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Capstone Copper Reports Fourth Quarter 2023 Results

febrero 22, 2024

All amounts in US$ unless otherwise indicated

VANCOUVER, British Columbia – **Capstone Copper Corp.** («Capstone» or the «Company») (TSX: CS) (ASX: CSC) today reported financial results for the three months and year ended December 31, 2023 («Q4 2023»). Copper production in Q4 totaled 44,103 tonnes at C1 cash costs[1] of $2.67 per payable pound of copper produced. Link HERE for Capstone's Q4 2023 webcast presentation.

John MacKenzie, CEO of Capstone, commented, «Last year set us up for transformational growth in 2024. We completed construction at our flagship Mantoverde Development Project («MVDP») in Chile, advanced key studies to support our future growth, and our operations delivered their strongest quarter to finish off the year. In the first half of 2024, we will be focused on the ramp-up of MVDP and maintaining consistently strong production across our portfolio. In the second half of 2024, we will be focused on generating record copper production and cash flow.»

Q4 2023 OPERATIONAL AND FINANCIAL HIGHLIGHTS

- Achieved production guidance[2] for the year ended December 31, 2023, with consolidated copper production of 164,353 tonnes. Consolidated copper production for Q4 2023 was 44,103 tonnes at C1 cash costs[1] of $2.67/lb, which consisted of 15,933 tonnes at Pinto Valley, 11,587 tonnes at Mantos Blancos, 10,019 tonnes at Mantoverde, and 6,564 tonnes at Cozamin.
- Net loss of $19.5 million, or $(0.02) per share for Q4 2023 compared to net loss of $28.4 million, or $(0.03) per share for Q4 2022.
- Adjusted net income attributable to shareholders[1] of $10.8 million, or $0.02 per share for Q4 2023. Q4 2023 adjusted net income attributable to shareholders[1] is lower than Q4 2022 adjusted net income attributable to shareholders[1] of $60.4 million due to lower copper volumes sold.
- Adjusted EBITDA[1] of $88.3 million for Q4 2023 compared to $81.3 million for Q4 2022. The increase in Adjusted EBITDA[1] is driven by a higher copper price of $3.69/lb compared to $3.45/lb (prior to unrealized provisional pricing adjustments), partially offset by lower copper sold (43.3 thousand tonnes in Q4 2023 versus 44.7 thousand tonnes in Q4 2022).
- Operating cash flow before changes in working capital of $80.4 million in Q4 2023 compared to $76.1 million in Q4 2022.
- At the Mantoverde Development Project («MVDP»), construction of all elements required to commence commissioning activities were completed by year end 2023. MVDP will continue to systematically commission the concentrator plant with first saleable concentrate expected in Q2 2024. Project total capital remains unchanged at $870 million. Focus is on a safe, efficient and phased project commissioning and ramp-up.
- Expected 2024 consolidated copper production growth of 25% driven by the ramp up of MVDP, resulting in 2024 guidance of 190,000 to 220,000 tonnes of copper at 17% lower C1 cash costs[1] of $2.30/lb to $2.50/lb. Total 2024 sustaining and expansionary capital expenditure guidance is $275 million, plus an additional $180 million for capitalized stripping.
- Total available liquidity[1] of $352.8 million as at December 31, 2023, composed of $126.8 million of cash and short-term investments, and $226.0 million of undrawn amounts on the corporate revolving credit facility. Subsequent to year-end, the Company completed a Share Offering that will increase available liquidity through net proceeds to the Company of approximately $253 million (C$342 million).

[1] These are Non-GAAP performance measures. Refer to the section titled «Non-GAAP and Other Performance Measures» section.

[2] Production guidance as most recently disclosed in the Company's MD&A for the three and nine months ended September 30, 2023.

OPERATIONAL OVERVIEW

Refer to Capstone's Q4 2023 MD&A and Financial Statements for detailed operating results.

Item	Q4 2023	Q4 2022	2023	2022
Copper production (000s tonnes)				
Sulphide business				
Pinto Valley	**15.9**	15.0	**55.1**	56.8
Cozamin	**6.6**	5.8	**24.3**	24.5
Mantos Blancos	**9.7**	10.0	**38.0**	29.0
Total sulphides	**32.2**	30.8	**117.4**	110.3
Cathode business				
Mantos Blancos	**1.9**	4.2	**11.5**	12.2
Mantoverde[3]	**10.0**	10.5	**35.4**	36.3
Total cathodes	**11.9**	14.7	**46.9**	48.5
Consolidated	**44.1**	45.5	**164.3**	158.8
Copper sales				
Copper sold (000s tonnes)	**43.3**	44.7	**160.2**	159.9
Realized copper price[1] ($/pound)	**3.74**	3.74	**3.84**	3.76
C1 cash costs[1] ($/pound) produced				
Sulphides business				
Pinto Valley	**2.36**	2.48	**2.79**	2.63
Cozamin	**1.76**	1.40	**1.74**	1.24
Mantos Blancos	**2.58**	1.82	**2.74**	2.16
Total sulphides	**2.30**	2.07	**2.56**	2.20
Cathode business				
Mantos Blancos	**3.32**	2.69	**3.11**	3.41
Mantoverde	**3.68**	3.65	**3.83**	3.63
Total cathodes	**3.62**	3.37	**3.66**	3.58
Consolidated	**2.67**	**2.50**	**2.88**	**2.63**

