CAPSTONE COPPER

MANAGEMENT'S DISCUSSION AND ANALYSIS

AND

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

For the Three Months Ended March 31, 2022

(Expressed in US Dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CAPSTONE COPPER CORP. FOR THE THREE MONTHS ENDED MARCH 31, 2022

Capstone Copper Corp. ("Capstone Copper" or the "Company" or "we") has prepared the following management's discussion and analysis (the "MD&A") as of May 12, 2022 and it should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and notes thereto for the three months ended March 31, 2022. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") and all dollar amounts presented are United States ("US") dollars unless otherwise stated. "C$" refers to Canadian dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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 and the impacts of the ongoing and evolving COVID-19 pandemic. 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 construction of the paste backfill and dry stack tailings plant at Cozamin, the success and timing of the Mantos Blancos Concentrator Debottlenecking Project**,** the timing and cost of the Mantoverde Development Project**,** the timing and results of the PV4 study, timing and success of the Jetti Technology, the successful execution of a port services agreement with Puerto Abierto S.A., the expected reduction in capital requirements for the Santo Domingo project, the timing and success of the Cobalt Study for Santo Domingo, the timing and results of the integrated plan for Mantoverde - Santo Domingo, the realization of Mineral Reserve estimates, the timing and amount of estimated future production, the costs of production and capital expenditures and reclamation, 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 and other current or future projects and expansions, environmental risks, unanticipated reclamation expenses and title disputes, the success of the synergies and catalysts related to the Transaction, and the anticipated future production, costs of production, including the cost of sulphuric acid and oil and other fuel, capital expenditures and reclamation of the Company's operations and development projects. The potential effects of the COVID-19 pandemic on our business and operations are unknown at this time, including Capstone Copper's ability to manage challenges and restrictions arising from COVID-19 in the communities in which Capstone Copper operates and our ability to continue to safely operate and to safely return our business to normal operations. The impact of COVID-19 to Capstone Copper 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 the disease, global economic uncertainties and outlook due to the disease, 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 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, 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 post divestiture, 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, aboriginal title claims and rights to consultation and accommodation, risks relating to widespread epidemics or pandemic outbreak including the COVID-19 pandemic; the impact of COVID-19 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 COVID-19 pandemic, impacts of 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 Mantos Blancos Concentrator Debottlenecking Project and 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.sedar.com. 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.

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Nature of Business

The accompanying condensed consolidated interim financial statements have been prepared as at March 31, 2022, after giving effect to the business combination of Capstone Mining Corp. ("Capstone Mining") and Mantos Copper (Bermuda) Ltd. ("Mantos"), which was completed on March 23, 2022 (the "Transaction"). Mantos is the legal acquirer of Capstone Mining, and after the Transaction, the combined entity changed its name to Capstone Copper Corp. The Company is listed on the Toronto Stock Exchange ("TSX").

Mantos was incorporated on August 15, 2015, and migrated to British Columbia, Canada on March 23, 2022 as part of the Transaction. Mantos (now Capstone Copper) has owned and operated two mines in Chile since 2015. The Mantos Blancos open-pit mine is located forty-five kilometers northeast of the city of Antofagasta and the 70%-owned Mantoverde open-pit mine is located fifty kilometers southeast of the town of Chañaral.

Since completion of the Transaction on March 23, 2022, Capstone Copper, through its wholly owned Capstone Mining subsidiary, also owns two mines in the US and Mexico. Pinto Valley Mining Corp. ("Pinto Valley"), a wholly owned US subsidiary, owns and operates the Pinto Valley mine located in Arizona, US. Capstone Gold, S.A. de C.V. ("Capstone Gold"), a wholly owned Mexican subsidiary, owns and operates the Cozamin Mine located in Zacatecas, Mexico, and has a portfolio of exploration properties in Mexico. Capstone Mining Chile SpA, a wholly owned Chilean subsidiary, is performing exploration for base metal deposits in Chile. Capstone Copper Corp. is an Americas-focused copper mining company headquartered in Vancouver, Canada.

On March 24, 2021, Capstone Mining consolidated a 100% ownership interest in 0908113 B.C. Ltd. ("Acquisition Co.") by purchasing the remaining 30% ownership interest from Korea Resources Corporation ("KORES"), resulting in the elimination of the non-controlling interest ("NCI") in Acquisition Co. Minera Santo Domingo SCM, a wholly owned Chilean subsidiary of Acquisition Co, holds the Santo Domingo copper-iron development project in Chile.

The Company continues to evaluate the potential impacts arising from COVID-19 on all aspects of its business. For the three months ended March 31, 2022 and 2021, there were no significant financial impacts on the Company.

Q1 2022 Highlights and Significant Items

Q1 2022 Financial and Operational Highlights

- **The Transaction to combine with Mantos to create Capstone Copper Corp. was completed on March 23, 2022.** The Transaction establishes Capstone Copper as a premier copper producer with a diversified portfolio of high-quality, long-life operating assets focused in the Americas with an extensive pipeline of near-term fully-permitted organic growth opportunities.
- **Net income of $35.1 million, or $0.08 per share. Adjusted net income[1] of $61.1 million or $0.14 per share for Q1 2022**, with the main reconciling item for Q1 2022 being $19.9 million of transaction and integration costs related to the Transaction. Operating results include nine days of earnings from operations of the Mantos Blancos and Mantoverde mines.
- **Adjusted EBITDA[1] of $123.4 million** compared to $118.7 million in Q1 2021.
- **Operating cash flow before changes in working capital[1] of $70.4 million** in Q1 2022 compared to $245.0 million in Q1 2021, which includes a $150 million precious metal stream deposit. The variance is related to increased operating cash flow of $21.5 million on copper sales and prices offset by transaction costs of $19.9 million and $22.9 million higher annual tax payment in Mexico related to 2021 income.
- The Company is in a **net cash position of $64.9 million** and total available liquidity[1] is $638.1 million. The balance sheet was further expanded with the acquisition of cash and debt on the Transaction. The net cash position of $64.9 million as at March 31, 2022 consists of cash and short term investments of $413.1 million netted against long term debt of $348.2 million.
- **Consolidated copper production of 22.5 thousand tonnes at C1 cash costs[1] of $2.31/lb** of copper produced for Q1 2022 which consisted of 14.4 thousand tonnes at Pinto Valley, 5.9 thousand tonnes at Cozamin and the balance for the Chilean mines for the nine day stub period. Mantos Blancos and Mantoverde contributed an additional $0.14 per pound to the consolidated C1 cash costs[1]; excluding the stub period reporting, Capstone Copper's consolidated C1 cash costs[1] were $2.17 per pound.
- **Mantos Blancos Concentrator Debottlenecking Project ("MB-CDP") ramp-up to 20,000 tonnes per day is progressing well.** Throughput averaged over 18,000 tonnes per day during the last week of April. The focus is on ramping up to name plate capacity, optimization, and achieving targeted recoveries in Q3 2022.
- **Mantoverde Development Project ("MVDP")** construction is progressing well with earthworks mostly completed and **major construction commenced in late March 2022**. Numerous marine cargo shipments of major plant equipment are now en-route to site. The total project capital budget is now estimated to be $825 million compared to previously $787 million. The increase relates to diesel prices impacting pre-stripping costs by $23 million plus additional contingency of $15 million. The majority of the capital costs are fixed due to the nature of the lump sum turn-key contract with Ausenco of $525 million and the purchase of major mining equipment was price fixed prior to the current inflationary environment for approximately $140 million.
- The **Mantoverde-Santo Domingo District Integration Plan** will outline the approach Capstone Copper is taking to maximize value creation (including synergies) across the district. The integration plan will outline the optimized flowsheet to create a world-class district which is targeted for early Q4 2022 ahead of the Chile analyst tour and Investor Day during the week of November 14th. The Company expects the integration plan to contribute to the feasibility studies for Santo Domingo (H1 2023), Mantoverde Phase II (H2 2023) and Mantoverde & Santo Domingo cobalt and oxides (H2 2023).
- **Financial Flexibility enhanced with amendment of Revolving Credit Facility ("RCF") to $500 million plus $100 million accordion.** Subsequent to quarter end, the RCF was amended and will become available after all the security is in place and other customary conditions are met, which is expected to occur before July 2022.

Mantos and Capstone Mining Transaction

On November 30, 2021, Capstone Mining announced it had entered into a definitive agreement (the "Agreement") with Mantos to combine, pursuant to a plan of arrangement.

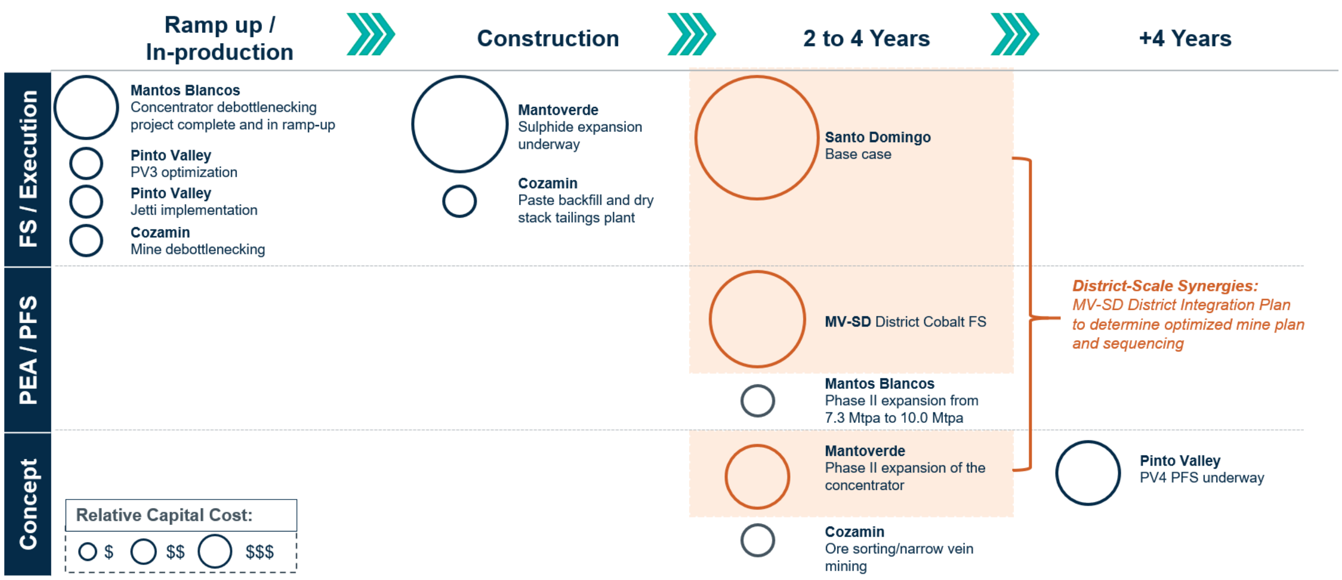
The Transaction was completed on March 23, 2022 and the combined company was renamed Capstone Copper Corp. Capstone Copper is headquartered in Vancouver, B.C. and listed on the TSX. Pursuant to the Agreement, each Capstone Mining shareholder received one newly issued Capstone Copper share per Capstone Mining share (the "Exchange Ratio") and the existing Mantos shareholders maintained their Capstone Copper shares. At completion of the Transaction, former Capstone Mining and Mantos shareholders collectively owned approximately 60.75% and 39.25% of Capstone Copper, respectively, on a fully-diluted basis. Refer to the business combination note in the condensed interim consolidated financial statements.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Following completion of the Transaction, Capstone Copper operates four mines, including two mines run by Mantos Copper in Chile since 2015: The Mantos Blancos (100% owned) open pit copper mine is located forty-five kilometers northeast of Antofagasta in the Antofagasta Region and produces copper concentrate and copper cathodes. The Mantoverde (70% owned) open pit mine is located fifty kilometers southeast of Chanaral, in the region of Atacama and produces copper cathodes. Mantoverde is the site of the MVDP sulphide expansion, currently in construction.

The new Capstone Copper has a broad portfolio of (largely permitted) brownfield projects located at our sites that facilitate disciplined capital allocation and a phased approach to growth.

Strong Project Pipeline with a Phased Approach to Growth



Mantoverde Development Project

Construction of the MVDP located at the existing Mantoverde (oxide) operation continues to progress well. The MVDP is expected to enable us to process 235 million tonnes of copper sulphide reserves over a 20-year expected mine life, in addition to our existing oxide reserves. The MVDP involves the addition of a sulphide concentrator (12.3 million tonnes per year) and tailings storage facility, and the expansion of our existing desalination plant.

We expect completion of the MVDP to increase production from approximately 49,000 tonnes of copper (cathodes only) in 2021 to approximately 120,000 tonnes of copper (copper concentrate and cathodes) post project completion in 2024. In parallel, C1 cash costs[1] are expected to decrease from $2.79/lb in 2021 to under $1.70/lb to $1.80/lb in 2024. The decline in expected costs will be driven by the mine's transition to becoming a primary producer of copper concentrate. The mine will also benefit from the production of approximately 31,000 ounces of gold per year that will generate by-product credits. Upon completion of MVDP, approximately 75% of Mantoverde's production will come from the lower-cost sulphide copper.

MVDP is being progressed under a lump-sum turn-key engineering, procurement and construction (EPC) arrangement with Ausenco Limited, a multi-national engineering, procurement and construction management company, with broad 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 the contractors during the execution phase.

[1] *These are alternative performance measures. Refer to the MD&A section entitled “Alternative Performance Measures”.*

As of April 30, 2022, the MVDP had achieved overall progress of 49% and construction progress of 14% and the schedule remains intact. The target for completion of construction remains late 2023. All contractors have been mobilized to site and all required permits are in place. Work completed in Q1 includes:

- Bulk earthworks for the Primary Crusher and Grinding Area Platforms
- Bypass water pipeline with the internal lining, trench excavation and pipeline installation in the trench
- Drilling for all pumping and monitoring wells at the tailings storage facility ("TSF") allowing for the commencement of the major TSF construction activities
- 13 Komatsu 830E haulage trucks have been received according to plan and are operating at mine site
- Construction camp complete and operational

The costs to date of the major equipment purchases, pre-stripping, owner's costs and the EPC lump sum turnkey are aligned with the budget. Close ongoing monitoring is being done to identify potential impacts due to an environment marked by COVID-19, stressed logistics chains and inflation in costs.

