286)	(6,513)
Net cash from (used in) financing activities	27,473	(11,131)	(4,361)	(24,047)
Effect of foreign exchange rate changes on cash and cash equivalents	(1,200)	2,110	(1,259)	473
Decrease in cash and cash equivalents	(15,114)	(57,962)	(44,246)	(86,363)
Cash and cash equivalents - Beginning of period	54,521	143,501	83,653	171,902
Cash and cash equivalents - End of period	39,407	85,539	39,407	85,539

Copper Mountain Mining ULC

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

	Attributable to equity owners of the company							
	Number of Shares	Amount $	Contributed surplus $	Accumulated other comprehensive loss	Retained Earnings (Deficit) $	Total $	Non-controlling interest $	Total equity $
Balance January 1, 2022	210,363,573	287,724	18,973	(3,929)	68,940	371,708	107,731	479,439
Options exercised	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**
Options and RSUs exercised	3,477,688	60	-	-	-	60	-	60
Fair value of options exercised	-	33	(33)	-	-	-	-	-
Share-based compensation	-	-	42	-	-	42	-	42
Reclassification of foreign currency translation earnings	-	-	-	4,427	-	4,427	-	4,427
Profit for the period	-	-	-	-	41,711	41,711	(9,312)	32,399
Foreign currency translation	-	-	-	1,443	-	1,443	-	1,433
Balance December 31, 2022	**213,841,261**	**292,929**	**17,319**	**(168)**	**100,901**	**410,981**	**98,735**	**509,716**
Options and RSUs exercised	7,065,675	15,697	-	-	-	15,697	-	15,697
Fair value of options exercised	-	546	(546)	-	-	-	-	-
Share-based compensation	-	-	21	-	-	21	-	21
Stock options settled	-	-	(5,010)	-	-	(5,010)	-	(5,010)
Hudbay contribution	-	-	34,167	-	-	34,167	-	34,167
Loss for the period	-	-	-	-	(103,672)	(103,672)	(20,009)	(123,681)
Foreign currency translation	-	-	-	201	-	201	-	201
Balance June 30, 2023	**220,906,936**	**309,172**	**45,951**	**33**	**(2,771)**	**352,385**	**78,726**	**431,111**

1 Intercompany loan

In June 2021, Copper Mountain Mine (BC) Ltd. entered into an intercompany loan agreement with Copper Mountain Mining ULC. The loan bears interest at 5.565% per annum and interest is payable quarterly. As at June 30, 2023, the balance of the loan was $355,581 (US$268,565) inclusive of accrued interest of $26,271 (US$19,842). This intercompany loan is eliminated upon consolidation as Copper Mountain Mining ULC owns 75% of Copper Mountain Mine (BC) Ltd., which is the entity that owns the Copper Mountain mine in British Columbia. Mitsubishi Materials Corporation, an arms-length party, owns the remaining 25% interest in Copper Mountain Mine (BC) Ltd.