[3] Mantoverde production shown on a 100% basis.

Consolidated Production

Q4 2023 copper production of 44.1 thousand tonnes was 3% lower than Q4 2022 primarily as a result of lower oxide production at Mantos Blancos driven by lower dump throughput, grade and recoveries.

Q4 2023 C1 cash costs[1] of $2.67/lb were 7% higher than $2.50/lb Q4 2022 mainly impacted by 3% lower production ($0.19/lb), partially offset by lower operational costs (-$0.02/lb).

Pinto Valley Mine

Copper production of 15.9 thousand tonnes in Q4 2023 was 6% higher than in Q4 2022. Lower mill throughput during the quarter (Q4 2023 – 53,134 tonnes per day («tpd») versus Q4 2022 – 55,222 tpd), resulting from unplanned 97 hours of downtime, was offset by higher grades (Q4 2023 – 0.36% versus Q4 2022 – 0.32%) due to mining in the higher grade Castle Dome area of the mine. Recoveries were slightly lower compared to the same period last year (Q4 2023 – 86.5% versus Q4 2022 – 86.9%).

C1 cash costs[1] of $2.36/lb in Q4 2023 were 5% lower than Q4 2022 of $2.48/lb primarily due to higher capitalized stripping (-$0.34/lb), higher gold by-product credits (-$0.21/lb) and higher production (-$0.16/lb), partially offset by increases in operating costs driven by higher contractor spend, electricity cost, ball mill liner cost and mechanical parts costs ($0.53/lb), stockpile drawdown ($0.04/lb) and higher treatment costs on higher volume of copper sold ($0.03/lb).

Mantos Blancos Mine

Q4 2023 production was 11.6 thousand tonnes, composed of 9.7 thousand tonnes from sulphide operations and 1.9 thousand tonnes of cathode from oxide operations, 18% lower than the 14.2 thousand tonnes produced in Q4 2022. The lower production was driven primarily by lower dump throughput tied to power outage and issues in leach pumping system, and lower grade and recoveries impacting cathode production. The mill throughput of 13,814 tpd in Q4 2023 was impacted by mill downtime caused by a planned repair that lasted three days and additional maintenance of the concentrator plant that lasted five days (power outage and pinion shaft bearing assessment). A plan to address the plant stability is underway that includes improved maintenance and optimization of the concentrator and the tailings system. Mantos Blancos 2024 sustaining capital guidance includes approximately $35 million to achieve sustainable nameplate operating rates. During the first half of 2024, the focus will be on receiving and installing the engineering and infrastructure upgrades in the tailings dewatering area of the plant in the second quarter. The Company expects Mantos Blancos to achieve its nameplate operating throughput rates late in the second quarter.

Combined Q4 2023 C1 cash costs[1] were $2.71/lb ($2.58/lb sulphides and $3.32/lb cathodes) compared to combined C1 cash costs[1] of $2.09/lb in Q4 2022, 30% higher than the same period last year mainly due to lower production ($0.48/lb), an increase in contracted services and labour costs mainly driven by unfavourable foreign exchange rate and inflation impact ($0.13/lb), spare parts spend ($0.12/lb), plant maintenance and spare parts spend ($0.18/lb), partially offset by lower key consumable prices (-$0.29/lb) (realized acid prices averaged $153/t in Q4 2023 versus $273/t in Q4 2022 and diesel price averaged $0.82/l in Q4 2023 versus $0.97/l in Q4 2022).

Mantoverde Mine

Q4 2023 copper production of 10.0 thousand tonnes was 5% lower compared to 10.5 thousand tonnes in Q4 2022. Heap recoveries were lower (64.6% in Q4 2023 versus 77.0% in Q4 2022), which was partially offset by higher dump throughput as a catch-up of September's lower throughput due to a temporary sulphuric acid supply shortage at a Chilean smelter.