The total project capital budget is now estimated to be $825 million and spend to date totals $338 million. The EPC contract total budget is approximately $525 million of which $220 million has been spent to date. The total project costs have increased slightly from $787 million to $825 million due to diesel price impact on pre-stripping costs of $23 million plus additional contingency of $15 million. The majority of the capital costs are fixed due to the nature of the lump sum turn-key contract with Ausenco of $525 million or 67% of the original capital. Major mining equipment was price fixed prior to the current inflationary environment for approximately $140 million or 18% of the total original capital.

Mantos Blancos Concentrator Debottlenecking Project

The purpose of the MB-CDP is to increase throughput capacity at the sulphide concentrator plant from 11,000 tonnes per day ("tpd') to 20,000 tpd (or from 4.2 million tonnes per year to 7.3 million tonnes per year).

Construction of the MB-CDP was completed, and includes the modification of certain processes and the installation of new crushers, one new ball mill, four new rougher flotation cells and a new thickener. At quarter-end, the project commissioning is complete and the ramp-up of the project continued to progress. Throughput of the plant averaged over 18,000 tpd during the last week of April, representing over 90% of nameplate capacity.

Looking forward, the focus becomes sustaining throughput at targeted levels, and optimization of the circuit to achieve targeted recoveries in Q3 2022.

Upon completion of the MB-CDP, we expect Mantos Blancos production to increase from approximately 45,000 tonnes of copper in 2021 to approximately 53,000 tonnes of copper in 2023. In parallel, C1 cash costs[1] are anticipated to decrease from current guidance of $2.81/lb in 2021 to ~$2.00/lb in 2023 as an even greater share of Mantos Blancos' production is sourced from the lower cost copper concentrate production.

Mantos Blancos Phase II

Mantos Blancos is currently analyzing the potential to increase the throughput of the Mantos Blancos sulphide concentrator plant from 7.3 million tonnes per year to 10.0 million tonnes per year using the existing (currently unused/underutilized) ball mills and process equipment. As part of the Mantos Blancos Phase II Project we are also evaluating the potential to extend the life of copper cathode production. A pre-feasibility study on the Mantos Blancos Phase II Project will be completed in Q2 2022 which will be incorporated into a Feasibility Study in Q4 2022.

Santo Domingo

Upon closing of the Transaction, the Santo Domingo team has been integrated into the larger Capstone Copper team in Chile. The integrated project team is focused on identifying and evaluating the optimal integrated development plan for the Mantoverde-Santo Domingo district. The Mantoverde operation is located approximately ~30km southwest of the Santo Domingo project. The Company expects the integrated district plan to study alternatives and identify the best path forward to develop the copper (sulphides and oxides), gold, iron, and cobalt across both properties. An integrated development approach is likely to maximize potential synergies associated with the proximity of Santo Domingo to the existing Mantoverde operation, existing infrastructure (including a desalination plant, roads, power, and pipelines), and integration of other assets, such as the Santo Domingo port contract with Puerto Abierto S.A.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

The potential synergies the Company expects to be maximized through an optimal integrated district development plan include the following:

1. Infrastructure synergies (including desalination plant, power, pipelines, port)
2. Integrated mine and process approach
3. Construction and supply chain synergies
4. Cobalt and sulphuric acid enhancements
5. Enabling revenue lines for Mantoverde cobalt and magnetite
6. Using excess solvent extraction and electrowinning ("Sx-Ew") capacity

The revenue enhancing opportunities include using excess electrowinning capacity at Mantoverde to potentially process both Santo Domingo oxide material and additional low-grade sulphides enabled by Jetti catalytic leach technologies which Capstone Copper has been first to implement at Pinto Valley. In addition, the potential cobalt plant may unlock cobalt production from Mantoverde while producing a by-product of sulphuric acid which can then be used internally to further significantly lower operating costs on the leaching process at Mantoverde.

Cobalt feasibility study update:

The cobalt recovery process consists of a concentration step, an oxidation step, and a cobalt recovery step. The concentration step considers a conventional froth flotation circuit treating copper flotation tails to produce a cobaltiferous pyrite concentrate. For the base case, the pyrite concentrate, which contains between 0.5% and 0.7% Co, is oxidized in a fluidized bed roaster to produce a cobalt calcine and a concentrated sulphuric acid by-product. The calcine is then subjected to various precipitation, leaching, solvent extraction and crystallization steps to produce battery grade cobalt sulphate heptahydrate. At an expected 10.4 million pounds of cobalt production per year, this would be one of the largest and lowest cost cobalt producers in the world. Additional benefits of this project include the generation of carbon-free energy from waste heat emitted by the roaster, and the production of by-product sulphuric acid which can be used for heap or dump leaching to produce low-cost copper cathodes at Mantoverde and elsewhere in the district.

The prefeasibility study is also evaluating different flow sheet alternatives for Cobalt production in consideration of potential synergies between Mantoverde and Santo Domingo. Initial trade-off studies have confirmed the potential of acid pressure oxidation (POX) as a potentially lower cost alternative to roasting. The Company is developing both options in parallel to gain maturity and provide a robust recommendation on the path forward in Q4 2022.

Along the same timeline (Q4 2022) we intend to release an updated cobalt resource for Santo Domingo, as well as an initial cobalt resource for Mantoverde.

Oxide drilling program

Santo Domingo contains oxide ore that could be processed with available capacity of the electrowinning plant at Mantoverde for cathode production. During Q1 2022, the company developed a preliminary business case and started an exploratory metallurgical program scheduled to be completed in Q3 2022 which will improve the understanding of copper solubility and acid consumption. Subject to positive metallurgical results the company is planning to complete a subsequent oxide drilling program starting in late 2022 to delineate an oxide mineral resource. Ultimately, this work will feed into a further updated Santo Domingo FS in late-2023.

PV4 Study

During the quarter, work progressed on the pre-feasibility study ("PFS") for PV4 which aims to maximize the conversion of approximately one billion tonnes of mineral resources to mineral reserves, significantly extending Pinto Valley's mine life and increasing the mine's copper production profile. The PV4 study is focused on modest expansion of existing mill throughput to range of 65,000 to 70,000 tpd with an extended life of mine. The PV4 study is expected to be released in H1 2023. The application of the following new technologies and innovation is being considered:

- Expansion of the use of Jetti catalytic leach technology which has the potential to increase mill cut-off-grades and increase tonnage available for leaching. Column leach and test heap work are ongoing and the results

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

will be included in the PV4 Study. An expanded dump leach strategy would translate to higher grades sent to the mill for processing and increased copper cathode production by expanding dump leach tonnage.

- Pyrite Agglomeration, with strong positive environmental, social and governance ("ESG") implications as it would divert acid-generating minerals including pyrite and chalcopyrite from tailings to the dump leach operation. Additional copper recovery and lower costs via production of sulphuric acid would be key economic drivers for this project.

Corporate Exploration Update

Cozamin exploration: The focus during Q1 2022 was on testing the Mala Noche Footwall Zone and Mala Noche Main Vein West Target with one surface rig and one underground rig from the recently completed west exploration crosscut station.

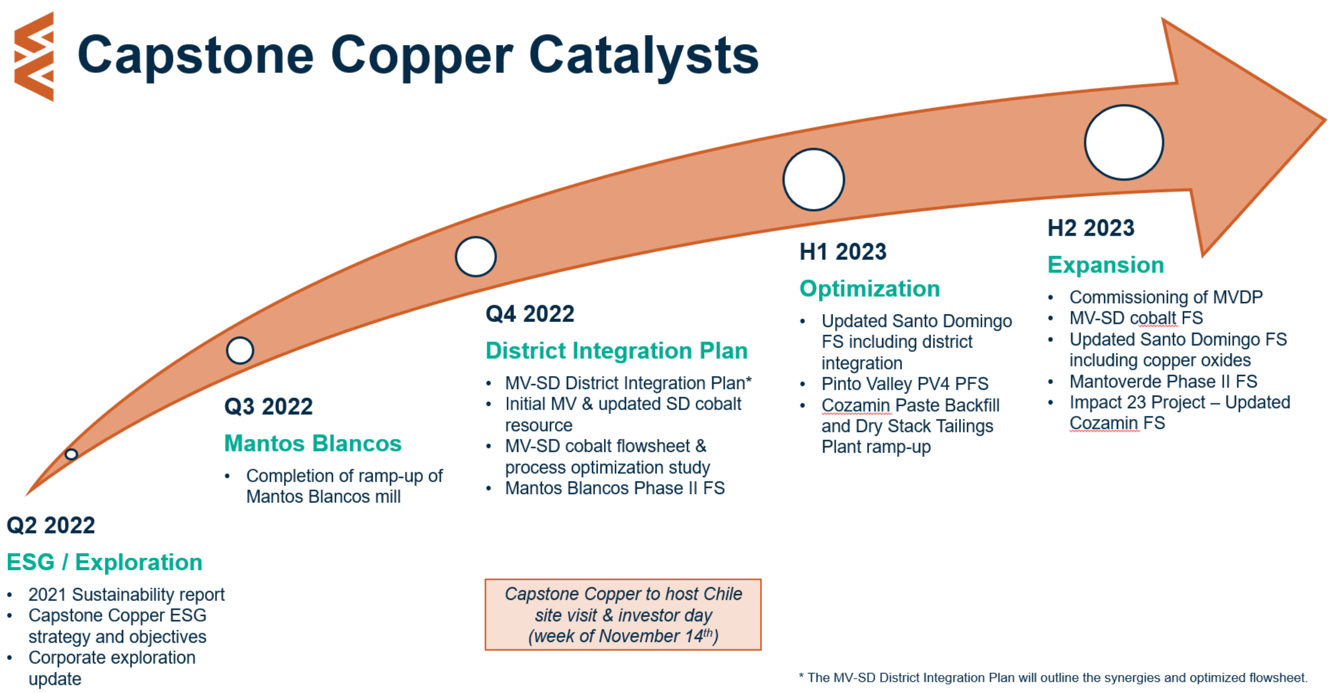
Copper Cities, Arizona: On January 20, 2022, Capstone Mining announced that it had entered into an 18-month access agreement with BHP Copper Inc. ("BHP") to conduct drill and metallurgical test-work at BHP's Copper Cities project ("Copper Cities"), located ~10 km east of the Pinto Valley Mine. In 2022, Capstone Copper plans to spend $6.7 million in a two-phase drill program aimed at twinning historical drill holes, and to select a portion of these for metallurgical testing. Drilling with two surface rigs is on-going.

Planalto, Brazil: Step-out drilling at the Planalto Iron Ore-Copper-Gold prospect in Brazil, under an earn-in agreement with Lara Exploration Ltd., commenced in Q4 2021 and continued in Q1 2022. Lara is conducting the work and will report results when appropriate.

Capstone Copper Catalysts

The following chart highlights key catalysts and deliverables for Capstone Copper. During the planned analyst tour in November, the Company plans to release the following key items:

- District Integration plan
- Cobalt - Initial Mantoverde resource and updated Santo Domingo resource
- Cobalt flow sheet recommendation
- Mantos Blancos Phase II feasibility study



[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Capstone Copper 9 Month Guidance (April to December 2022)

During the nine months from April 1, 2022 to December 31, 2022, Capstone Copper expects to produce between 136,000 and 150,000 tonnes of copper at C1 cash costs[1] of between $2.55 and $2.70 per pound payable copper produced.

	April 1 – December 31, 2022 Copper Production ('000s tonnes)	C1 Cash Costs[1] (US$ per payable lb Cu Produced)
Sulphides Business		
Pinto Valley	41.0 – 45.0	$2.45 – $2.60
Cozamin	18.0 – 20.0	$1.10 – $1.25
Mantos Blancos	32.0 – 35.0	$1.95 – $2.10
Total Sulphides	**91.0 – 100.0**	**$2.00 – $2.15**
Cathode Business		
Mantos Blancos	10.0 – 11.0	$3.45 – $3.60
Mantoverde*	35.0 – 39.0	$3.60 – $3.80
Total Cathodes	**45.0 – 50.0**	**$3.55 – $3.75**
Consolidated Cu Production	**136.0 – 150.0**	**$2.55 – $2.70**

*Mantoverde production shown on a 100% basis

The updated C1 cash costs[1] guidance reflects the current inflationary environment and current spot pricing in the sulphuric acid market for the Chilean mines. In 2022, we have assumed sulphuric acid prices of $280/tonne which compares to $180/tonne in the Mantoverde and Mantos Blancos technical reports, which increases C1 cash costs[1] by approximately ~$0.22/lb on a consolidated basis. The purchase price for approximately 65% of required sulphuric acid for the balance of 2022 has been fixed with suppliers.

For the nine month period April 1, 2022 to December 31, 2022, expected sulphuric acid consumption at Mantoverde and Mantos Blancos is ~540,000 tonnes and ~140,000 tonnes respectively (680,000 tonnes total). The impact of a ~$100/tonne price increase is $68 million dollars or $0.22/lb consolidated. The impact to cash costs at Mantoverde are $0.70/lb and at Mantos Blancos either $0.15/lb overall or $0.66/lb on cathode cash costs, respectively. In addition, Mantoverde and Mantos Blancos are experiencing general cost inflation, most notably increased diesel prices.