Q4 2023 C1 cash costs[1] were $3.68/lb, 1% higher than $3.65/lb in Q4 2022 due to an increase in contracted services, explosive consumption, spare parts spend and labour cost mainly driven by higher mine movement ($0.74/lb) and lower production (0.12/lb), partially offset by lower key consumable prices (-$0.83/lb). Realized sulphuric acid prices averaged $174/t in Q4 2023 versus $253/t in Q4 2022, whilst energy prices averaged $0.21/kWh in Q4 2023 versus $0.17/kWh in Q4 2022 and diesel price averaged $0.83/l in Q4 2023 versus $0.94/l in Q4 2022.

Cozamin Mine

Q4 2023 copper production of 6.6 thousand tonnes was 14% higher than the same period prior year mainly on higher mill throughput (3,786 tpd in Q4 2023 versus 3,430 tpd in Q4 2022). Grades were higher than the same period last year due to mining sequence (1.95% in Q4 2023 versus 1.89% in Q4 2022). Recoveries were consistent quarter over quarter.

Q4 2023 C1 cash costs[1] were 26% higher than the same period last year mainly due to inflationary price increases on the main consumables, unfavourable foreign exchange rate, start of paste plant operations, which resulted in an increase in labour, contractor and cement costs, changes in mining method and additional bolting requirements ($0.51/lb) and higher treatment costs ($0.07/lb), partially offset by higher copper production (-$0.17/lb) and higher by-product credits due to higher silver prices (-$0.06/lb).

Mantoverde Development Project

Construction of all elements of the MVDP that were required to commence commissioning were completed during the fourth quarter of 2023. Commissioning activities are underway, and the Company is focused on a safe, efficient and phased project commissioning and ramp-up. MVDP is expected to enable the mine to process 231 million tonnes of copper sulphide reserves over a 20-year expected mine life, in addition to existing oxide reserves. The MVDP involves the addition of a sulphide concentrator (nominal 32,000 ore tonnes per day) and tailings storage facility, and the expansion of the existing desalination plant and other minor infrastructure.

MVDP is progressing under a lump sum turn-key engineering, procurement, and construction (EPC) contract with Ausenco Limited, a multi-national EPC management company, with broad international experience in the design and construction of copper concentrator projects of this scale in the international market. The execution plan includes a Capstone Copper owner's team working with Ausenco during the execution phase. The contract with Ausenco includes the project commissioning and ramp-up.

Key milestones during the commissioning and ramp-up include:

1. First ore to the primary crusher – completed in Q4 2023
2. First ore to the grinding circuit – on track for Q1 2024
3. First saleable concentrate – on track for Q2 2024
4. Achievement of nameplate operating rates – expected during Q3 2024

As of December 31, 2023, cash capital spent at MVDP totaled $809 million versus the project capital estimate of $870 million.

A virtual tour of MVDP can be viewed at https://vrify.com/decks/12698-mantoverde-development-project

MVDP Optimized FS and Phase II

The Company is currently analyzing the next expansion of the sulphide concentrator. Capstone has identified that the desalination plant capacity and major components of the comminution and flotation circuits of the MVDP can sustain an average annual throughput of approximately 45,000 tonnes per day (an increase of over 40% above the base case nameplate throughput capacity). Capstone continues to work with Ausenco's engineering team to develop the MVDP Optimized Feasibility Study, including evaluating the costs and timelines of debottlenecking the minor components of the plant to meet the potential increased throughput target. Completion of the optimized feasibility study is expected in the first half of 2024.

Given the above, the Mantoverde Phase II opportunity will evaluate the addition of an entire second processing line, possibly a duplication of the first line, to process some of the additional approximately 1.0 billion tonnes of resources not in reserves.

Santo Domingo Feasibility Study Update

The Company has continued updating the Feasibility Study («FS») with contributions from third parties. Ausenco is optimizing the process configuration and updating the Technical Report to take into consideration recently produced metallurgical testwork data, updated mine plan with a lower strip ratio and a modernized milling and flotation circuit with a lower overall footprint and operating cost compared with the previous design. One of the key improvements is the definition of an iron concentration circuit that can produce two different qualities of product: a bulk 65% grade iron concentrate and a premium 67% iron concentrate. The Technical Report is expected to be delivered in the first half of 2024.

Mantoverde – Santo Domingo Cobalt Study

A district cobalt plant for Mantoverde – Santo Domingo may allow for low-cost by-product cobalt production while producing a by-product of sulphuric acid which can then be consumed internally to further significantly lower operating costs in the cathode process at Mantoverde.

The cobalt recovery process comprises a pyrite flotation step to recover cobaltiferous pyrite from MVDP tails and redirect it to the dynamic heap leach pads, which will be upgraded to a bio-leach configuration through the addition of an aeration system. The pyrite oxidizes in the leach pads and the solubilized cobalt is recovered via an ion exchange plant treating a bleed stream from the copper solvent extraction plant. The approach has been successfully demonstrated at the bench scale, and onsite piloting commenced in January 2024. Engineering has commenced for a small plant treating only Mantoverde pyrite concentrates to produce up to 1,500 tonnes per annum («tpa») of contained cobalt. In line with this, Santo Domingo has initiated a Feasibility Study to assess, as part of the copper/iron circuit overall layout optimization being conducted by Ausenco, the optimum process configuration for the pyrite flotation and pumping transportation facilities needed to transport pyrite concentrate to Mantoverde's leach facilities.

At a combined MV-SD target of 4.5 to 6.0 thousand tpa of mined cobalt production, this would be one of the largest and lowest cost cobalt producers in the world, outside of Indonesia and the DRC.

PV District Growth Study

The company continues to review and evaluate the consolidation potential of the Pinto Valley district. Opportunities under evaluation include a potential mill expansion and increased leaching capacity supported by optimized water, heap and dump leach, and tailings infrastructure. District consolidation could unlock significant ESG opportunities and may transform our approach to create value for all stakeholders in the Globe-Miami District. Constructive discussions with key district stakeholders advanced during the quarter.

Chilean Tax Reform

In August 2023, Chile passed the Mining Royalty into law to be effective on January 1, 2024, replacing the prior Specific Tax on Mining Activity. As a change in tax law is accounted for in the period of enactment, rather than from its effective date, the Company recorded an initial deferred income tax charge and a corresponding increase to deferred income tax liabilities during Q3 2023.

The Mining Royalty contains two components, an 1% ad-valorem component on net copper revenues and a mine operating margin «(MOM)» component based on rates ranging from 8% to 26%.

The Mining Royalty includes a maximum limit to the total tax burden, consisting of (1) corporate income tax, (2) Mining Royalty (both ad-valorem and MOM components) and (3) imputed withholding taxes. The Mining Royalty establishes that when the sum of the three components exceeds 46.5% of MOM, then the Mining Royalty is to be adjusted in such a way that it does not exceed the limit.

The Mining Royalty is not expected to have an impact on the Santo Domingo mine, which has 15 years of tax stability post commencement of commercial production as a result of Decree Law No. 600 («DL 600») during which time it will remain subject to the prior Specific Tax on Mining. Furthermore, given the Company's growth projects in Chile, we do not expect to incur cash withholding taxes for several years, although, the deduction is available when calculating the cap under the new Mining Royalty.

Management and Board of Director Additions

Effective January 15, 2024, Oscar Flores joined Capstone as General Manager, Mantoverde. Previous General Manager, Pablo Asiain, will be retiring effective March 31, 2024. During this transition period, Mr. Flores and Mr. Asiain will work closely together to transfer knowledge and responsibilities to ensure operational continuity during the MVDP commissioning and ramp-up. Mr. Flores is a Mining Engineer with over 25 years of progressive experience, including past general management positions with Kinross, AMSA, Anglo American, and Codelco in Chile, along with New Gold in Mexico, Australia, and Canada.

Effective January 8, 2024, Gordon Bell joined Capstone's Board of Directors as a new Independent Director. He was most recently Vice Chairman for the Mining and Metals Group of RBC Capital Markets before his retirement from RBC Capital Markets in 2022. Previously Mr. Bell was the Global Head for RBC's Mining & Metals group, leading the expansion and growth of the firm's Mining and Metals practice domestically as well as in London, Australia and Asia. Mr. Bell has global expertise in corporate strategy, debt and equity financing, shareholder engagement, and mergers and acquisitions. He received a Bachelor of Science in Mining Engineering from Queens University in Kingston, Ontario and an MBA from Washington University in St. Louis, Missouri.

2024 Outlook

Guidance for 2024 on production, C1 cash costs[1], and capital expenditures that was previously disclosed on January 24, 2024 remains unchanged. Capstone expects to produce between 190 to 220 thousand tonnes of consolidated copper in 2024, at C1 cash costs[1] of $2.30 to $2.50 per payable pound of copper produced. Capstone first half (H1), second half (H2) 2024, and full year 2024 production and cost guidance are as follows:

	H1 2024		H2 2024		Full Year 2024 Guidance	
Item	**Copper Production ('000s tonnes)**	**C1 Cash Costs[1] (US$ per payable lb Cu Produced)**	**Copper Production('000s tonnes)**	**C1 Cash Costs[1] (US$ per payable lb Cu Produced)**	**Copper Production ('000stonnes)**	**C1 Cash Costs[1] (US$ per payable lb Cu Produced)**
Sulphides Business						
Pinto Valley	28 – 30	$2.60 – $2.80	30 – 34	$2.40 – $2.60	58 – 64	$2.50 – $2.70
Cozamin	11 – 12	$1.90 – $2.10	11 – 12	$1.85 – $2.05	22 – 24	$1.85 – $2.05
Mantoverde[2]	–[3]	–[3]	25 – 35	$1.45 – $1.75	25 – 35	$1.45 – $1.75
Mantos Blancos	20 – 24	$2.55 – $2.75	23 – 25	$1.90 – $2.10	43 – 49	$2.10 – $2.30