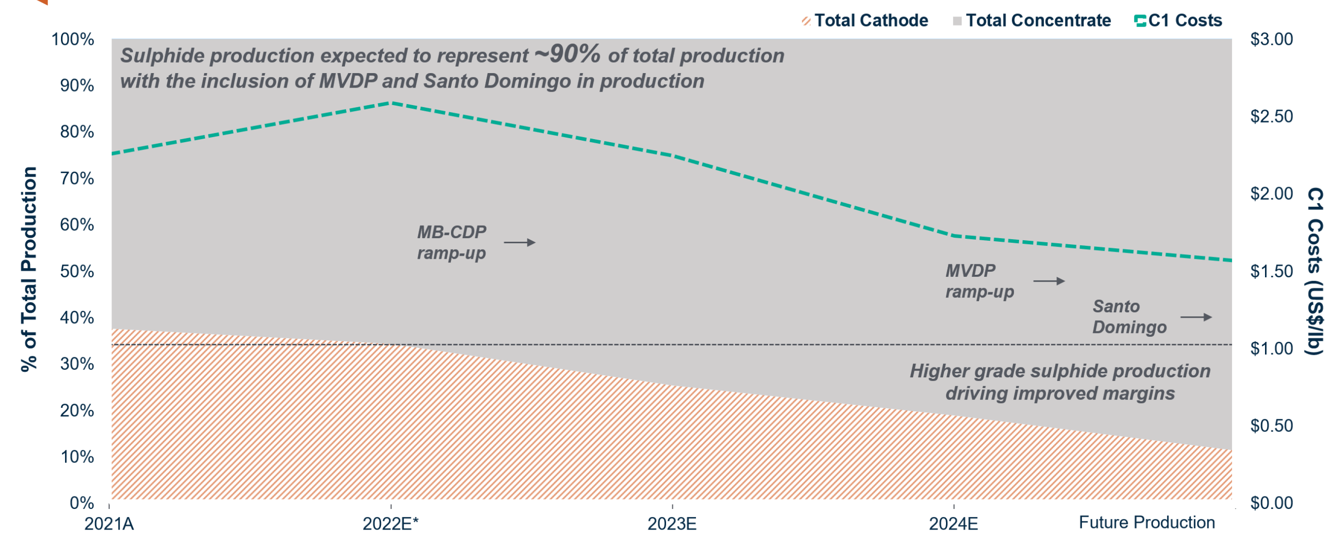
Although sulphuric acid is a significant input cost to our oxide (cathode) business unit, over time, sulphide production is expected to increase with the ramp up of MB-CDP and the completion of the sulphide concentrator at Mantoverde making consolidated C1 cash costs[1] less exposed to changes in acid prices in the future. Expected 2022 cathode production is ~33% of total copper production. Cathode production is expected to be only ~18% of total copper production in 2024 and is expected to further decline to under 6% with future production contribution from Santo Domingo.

Pinto Valley C1 cash costs[1] are expected to be higher than previous guidance in January 2022, primarily due to general observed cost inflation.

Planned maintenance at Pinto Valley and the ramp up of MB-CDP in the second quarter are expected to result in lower production in Q2 2022 compared to following quarters with corresponding drop in C1 cash costs[1] post Q2 2022.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Improving Asset Quality Across the Portfolio



Building resilient operations with higher grade and higher margin sulphide production

* 2022E figures include full 12-months of results from all mines on an illustrative basis (Mantos acquired for IFRS reporting Mar 23, 2022 and this does not consolidate 90 days of MB or MV mines). Note: Mantoverde production shown on a 100% basis

Capital and Exploration guidance is as follows:

	Pinto Valley	Mantos Blancos	Mantoverde (100% basis)	Cozamin	Santo Domingo	Total
Capital Expenditure ($ millions)						
Sustaining capital[1]	65	20	20	25	—	130
Capitalized stripping	5	55	65	—	—	125
Expansionary capital[1]	15	20	265	25	40	365
Total Capital Expenditure	85	95	350	50	40	620
Exploration ($ millions)						
Brownfield (Cozamin and Chile)	—	1	1	2	2	6
Greenfield (Brazil and Chile)	—	—	—	—	—	2
Greenfield (Copper Cities, Arizona)	7	—	—	—	—	7
Total Exploration	7	1	1	2	2	15

Capital guidance reflects the Capstone Copper portfolio including spending on MVDP. Pinto Valley sustaining capital guidance includes one-off items totaling $24 million related to tailings and water management. Expansionary capital at Pinto Valley includes upgrades to mill motors and grinding circuit cyclones for two of the six grinding lines while Cozamin expansionary capital includes expenditures on the paste backfill and dry stack tailings plant.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Key assumptions included in the 2022 guidance are $280/tonne sulphuric acid prices, $100 per barrel WTI oil price, $24/oz silver prices and 20:1 Mexican Peso to US dollar foreign exchange rate and 800 Chilean Peso to US Dollar foreign exchange rate.

Management Additions

In April 2022, Peter Amelunxen joined Capstone Copper as VP, Technical Services. He will be focused on plant optimizations across the portfolio in addition to advancing various key technical reports or studies for the company including the following: Mantoverde - Santo Domingo Integrated Development Plan (including synergies and optimized flowsheet changes), Cobalt feasibility, and PV4. Peter is a Professional Engineer with 25 years of operational and senior management experience. Most recently, he was VP, Technical Services at Hudbay Minerals. In addition, Peter was a consultant with Amnipro for 10 years, providing his technical expertise to numerous mines across the globe.

Operational Overview

	Q1 2022	Q1 2021
Copper production (000s tonnes)		
Pinto Valley	**14.4**	16.5
Cozamin	**5.9**	5.2
Total[2]	**22.5**	21.7
Copper sales[2]		
Copper sold (000s tonnes)	**25.5**	22.3
Realized copper price ($/pound)	**4.78**	4.12
C1 cash costs[1] **($/pound) produced**		
Pinto Valley	**2.60**	1.94
Cozamin	**1.12**	0.91
Consolidated[2]	**2.31**	1.70

[2] *Includes nine days of Mantos mines production, sales and costs.*

Consolidated

Q1 2022 consolidated production of 22.5 thousand tonnes of copper is higher than the 21.7 thousand tonnes in Q1 2021 and primarily relates to addition of nine-day production at the Mantos Blancos and Mantoverde mines.

The main driver for the $0.61/lb increase in C1 cash costs[1] in Q1 2022, compared to Q1 2021, is higher unit costs at Pinto Valley plus the inclusion of the Mantos Blancos and Mantoverde mines which impacted consolidated C1 cash costs[1] by $0.14/lb. Prior to the inclusion of the Mantos Blancos and Mantoverde results for the stub period, the Capstone Mining results would have been $2.17/lb. C1 cash costs[1] increased from $1.70 to $2.17/lb due to $0.12/lb on lower production of 1.4 thousand tonnes, $0.09/lb on higher TCRC's, $0.05 on lower by-product revenue and stockpile drawdown and balance of $0.20/lb due to inflationary pressures.

Pinto Valley Mine

Q1 2022 production decreased by 13% compared to the same period last year due to 11% lower head grades for Q1 2022 (0.32% versus 0.36% in Q1 2021) due to mine sequencing and lower recoveries (82.3% versus 85.7% in Q1 2021) offset partially by higher mill throughput (58,412 tpd in Q1 2022 versus 58,095 tpd in Q1 2021).

An increase in Q1 2022 C1 cash costs[1] of $0.66/lb was primarily attributable to lower production ($0.30/lb), higher operating costs related to an inflation price increase on diesel, power, grinding media; increased spend on rental equipment, mining equipment tools, contractors and dust suppression ($0.22/lb) and an increase in treatment and refining rates in 2022 ($0.09/lb).

Cozamin Mine

Q1 2022 production increased by 15% compared to the same period last year mainly due to higher mill throughput (3,704 tpd versus 3,345 tpd in Q1 2021) and head grades (1.84% versus 1.79% in Q1 2021). Recoveries were comparable quarter over quarter.

C1 cash costs[1] in Q1 2022 were higher than the same period last year due to planned higher mechanical part spend in order to increase underground equipment availability and reliability and some inflationary pressures on steel and explosives ($0.13/lb), lower zinc by-product credits due to planned lower zinc production ($0.06/lb) and higher treatment and refining costs ($0.03/lb), partially offset by higher copper production (-$0.06/lb).

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Financial Overview

($ millions, except per share data)	Q1 2022	Q1 2021
Revenue	**268.1**	204.1
Net income	**35.1**	127.0
Net income attributable to shareholders	**34.0**	101.0
Net income attributable to shareholders per common share - basic ($)	***0.08***	*0.25*
Net income attributable to shareholders per common share - diluted ($)	***0.08***	*0.24*
Adjusted net income[1]	**61.1**	64.4
Adjusted net income attributable to shareholders[1]	**61.4**	64.9
Adjusted net income attributable to shareholders per common share - basic	***0.14***	*0.16*
Adjusted net income attributable to shareholders per common share - diluted	***0.14***	*0.16*
Adjusted EBITDA[1]	**123.4**	118.7
Cash flow from operating activities[2]	**(7.8)**	220.3
Cash flow (used in) from operating activities per common share[1] - basic ($)	***(0.02)***	*0.55*
Operating cash flow before changes in working capital[1,2]	**70.4**	245.0
Operating cash flow before changes in working capital per common share[1] – basic ($)	***0.16***	*0.61*

[2] 2021 includes $150.0 million proceeds from silver stream.

($ millions)	March 31, 2022	December 31, 2021
Total assets	**5,524.6**	1,728.0
Long term debt (excluding financing fees)	**348.2**	—
Total non-current financial liabilities	**387.1**	38.4
Total non-current liabilities	**1,554.1**	481.3
Cash and cash equivalents and short-term investments	**413.1**	264.4
Net cash[1]	**64.9**	264.4

[1] These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

Selected Quarterly Financial Information

($ millions, except per share data)	**Q1 2022(i)**	**Q4 2021(ii)**	**Q3 2021**	**Q2 2021(iii)**	**Q1 2021(iv)**	**Q4 2020(v)**	**Q3 2020**	**Q2 2020(vi)**
Revenue	**268.1**	215.9	165.4	209.4	204.1	148.1	130.5	104.7
Earnings from mining operations	**106.0**	102.5	62.8	102.8	92.5	57.2	28.6	16.3
Net income attributable to shareholders	**34.0**	41.4	35.0	49.4	101.0	27.6	2.4	4.3
Net income per share attributable to shareholders - basic	**0.08**	0.10	0.09	0.12	0.25	0.07	0.01	0.01
Net income per share attributable to shareholders - diluted	**0.08**	0.10	0.08	0.12	0.24	0.07	0.01	0.01
Operating cash flow before changes in non-cash working capital[1]	**70.4**	104.9	67.1	140.4	244.5	65.3	44.9	24.0
Capital expenditures (including capitalized stripping)	**102.5**	42.2	36.0	50.4	28.4	31.2	32.2	19.3

(i) *Net income in Q1 2022 includes $20 million of share unit expense and $19.9 million of transaction and integration costs as a result of the Mantos Transaction.*
(ii) *Net income in Q4 2021 includes $27 million of share unit expense.*
(iii) *Net income in Q2 2021 includes $19 million of share unit expense.*
(iv) *Net income in Q1 2021 includes $92 million of impairment reversal on mineral properties as well as $27 million of share unit expense.*
(v) *Net income in Q4 2020 includes $16 million of share unit expense.*
(vi) *Earnings from mining operations and Net income in Q2 2020 includes $14 million of positive non-cash provisional pricing adjustments and $8 million in reversals of inventory write-downs.*

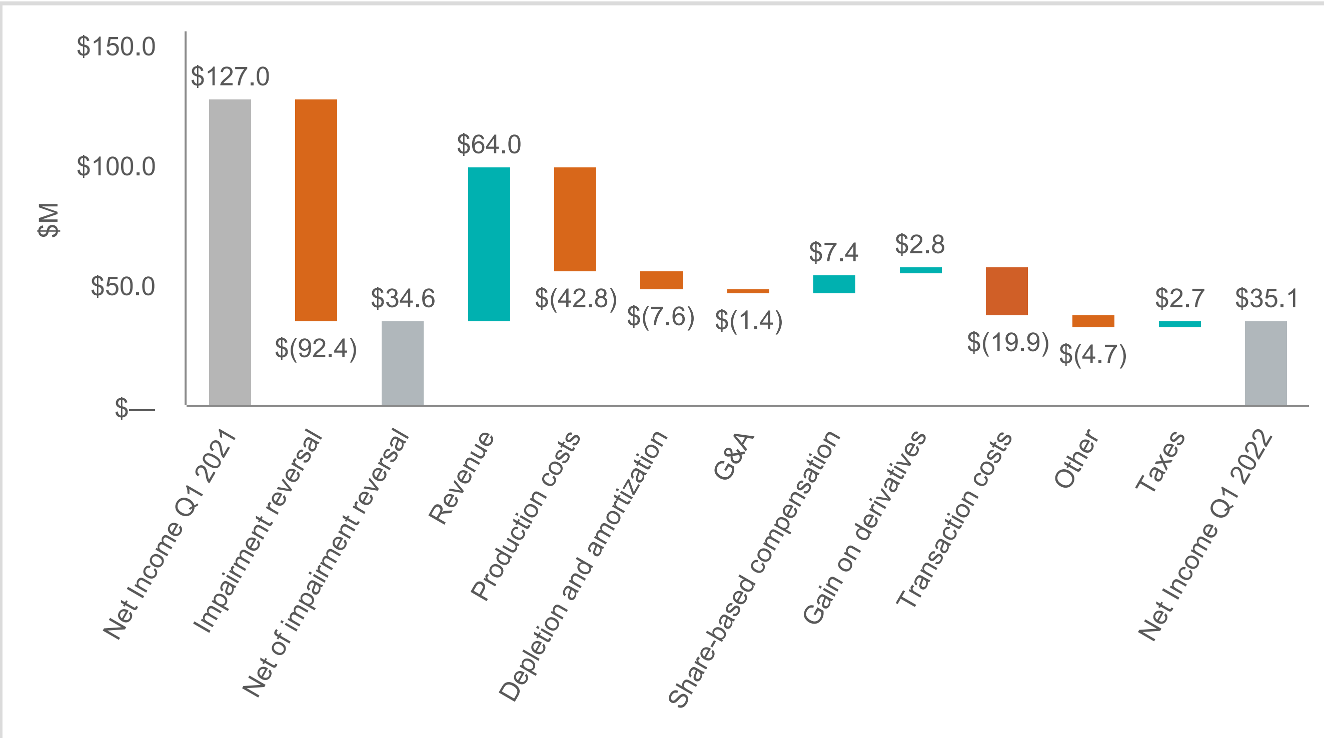
[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Consolidated Results