Item	H1 2024		H2 2024		Full Year 2024 Guidance	
	Copper Production ('000s tonnes)	C1 Cash Costs[1] (US$ per payable lb Cu Produced)	Copper Production('000s tonnes)	C1 Cash Costs[1] (US$ per payable lb Cu Produced)	Copper Production ('000stonnes)	C1 Cash Costs[1] (US$ per payable lb Cu Produced)
Total Sulphides	**59 – 66**	**$2.45 – $2.65**	**89 – 106**	**$2.00 – $2.20**	**148 – 172**	**$2.10 – $2.30**
			Cathode Business			
Mantoverde[2]	18 – 20	$3.35 – $3.55	18 – 20	$3.10 – $3.30	36 – 40	$3.20 – $3.40
Mantos Blancos	3 – 4	$2.85 – $3.05	3 – 4	$2.10 – $2.30	6 – 8	$2.45 – $2.65
Total Cathodes	**21 – 24**	**$3.25 – $3.45**	**21 – 24**	**$2.90 – $3.10**	**42 – 48**	**$3.10 – $3.30**
Consolidated Copper Production	**80 – 90**	**$2.65 – $2.85**	**110 – 130**	**$2.10 – $2.30**	**190 – 220**	**$2.30 – $2.50**

[2] Mantoverde production shown on a 100% basis
[3] Production and C1 cash costs[1] guidance not provided during the ramp-up of Mantoverde Development Project in H1 2024.

Key C1 Cash costs input assumptions:

CLP/USD: 875:1

MXN/USD: 18:1

Silver: $23/oz

Molybdenum: $18/lb

Gold: $1,850/oz

In 2024, the Company plans to a spend a total of $275 million in sustaining and expansionary capital expenditures at its operating mines and the Santo Domingo Project, as follows:

Item	Pinto Valley	Cozamin	Mantoverde*	Mantos Blancos	Santo Domingo	Total
Capital Expenditure ($ millions)						
Sustaining Capital[1]	70	25	40	60	0	195
Expansionary Capital[1]	0	0	65	0	15	80
Total Capital Expenditures	**70**	**25**	**105**	**60**	**15**	**275**

* Mantoverde capital expenditures shown on a 100% basis.

In addition, the Company plans to spend a total of $180 million in capitalized stripping at its three open pit mines.

Item	Pinto Valley	Mantoverde*	Mantos Blancos	Total

Capital Expenditure ($ millions)	40	75	65	180

Finally, the Company plans to spend $15 million in brownfield and greenfield exploration activities in 2024.

FINANCIAL OVERVIEW

Please refer to Capstone's Q4 2023 MD&A and Financial Statements for detailed financial results.

($ millions, except per share data)	Q4 2023	Q4 2022	2023	2022
Revenue	**353.7**	362.1	**1,345.5**	1,296.0
Net (loss) income	**(19.5)**	(28.4)	**(124.7)**	136.1
Net (loss) income attributable to shareholders	**(12.3)**	(20.9)	**(101.7)**	122.2
Net (loss) income attributable to shareholders per common share – basic ($)	**(0.02)**	(0.03)	**(0.15)**	0.20
Net (loss) income attributable to shareholders per common share – diluted ($)	**(0.02)**	(0.03)	**(0.15)**	0.19
Adjusted net income[1]	**10.8**	60.4	**0.3**	70.6
Adjusted net income attributable to shareholders per common share – basic and diluted	**0.02**	0.09	**–**	0.11
Operating cash flow before changes in working capital	**80.4**	76.1	**204.8**	184.8
Adjusted EBITDA[1]	**88.3**	81.3	**260.3**	356.7
Realized copper price[1] ($/pound)	**3.74**	3.74	**3.84**	3.76

($ millions)	December 31, 2023	December 31, 2022
Total assets	**5,873.9**	5,380.9
Total non-current financial liabilities	**1,205.3**	709.5
Net debt[1]	**(927.2)**	(483.1)
Attributable net (debt)/cash[1]	**(776.6)**	(339.9)

CONFERENCE CALL AND WEBCAST DETAILS

Capstone will host a conference call and webcast on Thursday, February 22, 2024 4:00 pm Eastern Time / 1:00 pm Pacific Time (Friday, February 23, 2024, 8:00 am Australian Eastern Daylight Time). Link to the audio webcast: https://app.webinar.net/GjLvY9eYlKp

Dial-in numbers for the audio-only portion of the conference call are below. Due to an increase in call volume, please dial-in at least five minutes prior to the call to ensure placement into the conference line on time.