Consolidated Net Income Analysis

Net Income for the Three Months Ended March 31, 2022 and 2021

The Company recorded net income of $35.1 million for the three months ended March 31, 2022 compared with net income of $127.0 million in Q1 2021. The major differences are outlined below:



The difference year-over-year was driven by:

- Revenue: $64.0 million or 31% increase driven by higher realized copper prices (Q1 2022 - $4.78 per pound, Q1 2021 - $4.12 per pound) and higher copper volumes sold due to addition of Mantos Blancos and Mantoverde for nine days (Q1 2022 – 25.5 thousand tonnes, Q1 2021 – 22.3 thousand tonnes), of which 4.4 thousand tonnes was due to the Chilean mines.
- Production costs: $42.8 million increase primarily driven by inclusion of Mantos mines:
  - Pinto Valley recorded $10.4 million higher production costs in Q1 2022 compared to Q1 2021 as a result of higher costs driven by inflationary impact on supplies and diesel and additional spend on rental equipment and contractors.
  - Cozamin recorded $2.4 million higher production costs in Q1 2022 compared to Q1 2021 as a result of higher copper volumes sold (Q1 2022 – 5.6 thousand tonnes, Q1 2021 – 4.8 thousand tonnes). Cozamin has not yet experienced the inflationary impact on operating costs.
  - In addition, the production costs included nine days of Mantos Blancos ($8.9 million) and Mantoverde ($20.7 million).
- Depletion and amortization: $7.6 million increase primarily due to the increase in copper volumes sold at Cozamin and higher costs and capital additions at Pinto Valley.
- Impairment reversal of $92.4 million on mineral properties related to Santo Domingo recorded during Q1 2021.
- Share-based compensation: $7.4 million decrease primarily due to the share unit settlement during Q1 2022 resulting in lower share units outstanding. In addition, there was less share price volatility in Q1 2022 ($5.58 opening price to $7.07 closing price as at March 31, 2022 vs. $2.38 opening price to $4.14 closing price as at March 31, 2021).
- Gain on derivatives: $2.8 million gain primarily due to the unrealized gain on Mantoverde's derivative contracts portfolio for the stub period (interest rates, copper hedges, and foreign currency), partially offset by the realized loss on project financing related copper hedges.
- Transaction costs: $19.9 million increase primarily due to the transaction and integration costs incurred as a result of the Transaction.

Revenue

Revenue increased quarter-on-quarter ($268.1 million versus $204.1 million in Q1 2021) due to a higher realized copper price ($4.78 per pound versus $4.12 per pound in Q1 2021) and 3.2 thousand tonnes higher copper volumes sold (25.5 thousand tonnes versus 22.3 thousand tonnes in Q1 2021). Total silver revenue decreased as Q1 2021 deferred revenue was higher as a result of the retroactive delivery to WPM, despite higher ounces sold (418,588 oz versus 359,019 oz in Q1 2021), and partially offset by decreased silver prices (average market prices $24/oz versus $26/oz in Q1 2021).

Realized Copper Prices

($/pound)	2022	2021			
	Q1	Q1	Q2	Q3	Q4
Pinto Valley	4.81	4.15	4.85	4.10	4.66
Cozamin	4.75	4.02	4.62	4.24	4.48
Consolidated[2]	4.78	4.12	4.78	4.15	4.61
LME Average	4.53	3.86	4.40	4.25	4.40
LME Close	4.69	4.01	4.26	4.10	4.40

[2] *Includes nine days of Mantos mines' sales.*

The realized copper price in Q1 2022 of $4.78 per pound was higher than the LME average of $4.53 per pound due to 15.1 thousand tonnes of copper priced at an average of $4.41 per pound at December 31, 2021, which final settled or second provisionally invoiced at higher average prices during Q1 2022 providing $3.6 million, and by 16.7 thousand tonnes of copper provisionally priced at an average of $4.70 per pound at March 31, 2022, which was higher than Q1 2022 average prices.

Revenue by Mine

($ millions)	Q1 2022[3]		Q1 2021[3]	
Pinto Valley	**157.8**	**58.9 %**	154.2	75.6 %
Mantos Blancos	**17.3**	**6.4 %**	—	—
Mantoverde	**27.8**	**10.4 %**	—	—
Cozamin	**65.2**	**24.3 %**	49.9	24.4 %
Total revenue	**268.1**	**100.0 %**	204.1	100.0 %

[3] *The current and subsequent periods may include final settlement quantity and/or price adjustments from prior shipments.*

Provisionally Priced Copper

Gross revenue for the three months ended March 31, 2022 includes 32.3 thousand tonnes of copper sold subject to final settlement. Of this, the prices for 15.6 thousand tonnes are final at a weighted average price of $4.62 per pound. The remaining 16.7 thousand tonnes are subject to price change upon final settlement at the end of the applicable quotational period, as follows:

						($/pound)
Quotational Period	**Pinto Valley**	**Mantos Blancos**	**Mantoverde**	**Cozamin**	**Total**	**Provisional Price**
Apr-22	2.3	—	—	1.8	4.1	4.70
May-22	2.3	—	1.9	—	4.2	4.71
Jun-22	2.1	1.4	0.3	1.8	5.6	4.71
Aug-22	2.8	—	—	—	2.8	4.70
Total	9.5	1.4	2.2	3.6	16.7	4.70

Reconciliation of Realized Copper Price

($ millions, except as noted)	Q1 2022	Q1 2021
Gross copper revenue		
Gross copper revenue on new shipments	**259.3**	201.3
Gross copper revenue on prior shipments	**3.6**	6.4
Provisional pricing changes to copper revenue	**5.8**	(5.0)
Gross copper revenue	**268.7**	202.7
Gross copper revenue on new shipments ($/pound)	**4.61**	4.09
Gross copper revenue on prior shipments ($/pound)	**0.07**	0.13
Provisional pricing changes to copper revenue ($/pound)	**0.10**	(0.10)
Realized copper price ($/pound)	**4.78**	4.12
Gross copper revenue - reconciliation to financials		
Gross copper revenue	**268.7**	202.7
Revenue from other metals	**13.0**	13.9
Treatment and selling	**(13.6)**	(12.5)
Revenue per financials	**268.1**	204.1
Payable copper sold (tonnes)	**25,508**	22,301
LME average copper price ($)	**4.53**	3.86

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Consolidated Cash Flow Analysis[2]

($ millions)	Q1 2022	Q1 2021
Operating cash flow before changes in working capital[1]	**70.4**	245.0
Changes in non-cash working capital	**(84.8)**	(24.2)
Other non-cash changes	**6.6**	(0.5)
Total cash flow (used in) from operating activities	**(7.8)**	220.3
Total cash flow from (used in) investing activities	**164.8**	(47.4)
Total cash flow used in financing activities	**(8.8)**	(187.9)
Effect of foreign exchange rates on cash and cash equivalents	**0.6**	—
Net change in cash and cash equivalents	**148.8**	(15.0)
Opening cash and cash equivalents	**262.1**	56.6
Closing cash and cash equivalents	**410.9**	41.6

[2] *Includes nine days of Mantos group operating, investing and financing activity.*

Changes in Cash Flows for the Three Months Ended March 31, 2022 and 2021

The net change in cash was $148.8 million in Q1 2022 compared to $(15.0) million in Q1 2021. The change was primarily due to:

- Operating cash flow before changes in working capital[1] was lower by $(174.6) million mainly due to $150.0 million proceeds received in Q1 2021 under a Silver Stream Agreement. Revenue less production costs were higher in Q1 2022 versus Q1 2021 by $21.5 million (Q1 2022 revenue of $268.1 million less production costs of $127.1 million compared to Q1 2021 revenue of $204.1 million less production costs of $84.6 million). The increase in revenue was due to higher realized copper prices and higher copper production and sales. The increase in operating margins was offset by $19.9 million of costs to close the Transaction. In addition, Cozamin paid $22.9 million higher tax payment in Q1 2022 related to prior year income.
- Changes in non-cash working capital was lower by $60.6 million primarily due to a decrease in accounts payable driven by $30.4 million higher share-based compensation payments in Q1 2022 versus Q1 2021, accrued and other liabilities and an increase in other assets and prepaids.
- Cash flows from investing activities were $212.2 million higher in Q1 2022 mainly due to the $219.2 million cash balances acquired as part of the Transaction;
- Cash flows used in financing activities were $179.1 million lower in Q1 2022 primarily due to $184.9 million of net repayments on the Revolving Credit Facility ("RCF") in Q1 2021.

Operational Results

Pinto Valley Mine – Miami, Arizona

Operating Statistics

	2022	2021				
	Q1	Q1	Q2	Q3	Q4	Total
Production (contained)[2]						
Copper in Concentrate (tonnes)	13,716	15,988	12,899	13,192	16,196	58,275
Cathode (tonnes)	636	527	497	538	622	2,184
Total Copper (tonnes)	14,352	16,515	13,396	13,730	16,818	60,459
Mining						
Waste (000s tonnes)	5,572	7,169	7,144	6,115	5,411	25,839
Ore (000s tonnes)	6,074	5,569	4,393	5,545	6,560	22,067
Total (000s tonnes)	11,646	12,738	11,537	11,660	11,971	47,906
Strip Ratio (Waste:Ore)	0.92	1.29	1.63	1.10	0.82	1.17
Processing						
Throughput (000s tonnes)	5,257	5,229	4,474	4,517	5,380	19,601
Tonnes per day	58,412	58,095	49,170	49,100	58,481	53,700
Grade (%)[3]	0.32	0.36	0.33	0.33	0.37	0.35
Recoveries (%)[3]	82.3	85.6	88.6	88.0	81.8	85.7
Property costs[1] ($/t milled)	12.21	10.92	13.23	13.76	11.14	12.16
Payable copper produced (tonnes)	13,872	15,956	12,945	13,268	16,250	58,419
Copper C1 cash cost[1] ($/pound payable copper produced)	2.60	1.94	2.33	2.44	2.00	2.16
Adjusted EBITDA[1] ($ millions)	71.1	88.3	82.5	35.9	74.3	281.0

[2] *Adjustments based on final settlements will be made in future quarters*
[3] *Grade and recoveries were estimated based on concentrate production and may be impacted by settlements from prior production periods.*

Operational and C1 Cash Costs[1] Update

Q1 2022 production was 13% lower than the same period last year primarily attributed to 11% lower grades (Q1 2022 – 0.32% versus Q1 2021 – 0.36%) and lower recoveries partially offset by higher mill throughput (58,412 tpd in Q1 2022 versus 58,095 tpd in Q1 2021). Pinto Valley has now demonstrated the ability to operate at 58,000 tpd post completion of PV3 optimization work in 2021. The lower grade versus the same period last year is a function of the mining sequence, the grade will improve slightly over the remainder of the year.

Q1 2022 C1 cash costs[1] of $2.60/lb were $0.66/lb higher compared to the same period last year of $1.94/lb primarily due to decreased payable copper production ($0.30/lb), increased operating costs due to inflationary pressures on diesel, power, grinding media; and higher spend on rental equipment, mining equipment tools, contractors and dust suppression ($0.22/lb) and an increase in treatment and refining costs ($0.09/lb). Pinto Valley is not immune to the global inflationary pressures with respect to input costs.

Investing Activities

Sustaining capital[1] in Q1 2022 of $12.4 million was spent primarily on mining equipment component replacements, mine drill replacements, mill infrastructure, peak well water drilling, tailings and environmental projects, including pond containment for contaminated storm water, mill water overflows and pipe leaks and mill feed wet scrubbers. Expansionary capital[1] in Q1 2022 of $2.9 million primarily related to the PV4 studies, peak well booster and tailings thickener pumping upgrade. Deferred stripping was consistent quarter over quarter.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

($ millions)	Q1 2022	Q1 2021
Deferred stripping - cash	**1.8**	2.0
Deferred stripping - non cash	**0.6**	0.6
Deferred stripping (per financials)	**2.4**	2.6
Sustaining capital[1]	**12.4**	4.9
Expansionary capital[1]	**2.9**	1.8
Right of use assets - non cash	**—**	6.1
Pinto Valley segment mineral property, plant and equipment ("MPPE") additions (per financials)	**17.7**	15.4

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Cozamin Mine – Zacatecas, Mexico

Operating Statistics

	2022	2020				
	Q1	Q1	Q2	Q3	Q4	Total
Production (contained)[2]						
Copper (tonnes)	5,921	5,166	6,250	6,420	6,582	24,418
Silver (000s ounces)	371	343	364	398	426	1,531
Zinc (000s pounds)	798	2,715	1,885	710	928	6,238
Mining						
Ore (000s tonnes)	342	328	332	345	353	1,358
Processing						
Milled (000s tonnes)	333	301	348	355	355	1,359
Tonnes per day	3,704	3,345	3,828	3,854	3,863	3,724
Copper						
Grade (%)[3]	1.84	1.79	1.86	1.87	1.92	1.86
Recoveries (%)	96.6	96.0	96.3	96.7	96.6	96.4
Silver						
Grade (%)[3]	41.9	43.8	39.6	41.8	45.1	42.5
Recoveries (%)	82.6	80.9	82.1	83.6	82.7	82.4
Zinc						
Grade (%)[3]	0.43	0.84	0.53	0.45	0.48	0.56
Recoveries (%)	25.4	48.6	46.7	20.3	24.7	37.0
Property costs[1] ($/t milled)	48.20	46.27	41.65	44.10	43.79	43.87
Payable copper produced (tonnes)	5,690	4,957	6,002	6,169	6,325	23,453
Copper C1 cash cost[1] ($/pound payable copper produced)	1.12	0.91	1.00	0.93	0.99	0.96
Adjusted EBITDA[1] ($ millions)	44.7	34.7	50.0	41.2	45.8	171.7

[2] *Adjustments based on final settlements will be made in the future quarters.*
[3] *Grade and recoveries were estimated based on concentrate production and may be impacted by settlements from prior production periods.*

Operational and C1 Cash Costs[1] Update

Q1 2022 production was 15% higher than the same period last year and attributed to the higher mining rates related to the commissioning of the Calicanto ramp in Q2 2021 (3,704 in Q1 2022 versus 3,345 in Q1 2021), higher grades (Q1 2022 – 1.84% versus Q1 2021 – 1.79%).