- Toronto: 416-764-8650
- Vancouver: 778-383-7413
- Australia: 18-0007-6068
- North America toll free: 888-664-6383

A replay of the conference call will be available until February 29, 2024. Dial-in numbers for Toronto: (+1) 416-764-8677 and North American toll free: 888-390-0541. The replay code is 862300#. Following the replay, an audio file will

be available on Capstone's website at https://capstonecopper.com/investors/events-and-presentations/.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document may contain «forward-looking information» within the meaning of Canadian securities legislation and «forward-looking statements» within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, «forward-looking statements»). These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect our expectations or beliefs regarding future events. Our Sustainable Development Strategy goals and strategies are based on a number of assumptions, including, but not limited to, the biodiversity and climate-change consequences; availability and effectiveness of technologies needed to achieve our sustainability goals and priorities; availability of land or other opportunities for conservation, rehabilitation or capacity building on commercially reasonable terms and our ability to obtain any required external approvals or consensus for such opportunities; the availability of clean energy sources and zero-emissions alternatives for transportation on reasonable terms; availability of resources to achieve the goals in a timely manner, our ability to successfully implement new technology; and the performance of new technologies in accordance with our expectations.

Forward-looking statements include, but are not limited to, statements with respect to the estimation of Mineral Resources and Mineral Reserves, the success of the underground paste backfill and tailings filtration projects at Cozamin, the timing and cost of the Mantoverde Development Project («MVDP»), the timing and results of the Optimized Mantoverde Development Project («MVDP Optimized FS») and Mantoverde Phase II study, the timing and results of PV District Growth Study (as defined below), the timing and results of Mantos Blancos Phase II Feasibility Study, the timing and success of the Mantoverde – Santo Domingo Cobalt Feasibility Study, the timing and results of the Santo Domingo FS Update and success of incorporating synergies previously identified in the Mantoverde – Santo Domingo District Integration Plan, the realization of Mineral Reserve estimates, the timing and amount of estimated future production, the costs of production and capital expenditures and reclamation, the timing and costs of the Minto obligations and other obligations related to the closure of the Minto Mine, the budgets for exploration at Cozamin, Santo Domingo, Pinto Valley, Mantos Blancos, Mantoverde, and other exploration projects, the timing and success of the Copper Cities project, the success of our mining operations, the continuing success of mineral exploration, the estimations for potential quantities and grade of inferred resources and exploration targets, our ability to fund future exploration activities, our ability to finance the Santo Domingo project, environmental risks, unanticipated reclamation expenses and title disputes, the success of the synergies and catalysts related to prior transactions, in particular but not limited to, the potential synergies with Mantoverde and Santo Domingo, the anticipated future production, costs of production, including the cost of sulphuric acid and oil and other fuel, capital expenditures and reclamation of Company's operations and development projects, our estimates of available liquidity, and the risks included in our continuous disclosure filings on SEDAR+ at www.sedarplus.ca. The impact of global events such as pandemics, geopolitical conflict, or other events, to Capstone is dependent on a number of factors outside of our control and knowledge, including the effectiveness of the measures taken by public health and governmental authorities to combat the spread of diseases, global economic uncertainties and outlook due to widespread diseases or geopolitical events or conflicts, supply chain delays resulting in lack of availability of supplies, goods and equipment, and evolving restrictions relating to mining activities and to travel in certain jurisdictions in which we operate. In certain cases, forward-looking statements can be identified by the use of words such as «anticipates», «approximately», «believes», «budget», «estimates», «expects», «forecasts», «guidance», «intends», «plans», «scheduled», «target», or variations of such words and phrases, or statements that certain actions, events or results «be achieved», «could», «may», «might», «occur», «should», «will be taken» or «would» or the negative of these terms or comparable terminology.