Q1 2022 C1 cash costs[1] was higher than the same period last year primarily due to an inflation price increase in steel (grinding media), explosives and insurance premiums, planned higher spend on mechanical parts to increase equipment availability and reliability ($0.13/lb), lower zinc by-product credits due to planned lower zinc production ($0.06/lb) and higher treatment and refining costs ($0.03/lb), partially offset by higher copper production (-$0.06/lb).

Investing Activities

Sustaining capital[1] and expansionary capital[1] spending at Cozamin totaled $18.2 million for Q1 2022. Sustaining capital[1] was related to mine development and mine equipment. Capital spending included $9.8 million of expansionary capital[1] on the filtered (dry stack) tailings and pastefill facility. Total project costs to date are $23.2 million. The plant is expected to be ramping up in H1 2023.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Capitalized exploration expenditures totaled $0.9 million for Q1 2022. This was spent primarily on testing the Mala Noche Footwall Zone and Mala Noche Main Vein West Target with one surface rig and one underground rig from the recently completed west exploration crosscut station.

($ millions)	**Q1 2022**	**Q1 2021**
Sustaining capital[1]	**8.4**	4.4
Expansionary capital[1]	**9.8**	0.2
Brownfield exploration	**0.9**	1.0
Right of use assets-non cash	**0.3**	—
Cozamin segment MPPE additions (per financials)	**19.4**	5.6

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Santo Domingo Project – Chile (Copper and Iron)

Investing Activities

Upon closing of the Transaction, the Santo Domingo team has been integrated into the larger Capstone Copper Chilean team. The integrated project team is focused on identifying and evaluating the optimal integrated development plan for the Mantoverde-Santo Domingo district. The Mantoverde operation is located approximately ~30km southwest of the Santo Domingo project. The Company expects the integrated district plan to study alternatives and identify the best path forward to develop the copper (sulphides and oxides), gold, iron, and cobalt across both properties. An integrated development approach is likely to maximize potential synergies associated with the proximity of Santo Domingo to the existing Mantoverde operation, existing infrastructure (including a desalination plant, roads, power, and pipelines), and assets, such as Santo Domingo port contract with Puerto Abierto S.A.

A unique opportunity to unlock a new district for Mantoverde and Santo Domingo, the Mantoverde and Santo Domingo integrated plan is focused on an integrated operations approach, viewed as operating the mines as one district with optimal capital structure for processing and tailings building off the Mantoverde footprint. The key synergies related to the district include the following:

1. Infrastructure synergies (including desalination plant, power, pipelines, port)
2. Construction and supply chain synergies
3. Integrated mine and process approach
4. Cobalt and Sulphuric acid enhancements
5. Using excess Sx-Ew capacity
6. Enabling revenue lines for Mantoverde cobalt and magnetite

The revenue enhancing opportunities include using excess electrowinning capacity at Mantoverde to potentially process Santo Domingo oxide material and additional low-grade sulphides enabled by Jetti catalytic leach technologies which Capstone Copper has been first to implement at Pinto Valley. In addition, the potential cobalt plant at Santo Domingo may unlock cobalt production from Mantoverde while producing a by-product of sulphuric acid which can then be used internally to further significantly lower operating costs on the electrowinning plant at Mantoverde.

Cobalt feasibility study update:

The cobalt recovery process consists of a concentration step, an oxidation step, and a cobalt recovery step. The concentration step considers a conventional froth flotation circuit treating copper flotation tails to produce a cobaltiferous pyrite concentrate. For the base case, the pyrite concentrate, which contains between 0.5% and 0.7% Co, is oxidized in a fluidized bed roaster to produce a cobalt calcine and a concentrated sulphuric acid by-product. The calcine is then subjected to various precipitation, leaching, solvent extraction and crystallization steps to produce battery grade cobalt sulphate heptahydrate. At an expected 10.4 million pounds of cobalt production per year, this would be one of the largest and lowest cost cobalt producers in the world. Additional benefits of this project include the generation of carbon-free energy from waste heat emitted by the roaster, and the production of by-product sulphuric acid which can be used for heap or dump leaching to produce low-cost copper cathodes at Mantoverde and elsewhere in the district.

The prefeasibility study is also evaluating different flow sheet alternatives for Cobalt production in consideration of potential synergies between Mantoverde and Santo Domingo. Initial trade-off studies have confirmed the potential of acid pressure oxidation (POX) as a potentially lower cost alternative to roasting. The Company is developing both options in parallel to gain maturity and provide a robust recommendation on the path forward in Q4 2022.

Oxide drilling program

Santo Domingo contains oxide ore that could be processed with available capacity of the electrowinning plant at Mantoverde for cathode production. During Q1 2022, the company conceptualized a preliminary business case and started an exploratory metallurgical program scheduled to be completed in Q3 2022 which will allow to improve the understanding on copper solubility and acid consumption. Subject to positive metallurgical results the company is planning to complete a subsequent oxide drilling program starting in late 2022 to delineate an oxide mineral resource.

Project development costs related to early works as required by the Environmental Permit to include flora and fauna rescue, basic and detailed engineering, land tenure costs, the industrial water pipeline and relocation of Regional Highway C-17. During Q3 2021, the Capstone Mining commenced major earthworks with respect to the C17 highway by-pass road which provides site access, and work on the electrical substation connection. Also, Capstone Copper has begun brownfield expansion drilling between the Santo Domingo and Iris Norte Pits.

($ millions)	**Q1 2022**	**Q1 2021**
Capitalized project costs	**9.5**	7.3

Exploration

($millions)	**Q1 2022**	**Q1 2021**
Greenfield exploration (expensed to income statement)	**1.9**	0.7
Brownfield exploration (capitalized to mineral properties) – Refer to Cozamin section	**0.9**	1.0
Total exploration	**2.8**	1.7

Capstone Copper's exploration team is predominantly focused on organic growth opportunities to expand mineral resources and mineral reserves with active programs at all four mines and the Santo Domingo development project. On the greenfield side Capstone Copper also has an earn-in agreement with Lara Exploration Ltd. for the Planalto Prospect (Carajas Region, Brazil) and a portfolio of 100% own claims acquired by staking.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Outlook – 2022 Guidance (for nine month period April 1, 2022 to December 31, 2022)

During the nine months from April 1, 2022 to December 31, 2022, Capstone Copper expects to produce between 136,000 and 150,000 tonnes of copper at C1 cash costs[1] of between $2.55 and $2.70 per pound payable copper produced.

	April 1 – December 31, 2022 Copper Production ('000s tonnes)	**C1 Cash Costs[1] (US$ per payable lb Cu Produced)**
Sulphides Business		
Pinto Valley	41.0 – 45.0	$2.45 – $2.60
Cozamin	18.0 – 20.0	$1.10 – $1.25
Mantos Blancos	32.0 – 35.0	$1.95 – $2.10
Total Sulphides	**91.0 – 100.0**	**$2.00 – $2.15**
Cathode Business		
Mantos Blancos	10.0 – 11.0	$3.45 – $3.60
Mantoverde*	35.0 – 39.0	$3.60 – $3.80
Total Cathodes	**45.0 – 50.0**	**$3.55 – $3.75**
Consolidated Cu Production	**136.0 - 150.0**	**$2.55 – $2.70**

*Mantoverde production shown on a 100% basis

The updated C1 cash costs[1] guidance reflects the current inflationary environment and current spot pricing in the sulphuric acid market for the Chilean mines. In 2022, we have assumed sulphuric acid prices of $280/tonne which compares to $180/tonne in the Mantoverde and Mantos Blancos technical reports, which increases C1 cash costs by approximately ~$0.22/lb on a consolidated basis. The purchase price for approximately 65% of required sulphuric acid for the balance of 2022 has been fixed with suppliers.

For the nine month period April 1, 2022 to December 31, 2022, expected sulphuric acid consumption at Mantoverde and Mantos Blancos is ~540,000 tonnes and ~140,000 tonnes respectively (680,000 tonnes total). The impact of a ~$100/tonne price increase is $68 million dollars or $0.22/lb consolidated. The impact to C1 cash costs[1] at Mantoverde are $0.70/lb and at Mantos Blancos either $0.15/lb overall or $0.66/lb on cathode cash costs, respectively. In addition, Mantoverde and Mantos Blancos are experiencing general cost inflation, most notably increased diesel prices.

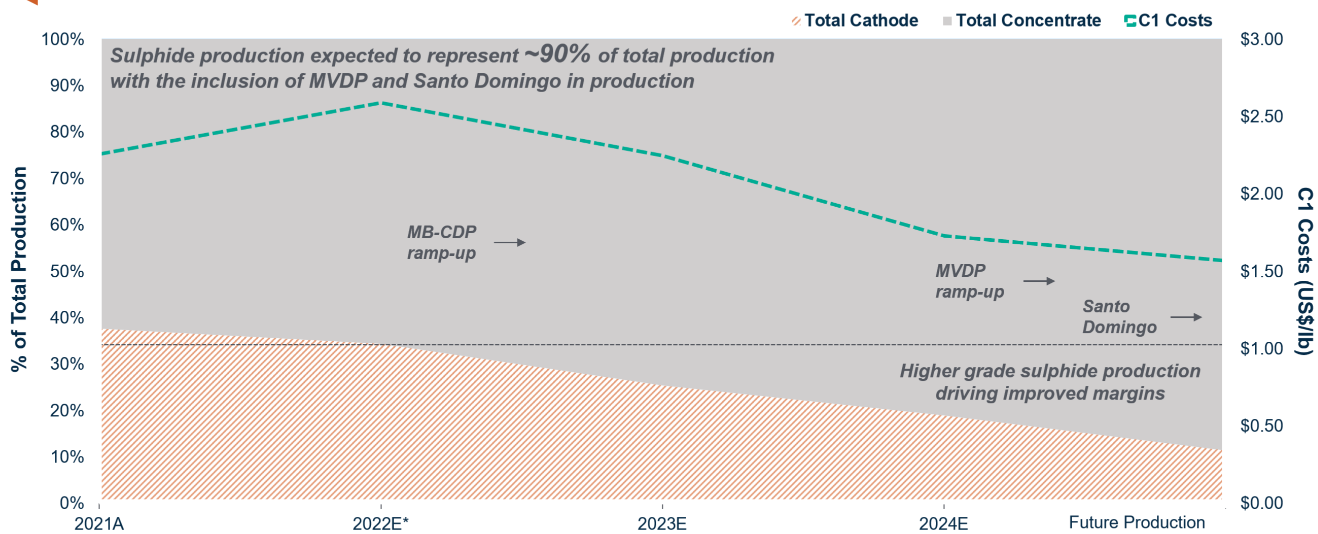
Although sulphuric acid is a significant input cost to our oxide (cathode) business unit, over time, sulphide production is expected to increase with the ramp up of MB-CDP and the completion of the sulphide concentrator at Mantoverde making consolidated C1 cash costs[1] less exposed to changes in acid prices in the future. Expected 2022 cathode production is ~33% of total copper production. Cathode production is expected to be only ~18% of total copper production in 2024 and is expected to further decline to under 6% with future production contribution from Santo Domingo.

Pinto Valley C1 cash costs[1] are expected to be higher than previous guidance in January 2022, primarily due to general observed cost inflation.

Planned maintenance at Pinto Valley and the ramp up of MB-CDP in the second quarter are expected to result in lower production in Q2 2022 compared to following quarters with corresponding drop in C1 cash costs[1] post Q2 2022.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Improving Asset Quality Across the Portfolio



Building resilient operations with higher grade and higher margin sulphide production

* 2022E figures include full 12-months of results from all mines on an illustrative basis (Mantos acquired for IFRS reporting Mar 23, 2022 and this does not consolidate 90 days of MB or MV mines). Note: Mantoverde production shown on a 100% basis

Capital and Exploration guidance is as follows:

	Pinto Valley	Mantos Blancos	Mantoverde (100% basis)	Cozamin	Santo Domingo	Total
Capital Expenditure ($ millions)						
Sustaining capital[1]	65	20	20	25	—	130
Capitalized stripping	5	55	65	—	—	125
Expansionary capital[1]	15	20	265	25	40	365
Total Capital Expenditure	85	95	350	50	40	620
Exploration ($ millions)						
Brownfield (Cozamin and Chile)	—	1	1	2	2	6
Greenfield (Brazil and Chile)	—	—	—	—	—	2
Greenfield (Copper Cities, Arizona)	7	—	—	—	—	7
Total Exploration	7	1	1	2	2	15

Capital guidance reflects the Capstone Copper portfolio including spending on MVDP. Pinto Valley sustaining capital guidance includes one-off items totaling $24 million related to tailings and water management. Expansionary capital at Pinto Valley includes upgrades to mill motors and grinding circuit cyclones for two of the six grinding lines while Cozamin expansionary capital includes expenditures on the paste backfill and dry stack tailings plant.