In certain cases, forward-looking statements can be identified by the use of words such as «anticipates», «approximately», «believes», «budget», «estimates», expects», «forecasts», «guidance», intends», «plans», «scheduled», «target», or variations of such words and phrases, or statements that certain actions, events or results «be achieved», «could», «may», «might», «occur», «should», «will be taken» or «would» or the negative of these terms or comparable terminology. In this document certain forward-looking statements are identified by words including «anticipated», «expected», «guidance» and «plan». By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, amongst others, risks related to inherent hazards associated with mining operations and closure of mining projects, future prices of copper and other metals, compliance with financial covenants, inflation, surety bonding, our ability to raise capital, Capstone Copper's ability to acquire properties for growth, counterparty risks associated with sales of our metals, use of financial derivative instruments and associated counterparty risks, foreign currency exchange rate fluctuations, market access restrictions or tariffs, changes in general economic conditions, availability and quality of water, accuracy of Mineral Resource and Mineral Reserve estimates, operating in foreign jurisdictions with risk of changes to governmental regulation, compliance with governmental regulations, compliance with environmental laws and regulations, reliance on approvals, licences and permits from governmental authorities and potential legal challenges to permit applications, contractual risks including but not limited to, our ability to meet the completion test requirements under the Cozamin Silver Stream Agreement with Wheaton Precious Metals Corp. («Wheaton»), our ability to meet certain closing conditions under the Santo Domingo Gold Stream Agreement with Wheaton, acting as Indemnitor for Minto Metals Corp.'s surety bond obligations, impact of climate change and changes to climatic conditions at our operations and projects, changes in regulatory requirements and policy related to climate change and greenhouse gas («GHG») emissions, land reclamation and mine closure obligations, introduction or increase in carbon or other «green» taxes, aboriginal title claims and rights to consultation and accommodation, risks relating to widespread epidemics or pandemic outbreaks; the impact of communicable disease outbreaks on our workforce, risks related to construction activities at our operations and development projects, suppliers and other essential resources and what effect those impacts, if they occur, would have on our business, including our ability to access goods and supplies, the ability to transport our products and impacts on employee productivity, the risks in connection with the operations, cash flow and results of Capstone Copper relating to the unknown duration and impact of the epidemics or pandemics, impacts of inflation, geopolitical events and the effects of global supply chain disruptions, uncertainties and risks related to the potential development of the Santo Domingo project, risks related to the Mantoverde Development Project, increased operating and capital costs, increased cost of reclamation, challenges to title to our mineral properties, increased taxes in jurisdictions the Company operates or is subject to tax, changes in tax regimes we are subject to and any changes in law or interpretation of law may be difficult to react to in an efficient manner, maintaining ongoing social licence to operate, seismicity and its effects on our operations and communities in which we operate, dependence on key management personnel, potential conflicts of interest involving our directors and officers, corruption and bribery, limitations inherent in our insurance coverage, labour relations, increasing input costs such as those related to sulphuric acid, electricity, fuel and supplies, increasing inflation rates, competition in the mining industry including but not limited to competition for skilled labour, risks associated with joint venture partners and non-controlling shareholders or associates, our ability to integrate new acquisitions and new technology into our operations, cybersecurity threats, legal proceedings, the volatility of the price of the common shares, the uncertainty of maintaining a liquid trading market for the common shares, risks related to dilution to existing shareholders if stock options or other convertible securities are exercised, the history of Capstone Copper with respect to not paying dividends and anticipation of not paying dividends in the foreseeable future and sales of common shares by existing shareholders can reduce trading prices, and other risks of the mining industry as well as those factors detailed from time to time in the Company's interim and annual financial statements and MD&A of those statements and Annual Information Form, all of which are filed and available for review under the Company's profile on SEDAR+ at www.sedarplus.ca. Although the Company has attempted to identify important factors that could cause our actual results, performance or achievements to differ materially from those described in our forward-looking statements,

there may be other factors that cause our results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that our forward-looking statements will prove to be accurate, as our actual results, performance or achievements could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on our forward-looking statements.

COMPLIANCE WITH NI 43-101

Unless otherwise indicated, Capstone Copper has prepared the technical information in this document («Technical Information») based on information contained in the technical reports, Annual Information Form and news releases (collectively the «Disclosure Documents») available under Capstone Copper's company profile on SEDAR+ at www.sedarplus.ca. Each Disclosure Document was prepared by or under the supervision of a qualified person (a «Qualified Person») as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators («NI 43-101»). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

Disclosure Documents include the National Instrument 43-101 compliant technical reports titled «NI 43-101 Technical Report on the Cozamin Mine, Zacatecas, Mexico» effective January 1, 2023, «NI 43-101 Technical Report on the Pinto Valley Mine, Arizona, USA» effective March 31, 2021, «Santo Domingo Project, Region III, Chile, NI 43-101 Technical Report» effective February 19, 2020, and «Mantos Blancos Mine NI 43-101 Technical Report Antofagasta / Región de Antofagasta, Chile» and «Mantoverde Mine and Mantoverde Development Project NI 43-101 Technical Report Chañaral / Región de Atacama, Chile», both effective November 29, 2021.

The disclosure of Scientific and Technical Information in this document was reviewed and approved by Clay Craig, P.Eng., Director, Mining & Strategic Planning (technical information related to Mineral Reserves at Pinto Valley and Cozamin), and Cashel Meagher, P.Geo., President and Chief Operating Officer (technical information related to project updates at Santo Domingo and Mineral Reserves and Resources at Mantos Blancos and Mantoverde) all Qualified Persons under NI 43-101.