Key assumptions included in the 2022 guidance are $280/tonne sulphuric acid prices, $100 per barrel WTI oil price, $24/oz silver prices and 20:1 Mexican Peso to US dollar foreign exchange rate and 800 Chilean Peso to US Dollar foreign exchange rate.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Liquidity and Financial Position Review

Working Capital

Working capital was $215.8 million at March 31, 2022 compared with $131.5 million at December 31, 2021, as follows:

($ millions)	March 31, 2022	December 31, 2021
Current assets		
Cash and cash equivalents	**410.9**	262.1
Short-term investments	**2.2**	2.3
Receivables	**187.0**	28.5
Inventories	**135.6**	62.8
Derivative assets	**5.3**	0.5
Due from related party	**259.8**	—
Other assets	**52.1**	5.5
Total current assets	**1,052.9**	361.7
Current liabilities		
Accounts payable and accrued liabilities	**352.0**	97.4
Current portion of long-term debt	**27.6**	—
Lease liabilities	**28.5**	3.4
Income taxes payable	**21.1**	29.4
Derivative liabilities	**76.7**	0.3
Due to related party	**259.8**	—
Other liabilities	**71.4**	99.7
Total current liabilities	**837.1**	230.2
Working capital	**215.8**	131.5

Cash and cash equivalents increased by $148.8 million from December 31, 2021 to March 31, 2022. The increase primarily relates to Mantos' cash balances of $219 million as at March 23, 2022, partially offset by cash outflows related to the share unit settlement of $42 million, transaction costs of $19.9 million and higher annual cash taxes in Mexico of $22 million related to 2021. The Statement of Cash Flows within the Company's condensed interim consolidated financial statements contains further details.

As at March 31, 2022, the Company held $2.2 million of highly liquid short-term investments in exchange traded funds. Given their liquid nature, management liquidates these short-term investments to meet cash demands on an as-needed basis.

Receivables increased by $158.5 million primarily due to Mantos' receivable balances of $145.7 million as at March 31, 2022.

Inventories increased by $72.8 million primarily related to Mantos' inventory balances of $78.8 million ($24.9 million of supplies, $35.4 million of copper concentrates, and $31.6 million of copper cathode) as at March 31, 2022.

Other assets increased by $46.7 million primarily due to Mantos' $32.8 million of prepaid expenses and other deposits as at March 31, 2022, in addition to the re-class of the $5.0 million receivable from Minto from non-current to current, and net insurance prepayments.

Accounts payable and accrued liabilities increased by $254.6 million primarily due to Mantos' accounts payable balances of $242.2 million as at March 31, 2022.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Derivative liabilities increased by $76.4 million due to the current portion of the copper commodity and CLP foreign currency derivative contracts of Mantos as at March 31, 2022.

Other liabilities decreased by $28.3 million primarily due to Mantos' other liabilities of $52.6 million as at March 31, 2022, and partially offset by the decrease in the current portion of share-based payment obligations of $29.6 million driven by the share unit settlements during Q1 2022.

Purchase of Non-Controlling Interest from KORES

At March 31, 2022, a liability of $82.8 million has been recognized in other liabilities ($43.9 million in current and $38.9 million in non-current) equal to the discounted amount of the remaining $90.0 million to be paid to KORES as part of the agreement to purchase its 30% share of Acquisition Co. The discounted amount of the remaining $90.0 million will be accreted up to its face value at 5% per year. During the three months ended March 31, 2022, $1.0 million of accretion was recorded in other interest expense in the condensed interim consolidated statements of income.

Credit Facilities

Mantos Blancos Concentrator Development Project Debt Facility

A subsidiary of the Company entered into a $150 million debt facility with Glencore Chile SpA ("Glencore") in connection with the MB-CDP, with an associated off-take agreement with Complejo Metalúrgico Altonorte S.A. for 75% of the concentrates produced including the silver contained. Both agreements expire on December 31, 2026.

Interest on borrowings under the MB-CDP Debt Facility is payable quarterly at a variable rate of 3-month US LIBOR plus a margin of 4.5% per year and repayment terms require that the Company make repayment installments quarterly, equal to a percentage of the aggregate loans outstanding at the end of the period. The repayment installment required as at March 31, 2022 was equal to 4.375% of the aggregate loan balance. The loan is secured by a comprehensive security package covering substantially all of Mantos Copper S.A.'s assets.

These agreements include affirmative and negative covenants and grant the counterparties security interests over specified assets of the Company. If certain events of default occur, Glencore could terminate their respective agreements in exchange for potentially substantial termination payments. As at March 31, 2022, the Company was in compliance with these covenants.

Mantoverde Development Project Facility

Mantoverde secured $572 million in debt financing facility to fund the construction of the MVDP. The MVDP facility comprises a senior secured amortizing project debt facility in an aggregate amount of $520 million (the “Covered Facility” $250 million, the “Uncovered Facility” $210 million, and the “ECA Direct Facility” $60 million) and a $52 million senior secured mine closure bonding facility (the “Bonding Facility”). These project finance facilities are subject to affirmative, financial and restrictive covenants that include obligations to maintain the security interests in favour of the lenders over substantially all of the respective project’s property and shares, insurance coverage, maintenance of off-take agreements, compliance with environmental and social matters, restrictions on new financial indebtedness, distributions and dispositions, and compliance with certain financial ratios. As at March 31, 2022, the Company was in compliance with these covenants. In addition, Mitsubishi Materials Corporation ("MMC") agreed to provide a $60 million cost over run facility ("COF"), with an interest rate of LIBOR plus 1.70% and amortizing over 37 quarter from the earlier of September 30, 2024 or three quarters after project completion. The COF was provided in exchange for additional off-take of copper concentrate production under a 10-year contract.

Interest on borrowings under the MVDP facility is payable quarterly at a variable rate of 3-month US$ LIBOR plus a margin per year (i.e., 1.65% for the Covered Facility and, with respect to the Uncovered Facility, a rate of 3.75% and with respect to the ECA Direct Facility a rate of 4.00% pre-completion of the MVDP and decreasing to 3.50% and 3.75% respectively post-completion of the MVDP). Pursuant to the Covered Facility, an export credit agency guarantees premium of 2.05% per year is also payable quarterly and calculated over amounts outstanding under the Covered Facility. The MVDP facility is secured by a comprehensive security package covering substantially all of Mantoverde's assets. These facilities amortize from the earlier of September 30, 2024 and 180 days after project completion. The Uncovered Facility amortizes over a 10 year period and the Covered Facility and ECA Direct Facility amortize over 12 years.

Revolving Credit Facility
In conjunction with the closing on the Cozamin Silver Stream for $150 million, on February 19, 2021, Capstone Mining amended the RCF to reduce the credit limit from $300 million to $225 million. The maturity date of July 25, 2022 and all other significant terms were unchanged. The facility pricing grid, starting at LIBOR plus 2.5% and increasing to LIBOR plus 3.5% (or an alternative benchmark rate as selected by the administrative agent) based on the total leverage ratio, will remain in effect until maturity.

The interest rate at March 31, 2022 was US LIBOR plus 2.50% (2021 - US LIBOR plus 2.50%) with a standby fee of 0.56% (2021 – 0.56%) payable on the undrawn balance (adjustable in certain circumstances).

The RCF is secured against the present and future real and personal property, assets and undertakings of Capstone Mining (other than defined excluded entities, Acquisition Co., Far West Mining Ltd., Minera Santo Domingo SCM, and Far West Exploration S.A., and subject to certain exclusions for Capstone Mining Chile SpA). Companies which are not part of the Capstone Mining subgroup, including but not limited to Capstone Copper, Mantos Copper Holding SpA, Mantoverde S.A., and Mantos Copper S.A. are not part of Capstone Mining's RCF. The RCF requires Capstone Mining to maintain certain financial ratios relating to debt and interest coverage. Capstone Mining was in compliance with these covenants as at March 31, 2022. As at March 31, 2022, the balance of the RCF is $nil (December 31, 2021 - $nil). Subsequent to period end, the RCF was amended, increasing size, tenor and improving terms. Refer to the Subsequent Event section for more information.

As at March 31, 2022, Capstone Copper is in a net cash[1] position with $348.2 million long-term debt..

Provisions

Provisions of $290.8 million at March 31, 2022 includes the following:

- $249.7 million for reclamation and closure cost obligations at Capstone Copper's operating mines;
- $27.3 million related to other long-term provisions at the Cozamin and Chilean mines; and
- $13.8 million for the long-term portion of the share-based payment obligations associated with the Share Unit Plan. The current portion of the share-based payment obligations of $20.5 million is recorded in other liabilities.

Share-based payment obligations decreased by $43.9 million during Q1 2022. The decrease was primarily driven by the settlement of share units during the period.

Precious Metal Streams

Cozamin Silver Stream

On February 19, 2021, Capstone Mining entered into a precious metals purchase arrangement with Wheaton whereby the Company received upfront cash consideration of $150 million against delivery of 50% of the silver production from the Company's Cozamin mine until 10 million ounces have been delivered, thereafter dropping to 33% of silver production for the remaining life of the mine.

In addition to the upfront payment of $150 million, as silver is delivered under the terms of the arrangement, the Company receives cash payments equal to 10% of the spot silver price at the time of delivery for each ounce delivered to Wheaton.

The Company recorded the upfront cash consideration received as deferred revenue and recognizes amounts in revenue as silver is delivered under the arrangement. For the period ended March 31, 2022, the amount of the deferred revenue liability recognized as revenue was $3.0 million.

Santo Domingo Gold Stream

On April 21, 2021, Capstone Mining received an early deposit of $30 million in relation to the precious metals purchase arrangement with Wheaton effective March 24, 2021. Additional deposits of $260 million are to be received over the Santo Domingo construction period, subject to sufficient financing having been obtained to cover total expected capital expenditures and other customary conditions, for total consideration of $290 million ("Deposit"). Wheaton will receive 100% of the gold production from the Company's Santo Domingo development project until 285,000 ounces have been delivered, thereafter dropping to 67% of the gold production.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

In addition to the Deposit, as gold is delivered under the terms of the arrangement, the Company receives cash payments equal to 18% of the spot gold price at the time of delivery for each ounce delivered to Wheaton, until the Deposit has been reduced to zero, thereafter increasing to 22% of the spot gold price upon delivery.

The Company recorded the upfront early deposit of $30 million received as deferred revenue and will recognize amounts in revenue as gold is delivered under the arrangement. For the period ended March 31, 2022, there was no amortization of the deferred revenue liability recognized as revenue.

The non-current portion of the deferred revenue liability for both stream arrangements on the balance sheet at March 31, 2022 was $164.6 million.

Financial Capability

The Company's ability to service its ongoing obligations and cover anticipated corporate, exploration and development costs associated with its existing operations is dependent on the Pinto Valley, Mantos Blancos, Mantoverde, and Cozamin mines generating positive cash flow and available liquidity[1]. Based on reasonable expectations for our operating performance, a net cash[1] balance of $64.9 million, and additional liquidity options available such as capital market access and the undrawn $225 million on the RCF, we believe we have the financial capacity to manage our liquidity for the foreseeable future.

Capital Management

Capstone Copper's capital management objectives are intended to safeguard the Company's ability to support its normal operating requirements on an ongoing basis as well as continue the development and exploration of its mineral properties and support any expansion plans. As part of the Company's treasury policy, the Company will only hold deposits in Canadian Tier 1 banks, International Commercial Banks with a rating of A- or greater, Canadian and US government bonds, or bankruptcy remote treasury market or exchange traded funds of AAA rating.

Hedging

The Company has hedged certain input costs and revenue products as part of an overall risk management strategy:

- Financial hedges were executed on foreign exchange rates to protect approximately 75% of the Company's Mexican Peso exposure through to December 2022, through Mexican Peso to US dollar exchange rate zero cost collars (being purchased puts and sold calls with offsetting values at inception). There was no realized gain or loss on these Mexican Peso zero cost collars for the three months ended March 31, 2022.

- Financial hedges were executed on foreign exchange rates to protect approximately 75% of the Santo Domingo's Chilean Peso exposure through to December 2022 and to protect approximately 50% of the Company's attributable Chilean Peso exposure on operating costs at Mantoverde and Mantos Blancos from April 2022 through to December 2023. All through Chilean Peso to US dollar exchange rate zero cost collars (being purchased puts and sold calls with offsetting values at inception). There was no realized gain or loss on the Chilean Peso zero cost collars for the three months ended March 31, 2022.

- Pinto Valley contracted for fixed diesel prices with a supplier on its expected 2022 diesel consumption at $2.13/gallon. The contracted diesel prices have resulted in cost savings of $2.3 million during the three months ended March 31, 2022.

- As a condition of the project financing for Mantoverde's Development Project, Mantoverde was required to effect certain hedging strategies as follows:
    - Nine fixed-for-floating swaps with three counterparties at an average price per tonne at inception of $7,698 (~$3.49/lb) through to June 30, 2024;
    - Two fixed-for-floating LIBOR swaps at 1.015% for 10-years, with a 0% floor on the LIBOR rate within the first five years (expiring in September 2025); and
    - Six Chilean Peso and six Chilean Unidad de Fomento foreign exchange rate forwards that mature in May 2024.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Commitments

Royalty Agreements

Under the terms of the December 2003 option agreement with Grupo Minera Bacis S.A. de C.V. (“Bacis”), Capstone Mining assumed a 100% interest in the Cozamin Mine with a 3% net smelter royalty paid to Bacis on all payable metal sold from production on the property covered by the agreement.

In connection with the financing of the MB-CDP, Mantos Copper S.A. entered into a royalty agreement with Southern Cross Royalties Limited ("Southern Cross"). Southern Cross is entitled to a 1.525% net smelter royalty on copper production. The royalty is for a period initially through January 1, 2035 that may be extended by Southern Cross at its sole discretion through the duration of the mining rights and is subject to the Company's option to reduce the royalty amount by 50% any time after January 1, 2023 subject to a one-time payment.