Non-GAAP and Other Performance Measures

The Company uses certain performance measures in its analysis. These Non-GAAP performance measures are included in this document because these statistics are key performance measures that management uses to monitor performance, to assess how the Company is performing, and to plan and assess the overall effectiveness and efficiency of mining operations. These performance measures do not have a standard meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

Some of these performance measures are presented in Highlights and discussed further in other sections of the document. These measures provide meaningful supplemental information regarding operating results because they exclude certain significant items that are not considered indicative of future financial trends either by nature or amount. As a result, these items are excluded for management assessment of operational performance and preparation of annual budgets. These significant items may include, but are not limited to, restructuring and asset impairment charges, individually significant gains and losses from sales of assets, share based compensation, unrealized gains or losses, and certain items outside the control of management. These items may not be non-recurring. However, excluding these items from GAAP or Non-GAAP results allows for a consistent understanding of the Company's consolidated financial performance when performing a multi-period assessment including assessing

the likelihood of future results. Accordingly, these Non-GAAP financial measures may provide insight to investors and other external users of the Company's consolidated financial information.

C1 Cash Costs Per Payable Pound of Copper Produced

C1 cash costs per payable pound of copper produced is a measure reflective of operating costs per unit. C1 cash costs is calculated as cash production costs of metal produced net of by-product credits and is a key performance measure that management uses to monitor performance. Management uses this measure to assess how well the Company's producing mines are performing and to assess overall efficiency and effectiveness of the mining operations and assumes that realized by-product prices are consistent with those prevailing during the reporting period.

All-in Sustaining Costs Per Payable Pound of Copper Produced

All-in sustaining costs per payable pound of copper produced is an extension of the C1 cash costs measure discussed above and is also a non-GAAP key performance measure that management uses to monitor performance. Management uses this measure to analyze margins achieved on existing assets while sustaining and maintaining production at current levels. Consolidated All-in sustaining costs includes sustaining capital and corporate general and administrative costs.

Net debt / Net cash

Net debt / Net cash is a non-GAAP performance measure used by the Company to assess its financial position and is composed of Long-term debt (excluding deferred financing costs and purchase price accounting («PPA») fair value adjustments), Cost overrun facility from MMC, Cash and cash equivalents, Short-term investments, and excluding shareholder loans.

Attributable Net debt / Net cash

Attributable net debt / net cash is a non-GAAP performance measure used by the Company to assess its financial position and is calculated as net debt / net cash excluding amounts attributable to non-controlling interests.

Available Liquidity

Available liquidity is a non-GAAP performance measure used by the Company to assess its financial position and is composed of RCF credit capacity, the $520 million Mantoverde DP facility capacity, Cash and cash equivalents and Short-term investments. For clarity, Available liquidity does not include the Mantoverde $60 million cost overrun facility from MMC nor the $260 million undrawn portion of the Gold stream from Wheaton related to the Santo Domingo project as they are not available for general purposes.

Adjusted net income attributable to shareholders

Adjusted net income attributable to shareholders is a non-GAAP measure of Net (loss) income attributable to shareholders as reported, adjusted for certain types of transactions that in our judgment are not indicative of our normal operating activities or do not necessarily occur on a regular basis.

EBITDA

EBITDA is a non-GAAP measure of net (loss) income before net finance expense, tax expense, and depletion and amortization.

Adjusted EBITDA

Adjusted EBITDA is non-GAAP measure of EBITDA before the pre-tax effect of the adjustments made to net (loss) income (above) as well as certain other adjustments required under the RCF agreement in the determination of EBITDA for covenant calculation purposes.

The adjustments made to Adjusted net income attributable to shareholders and Adjusted EBITDA allow management and readers to analyze our results more clearly and understand the cash generating potential of the Company.

Sustaining Capital

Sustaining capital is expenditures to maintain existing operations and sustain production levels. A reconciliation of this non-GAAP measure to GAAP segment MPPE additions is included within the mine site sections of this document.

Expansionary Capital

Expansionary capital is expenditures to increase current or future production capacity, cash flow or earnings potential. A reconciliation of this non-GAAP measure to GAAP segment MPPE additions is included within the mine site sections of this document.

Realized copper price (per pound)

Realized price per pound is a non-GAAP ratio that is calculated using the non-GAAP measures of revenue on new shipments, revenue on prior shipments, and pricing and volume adjustments. Realized prices exclude the effects of the stream cash effects as well as TC/RCs. Management believes that measuring these prices enables investors to better understand performance based on the realized copper sales in the current and prior period.

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