Agreement with Jetti Resources, LLC (“Jetti”)

Under the terms of the 2019 agreement, the Company is required to make quarterly royalty payments to Jetti based on an additional net profits calculation resulting from cathode production at the Pinto Valley mine. The initial term of the agreement is ten years, renewable for 5-year terms thereafter.

Off-take agreements

The Company has sales commitments of copper concentrate production at Mantos Blancos under an off-take agree with Glencore.

The Company has sales commitments equal to 100% of its copper cathode production at Mantoverde under off-take agreements with Anglo American Marketing Limited ("AAML").

The Company has a concentrate off-take agreement with a third party whereby the third party will purchase 100% of the copper concentrate produced by the Cozamin Mine up to the end of December 2022.

The Company has a number of annual and multi-year concentrate off-take agreements with third parties whereby they will purchase the copper concentrate produced by the Pinto Valley Mine.

Construction and other related contracts

The Company entered into an EPC contract with Ausenco Limited to progress the MVDP for an estimated aggregate cost of $525 million. As of March 31, 2022, capital expenditures committed, but not yet incurred, were $395.5 million.

Other

Included in value added taxes ("VAT") and other taxes receivable is $2.0 million of VAT related to Minera Santo Domingo. The Company has provided a guarantee to the Chilean Internal Revenue Service that all VAT amounts refunded, plus interest, will be repaid if construction of the Santo Domingo development project is not completed by August 31, 2026.

Risks and Uncertainties

For full details on the risks and uncertainties affecting the Company, please refer to the Company's Management Information Circular dated January 27 2022 (See section entitled "Risk Factors"). This document is available for viewing on the Company’s website at www.capstonecopper.com or on the Company’s profile on the SEDAR website at www.sedar.com.

Mining is inherently dangerous and subject to conditions or events beyond Capstone Copper’s control.

Capstone Copper’s operations are subject to all the hazards and risks normally encountered in the exploration, development, construction, care and maintenance activities and production of copper and other metals, including, without limitation, workplace accidents, fires, wildfires, power outages, labour disruptions, port blockages, flooding, mudslides, explosions, cave-ins, landslides, ground or stope failures, tailings dam failures and other geotechnical instabilities, weather events, seismic events or major earthquakes, tsunamis, access to water, equipment failure or structural failure, metallurgical and other processing problems and other conditions involved in the mining and processing of minerals, any of which could result in damage to, or destruction of, our mines, mineral properties, plants and equipment, multiple personal injuries or loss of life, environmental damage to surrounding land, vegetation other biological and water resources, delays in mining, increased production costs, asset write-downs, monetary losses, legal liability and governmental action. Our mines have large tailings dams which could fail as a result of extreme weather events, seismic activity, or for other reasons. The occurrence of any of these events could result in a prolonged interruption in Capstone Copper's operations, increased costs for asset protection or care and maintenance activities that would have a material adverse effect on Capstone Copper's business, financial condition, results of operations and prospects. The occurrence of one of more of these events could have a long-term impact on Capstone Copper employee's morale, Capstone Copper's reputation, and result in greater regulatory scrutiny and loss of or delays in obtaining licenses to operate.

Our operations are reliant on infrastructure including but not limited to water sources, public roadways, power and transmission facilities, warehouses, and ports. Wildfires and inclement weather conditions, whether occurring at Capstone Copper's sites, adjacent lands, or supplier and downstream sites, may impact our ability to operate, transport or access and supply sites, and increase overall costs or impact Capstone Copper's financial performance. In severe circumstances, civil authorities may impose evacuation orders. Our sites in Chile, Arizona and Mexico are subject to drought conditions and create a higher exposure to wildfire or man-made fire risk.

Pandemics or other public health crises, including the novel coronavirus (COVID-19), could adversely affect our operations, development projects and financial position.

The outbreak of COVID-19, and the future emergence and spread of a similar or other infectious diseases and viruses, could have a material adverse effect on global economic conditions and adversely impact our business and operations as well as the operations of our suppliers and service providers, and impact the demand for copper or base metal prices.

The global effects of the outbreak of the COVID-19 virus are still evolving and could have a material effect on Capstone Copper's overall financial health currently, and in the future, including but not limited to impacts to revenue, earnings and cash flows, increased volatility in financial markets and foreign currency exchange rates. The effects could have a negative impact on copper prices and cause governmental actions to contain the outbreak which may impact our ability to transport or market our concentrate or cause disruptions in our supply chains or interruption of production.

Disruptions in the supply chain for critical components for operations or critical equipment and materials for our construction projects may cause operational and project delays which are outside of Capstone Copper's control.

As a result of the COVID-19 pandemic, construction of the MB-CDP was delayed as a result of the impact on the supply chain of critical parts for construction. Even so, the MB-CDP reached completion in late 2021 and ramp-up is continuing. In addition, while construction on the MVDP began in February 2021 and the related project financing reflects the expectation that the project will be completed in 2024, there is no certainty that there will not be delays to the completion of the MVDP as a result of the COVID-19 pandemic or any other health epidemics.

A material spread of COVID-19 or other pathogens of infectious diseases in jurisdictions where we operate could impact our ability to staff operations or cause governmental action to order a suspension of production including but not limited to a subsequent Federal or State Decree for the suspension of mining operations in Mexico or Zacatecas, or a suspension of mining or other activities in the United States or Chile. A reduction in production or other COVID-19 related impacts, including but not limited to, low copper prices could cause us to defer strategic projects or operational plans in order to preserve cash flows. An outbreak of the COVID-19 or other infectious diseases at our operations could cause reputational harm and negatively impact our social licence to operate. This could negatively impact our share price. An outbreak in jurisdictions that we operate in could cause governmental agencies to close for prolonged periods of time causing delays in regulatory permitting processes. The overall global effects, indirect or direct, could cause any of our surety providers to cancel our bonds or call for alternative security including the Minto Metals Corp. for which Capstone Copper is an Indemnitor.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

During the pandemic, there has been a significant increase in cybersecurity and other information technology risks due to increased fraudulent activity and the increased number of employees working remotely.

A global pandemic could cause temporary closure of businesses in regions that are significantly impacted by health crises, or cause governments to take preventative measures such as the closure of points of entry, including ports and borders. Any government restrictive measures along with market uncertainty could cause an economic slowdown resulting in a decrease in the demand for copper and have a negative impact on base metal prices.

Changes in the market price of copper and other metals could negatively affect the profitability of the Company's operations and financial condition and negatively impact Mineral Reserve estimations or render our business, or part thereof, no longer economically viable.

Capstone Copper's business is largely concentrated in the copper mining industry, and as such our profitability will be sensitive to changes in, and our performance will depend, to a greater extent, on the overall condition of the copper mining industry. The commercial viability of Capstone Copper's properties and Capstone Copper's ability to sustain operations is dependent on, amongst other things, the market price of copper, zinc, iron, gold, and silver. Depending on the expected price for any minerals produced, Capstone Copper may determine that it is impractical to continue commercial production at the Mantos Blancos Mine, Mantoverde Mine, Pinto Valley Mine or the Cozamin Mine, or to develop the Santo Domingo project. A reduction in the market price of copper, zinc, gold, silver, or iron may prevent Capstone Copper's properties from being economically mined or result in the write-down of assets whose value is impaired as a result of low metals prices.

The market price of copper, zinc, iron, gold, and silver is volatile and is impacted by numerous factors beyond Capstone Copper's control, including, amongst others:

- the supply/demand balance for any given metal;
- international economic and political conditions;
- tariffs or taxes imposed by governments;
- expectations of inflation or deflation;
- international currency exchange rates;
- interest rates;
- global or regional consumptive patterns;
- speculative activities;
- global or regional crises or breakout and spread of contagious illnesses or diseases;
- increased production due to new mine developments;
- decreased production due to mine closures;
- improved mining and production methods;
- availability and costs of metal substitutes;
- new technologies that use other materials in place of our products;
- metal stock levels maintained by producers and others; and
- inventory carry costs.

The effect of these factors on the price of base and precious metals cannot be accurately predicted and there can be no assurance that the market price of these metals will remain at current levels or that such prices will improve. A decrease in the market price of copper, zinc, iron, gold, or silver would affect the profitability of the Mantos Blancos Mine, Mantoverde Mine, Pinto Valley Mine and the Cozamin Mine and viability of the Santo Domingo project, and could affect Capstone Copper's ability to finance the exploration and development of our other properties and projects, which would have a material adverse effect on Capstone Copper's business, financial condition, results of operations and prospects. Within this industry context, the Company's strategy is to maintain a cost structure that will allow it to achieve adequate levels of cash flow during the low point in the copper price cycle. Circumstances may arise, however, where increased certainty of cash flows is considered more important to long term value creation than providing investors short term exposure to the volatility of metal prices. In these circumstances, the Company may elect to fix prices within a contractual quotational period and/or to lock in future prices, interest or foreign exchange rates through the variety of financial derivative instruments available. Capstone Copper has hedging agreements in place, particularly with respect to production at Mantoverde in connection with the MVDP. There are risks associated with programs to fix prices or rates including, amongst other things, the risk that the counter party will not be able to meet their obligations, the risk of opportunity losses in the event of declining interest rates, an increase in the world price of the commodity, the possibility that rising operating costs or a significant production interruption event, will make delivery into hedged positions or off-take agreements uneconomic.

We may not realize the currently anticipated benefits of the Transaction due to challenges associated with integrating the operations, technologies and personnel of Capstone Mining Corp. and Mantos Copper (Bermuda) Limited .

The anticipated success of Capstone Copper Corp. will depend in large part on the success of management of Capstone Copper in integrating the operations, technologies and personnel of Capstone Mining with those of Mantos Copper (Bermuda) Limited. The failure to successfully achieve such integration could result in the failure of Capstone Copper to realize the anticipated benefits of the Transaction and could impair the results of operations, profitability and financial results of Capstone Copper. The overall integration of the operations, technologies and personnel may also result in unanticipated operational problems, expenses, liabilities and diversion of management's time and attention. No assurances can be made that the Company was aware of all the liabilities of the combined assets.

We face added risks and uncertainties of operating in foreign jurisdictions, including changes in regulation and policy, and community interest or opposition.

Capstone Copper's business operates in a number of foreign countries where there are added risks and uncertainties due to the different economic, cultural and political environments. Our mineral exploration and mining activities may be adversely affected by political instability and changes to government regulation relating to the mining industry. Changes in governmental leadership in the US, Chile, and Mexico, could impact Capstone Copper's operations and local societal conditions. There may be additional risks and uncertainties following recent Chilean Presidential, Chamber and Senate elections. The president and the renovated Congress elected on November 21, 2021, took office on March 11, 2022. The Senate holds a 50/50 balance between right and left wing Senators. Although the government's legislative agenda is not yet fully known, it is known to include a tax reform as a priority. In September 2022, a second nationwide plebiscite will take place, in which the new constitution will be submitted for approval of voters. As a result, the next 12 months will be important in determining whether the constitutional changes made will lead to further uncertainty and instability and Capstone Copper cannot give assurance that future political developments in Chile will not adversely affect its business, results of operations or financial condition.

Other risks of foreign operations include political or social and civil unrest, labour disputes and unrest, invalidation of governmental orders and permits, corruption, organized crime, theft, sabotage, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries including nationalization of mines, government action or inaction on climate change, trade disputes, foreign taxation, royalties, price controls, delays in obtaining or renewing or the inability to obtain or renew necessary environmental permits, opposition to mining from local communities and environmental or other non-governmental organizations, social perception impacting our social licence to operate, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports and increased financing costs. Local economic conditions, including but not limited to higher incidences of criminal activity and violence in areas, such as Mexico can also adversely affect the security of our people, operations and the availability of supplies. Capstone Copper may encounter social and community issues including but not limited to public expression against our activities, protests, road blockages, work stoppages, or other forms of expression, which may have a negative impact on our reputation and operations or projects. Opposition to our mining activities by local landowners, the ejidos, communities, or activist groups may cause significant delays or increased costs to operations, and the advancement of exploration or development projects, and could require Capstone Copper to enter into agreements with such groups or local governments.

In addition, risks of operations in Mexico include extreme fluctuations in currency exchange rates, high rates of inflation, significant changes in laws and regulations including but not limited to tax and royalty regulations, labor regimes, failures of security, policing and justice systems, corruption, and incidents such as hostage taking and expropriation. There are uncertainties regarding Mexico's recently approved 2022 Economic Package and Tax Reform, that may have an impact on Cozamin's operations and profitability. Additionally, as a response to the civil unrest in Chile, a referendum for a new Constitution is in progress and may result in a change to the Chilean political regime and mining related regulations including, but not limited to, changes to royalty structures and environmental and community protection requirements. If approved, the proposed royalty bill being discussed by the National Congress of Chile may have an impact on Mantos Blancos, Mantoverde and Santo Domingo's operations and profitability and would have significant negative implications for future investment in the Chilean copper industry more broadly, reducing the attractiveness of new copper projects. See risk "***The potential adoption of a mining royalty tax in Chile could adversely affect Capstone Copper's operations."*** Companies with tax stability agreements in place should be protected from the potential new royalty bill. Capstone Copper retains a tax stability agreement at Santo Domingo with respect to mining royalties which becomes effective post commercial production for a period of 15 years. Certain investment and other criteria need to be met to maintain the tax stability agreement. These risks in Mexico and Chile may limit or disrupt Capstone Copper's projects, reduce financial viability of local operations, restrict the movement of funds, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation.

There can be no assurance that changes in the government, including but not limited to the recent change in the federal administration of the United States, or laws or changes in the regulatory environment for mining companies or for non-domiciled companies will not be made that would adversely affect Capstone Copper's business, financial condition, results of operation and prospects. There are uncertainties related to President Biden's Made in America Tax Plan which proposes corporate tax reforms that may increase Pinto Valley's future tax obligations.

Differences in interpretation or application of tax laws and regulations or accounting policies and rules and Capstone Copper's application of those tax laws and regulations or accounting policies and rules where the tax impact to the Company is materially different than contemplated may occur and adversely affect Capstone Copper's business, financial condition, results of operation and prospects. Capstone Copper is subject to a multitude of taxation regimes and any changes in law, policy or interpretation of law, policy may be difficult to react to in an efficient manner.

The maintenance and fostering of strong community relationships is integral to the success of Capstone Copper's operations. Failure to manage relationships with local communities, government and non-governmental organizations may adversely affect Capstone Copper's reputation, as well as its ability to bring projects into production, which could in turn adversely affect its business, results of operations or financial condition, potentially in a material manner.

Failure to recognize, respond and align to changing stakeholder expectations and requirements regarding issues such as environment, social and governance matters, particularly linked to climate change, tailings dams and carbon emissions, could affect Capstone Copper's growth opportunities and its future revenues and cash flows. Stakeholder requirements and expectations continue to evolve, and different stakeholder groups can have opposing requirements and expectations of Capstone Copper.

The potential adoption of a mining royalty tax in Chile could adversely affect Capstone Copper's operations.

On March 24, 2021, the lower chamber of the Chilean congress approved a legislative proposal that would impose a royalty tax on mining activities, including the exploitation of copper, lithium and other mineral substances which, if enacted into law, could have a significant impact on Capstone Copper's results of operations. As originally proposed, the law would impose a 3% royalty tax on copper sales. As amended on May 6, 2021, the legislative proposal would introduce a progressive tax rate based on copper prices that could reach as much as 75% if LME copper prices exceed $4 per pound, subject to certain deductions and exemptions. Pursuant to the legislative proposal, the royalty tax would be payable annually and apply to mining operators that produce more than 12,000 tonnes of copper per year. The funds obtained from such tax would be used to finance regional and communal development projects and to directly finance projects to mitigate, compensate or repair environmental impacts from mining activities in communities near mining projects. Although the constitutionality of this legislative proposal has been brought into question, the bill is currently under consideration by the Chilean Senate and, if adopted and enacted by the President of Chile, could require Capstone Copper to make significant additional payments, which would adversely affect Capstone Copper's results of operations. This bill remains under discussion. On December 20, 2021, it was again debated by the Chilean Senate, wherein certain senators proposed additional provisions relating to the rate to be paid over sales, lowering the rate for mines producing under 200,000mt per year, as well as modifying the proposed taxation on the operati0onal margin and the way of allocating the funds collected for certain purposes.

This bill has raised concerns at the national and international level for the impacts that it may have over the competitiveness of the Chilean copper industry in international markets, and also for its constitutional compliance. The future of the mining royalty bill is still unknown, but will be included as part of the tax reform intended by the government that took office on March 11, 2022.

Our operations are subject to geotechnical challenges, which could adversely impact our production and profitability.

No assurances can be given that unanticipated adverse geotechnical and hydrological conditions such as landslides, cave-ins, rock falls, slump, ground or stope failures, tailings storage facility failures or releases and pit wall failures will not occur in the future or that such events will be detected in advance. Due to the age of our mines and more complex deposits, Capstone Copper's Mantos Blancos Mine and Mantoverde Mine operate pits and tailings facilities located in regions with potential earthquake activity, the Pinto Valley Mine pit is becoming deeper resulting in higher pitwalls and underground environments at Cozamin Mine are becoming more complex, potentially increasing the exposure to geotechnical instabilities and hydrological impacts. Geotechnical instabilities can be difficult to predict and are often affected by risks and hazards outside of Capstone Copper's control, such as seismic activity and severe weather events, which may lead to periodic floods, mudslides, wall instability or an underground collapse.

Capstone Copper's mine sites have multiple active and inactive tailings storage facilities, including upstream raised dams and legacy facilities inherited through acquisition activities. Our tailings storage facilities have been designed by professional engineering firms specializing in this activity. Capstone Copper continues to review and enhance existing practices in line with international best practices; however, no assurance can be given that adverse geotechnical and hydrological events or other adverse events will not occur in the future. There is no guarantee that our existing tailings storage facilities will be sufficient to support operational expansions in which Capstone Copper may have to forgo future operational expansions or invest in new tailings storage facilities in order to safely operate. Tailings storage facilities have the risk of failure due to extreme weather events, seismic activity or for other reasons. The failure of tailings dam facilities or other impoundments could cause severe or catastrophic environmental and property damage or loss of life. Geotechnical or tailings storage facility failures could result in the suspension of our operations, limited or restricted access to sites, government investigations, remediation costs, increased monitoring costs and other impacts, which could result in a material adverse effect on our operational results and financial position.

We may face risks in connection with our Cozamin Silver Stream Agreement with Wheaton.

Our silver stream agreement at Cozamin Mine is subject to pricing risk. Unexpected spikes in silver prices may result in an increase in silver credit payables compared to receivables and the use of hedging mechanisms may not be economical to reduce to such risks. Capstone Copper is required to meet certain completion requirements before December 31, 2023, under the silver stream agreement, namely, Capstone Copper must construct a paste backfill plant where Capstone Copper must produce at least 105,000 cubic metres of suitable paste backfill that is used in the underground operations at Cozamin over a period of 90 consecutive days during which a completion test has been performed. Failure to achieve the foregoing completion requirements will result in a refund from Capstone Copper to Wheaton up to a maximum amount of $13 million.

We may face risks in connection with our Santo Domingo Gold Stream Agreement with Wheaton.

Capstone Copper's ability to access upfront cash deposits under the Gold Stream Agreement for our Santo Domingo project is subject to Capstone Copper meeting certain closing conditions under the Gold Stream Agreement, including but not limited to: (a) obtaining all necessary approvals to achieve completion and to operate the mine in accordance with the development plan; (b) entering into material contracts necessary for the construction and development of the mine; and (c) having obtained project financing on terms and conditions that are not reasonably expected to result in an adverse impact and under which all conditions precedent necessary to draw down on such project financing have been satisfied or waived. There is no guarantee Capstone Copper will be able to meet all of the conditions and draw on the funds from Wheaton pursuant to the Gold Stream Agreement. Further, an initial failure to achieve the completion requirements in the Gold Stream Agreement on or before the third anniversary of the agreement date will result in a delay payment. A continued failure to achieve the completion requirements under the Gold Stream Agreement will result in a refund from Capstone Copper to Wheaton.

The financings entered into for the development of the MB-CDP and the MVDP are subject to restrictive and financial covenants and certain mandatory prepayment events that may have a material adverse effect on the Company's liquidity and financial condition.

On August 31, 2019, a subsidiary of the Company entered into a US$150 million debt facility agreement with Glencore in connection with the financing of the MB-CDP. On February 11, 2021, Mantoverde entered into agreements with a lending syndicate of international banks and export credit agencies for a total debt financing package of US$572 million in connection with the financing of the MVDP.

These project finance facilities are subject to affirmative, financial and restrictive covenants that include, for example, obligations to maintain the security interests in favor of the lenders over substantially all of the respective project's property and shares, insurance coverage, maintenance of off-take agreements, compliance with environmental and social matters, restrictions on new financial indebtedness, distributions and dispositions, and compliance with certain financial ratios. These facilities are also subject to mandatory prepayment events under certain circumstances, including upon the cancellation or breach of certain off-take arrangements or an unapproved change of control and periodic partial excess cash sweeps. Failure to comply with these covenants may affect future utilizations under the project finance facilities or lead to an event of default, which could cause the relevant lenders to declare the respective borrower in default on its existing obligations. If such an event of default were declared and remained uncured, all borrowed amounts under the relevant facilities could become due and payable immediately. If Capstone Copper was unable to repay the borrowed amounts or otherwise perform its obligations under the project finance facilities, the lenders could be entitled, in certain circumstances, to enforce their liens and security interests and take possession of the secured assets, including the assets that comprise the Mantos Blancos and Mantoverde mines.

As part of the financing for the MB-CDP, Mantos Copper S.A. also entered into a royalty agreement with Southern Cross for $50.25 million and increased the size of its silver production agreement with Osisko for a further advance of $25 million. Both of these agreements also include affirmative and negative covenants and grant the counterparties security interests over specified assets. If certain events of default occur, Southern Cross and/or Osisko could terminate their respective agreements in exchange for potentially substantial termination payments

Financial covenant compliance risks

The terms of the RCF requires that Capstone Mining satisfy various affirmative and negative covenants and meet certain quarterly financial ratio tests. These covenants limit, amongst other things, Capstone Mining's ability to incur further indebtedness if doing so would cause it to fail to meet certain financial ratio tests. They also limit the ability of Capstone Mining to create liens on certain assets or to engage in certain types of transactions. A failure to comply with these covenants, including a failure to meet the financial tests or ratios, could result in an event of default and allow lenders to accelerate the repayment of any debt outstanding.

Financing requirement risks

Capstone Copper may require substantial additional capital to accomplish its exploration and development or construction plans and fund strategic growth and there can be no assurance that financing will be available on terms acceptable to Capstone Copper, or at all. Capstone Copper may require substantial additional financing to advance the Mantos Blancos Mine, Mantoverde Mine, Pinto Valley Mine, and the Cozamin Mine to achieve designed production rates, to finance potential strategic acquisitions required for growth and to accomplish any exploration and development plans or construction activities for the Santo Domingo Project. Current and future financing requirements could adversely affect Capstone Copper's ability to access the capital markets in the future. Failure to obtain sufficient financing, or financing on terms acceptable to Capstone Copper, may result in a delay or indefinite postponement of exploration, development, construction, or production at one or more of our properties. Additional financing may not be available when needed and the terms of any agreement could impose restrictions on the operation of our business. Failure to raise financing when needed could have a material adverse effect on our business, financial condition, results of operations and prospects.

Surety bonding risks

Capstone Copper secures its obligations for reclamation and closure costs with surety bonds provided by leading global insurance companies in favour of regulatory authorities in Arizona and Chile. The regulators could increase Capstone Copper's bonding obligations or request additional financial guarantees for reclamation and closure activities. Further, these surety bonds include the right of the surety bond provider to terminate the relationship with Capstone Copper on providing notice of up to 90 days. The surety bond provider would, however, remain liable to the regulatory authorities for all bonded obligations existing prior to the termination of the bond in the event Capstone Copper failed to deliver alternative security satisfactory to the regulator.

Capstone Mining remains an Indemnitor for Minto Metals Corp.'s surety bond obligations in the Yukon and could be liable for the bonded obligations in the event Minto Metals Corp. does not satisfy those obligations or if the surety requires additional or alternative security or the regulators require additional bonding amounts and Minto Metals Corp. is unable to satisfy the new requirements.

Our Operations are dependent on the availability of water.

Water is critical to the mining process and we understand that water is a finite resource significant to society, our local communities and the ecosystem, and its use is highly regulated in jurisdictions where we operate. Water availability is integral to the operations at the Pinto Valley Mine. A lack of necessary water for a prolonged period of time could affect operations at the Pinto Valley Mine and materially adversely affect our results of operations. Capstone Copper has entered into a Water Supply Agreement with BHP Copper, but such agreement is subject to water availability and BHP Copper's own requirements. There is no guarantee that this agreement, which is in effect until October 2025, with two five year renewal periods if the parties agree, will be renewed on reasonable terms or be adequate for future operational expansions or extensions to the life of mine. The Mantos Blancos water supply is based on long term contracts with water companies one of which extracts water from concessions belonging to the Chilean government.. There is no guarantee that these agreements will be renewed on reasonable terms or be adequate for future operational expansions or extensions to the life of mine. Capstone Copper may have to secure future water sources that could increase operational costs or additional capital expenditures. There is no guarantee that future water sources are available or at reasonable costs and could have an adverse impact on our financial condition. Our efforts to maximize water efficiency and minimize water usage may not be sufficient to combat existing drought conditions or changes in water availability due to climate change.

Mantoverde's water supply is solely provided by Capstone Copper's seawater desalination plant located 42 kilometers from the mine. The supply of water from the desalination plant could be interrupted by a number events including but not limited to fire, earthquake, tsunami, or other severe weather events, equipment or pipe failures and of which could result in damage to, or destruction the plant and equipment, delays in production and increased production costs.

The sale of our metals is subject to counterparty and market risks.

Capstone Copper enters into concentrate off-take agreements whereby a percentage of planned production of copper concentrate produced from our mines is committed to various external parties throughout the calendar year. If any counterparty to any off-take or forward sales agreement does not honour such arrangement, or experiences an unforeseeable event preventing fulfillment of the contract or should any such counterparty become insolvent, Capstone Copper may experience longer sales cycles, difficulty in collecting sales proceeds, incur losses on production already shipped or be forced to sell a greater volume of our production in the spot market, which is subject to market price fluctuations. In addition, there can be no assurance that Capstone Copper will be able to renew any off-take agreement at economic terms, or at all, or that Capstone Copper's production will meet the qualitative and quantitative requirements under such agreements.

In addition, under each of Capstone Copper's off-take agreements, Capstone Copper or its customers may suspend or cancel delivery during a period of force majeure. Events of force majeure under the agreements include acts of nature, strikes, fires, floods, wars, transportation delays, governmental actions or other events that are beyond the control of the affected party and interferes with performance by such party of its obligations under the off-take agreement. In addition, a longstanding event of force majeure may give rise to a right to terminate the relevant off-take agreement. Any suspension or cancellation of deliveries under off-take agreements that are not replaced by delivery under new contracts or sales on the spot market, or the termination of off-take agreements for force majeure, could have a material adverse effect on Capstone Copper's business, financial condition, results of operations or prospects.

Capstone Copper is subject to fluctuations in the cost of ocean vessel freight, which could result in higher costs. The cost of ocean vessel freight is impacted by numerous factors including but not limited to the supply and demand of bulk and container vessels, the supply and demand of commodities or goods that require shipment via vessel, the cost and availability of fuel, global crisis or political events, and environmental regulations. Capstone Copper may elect from time to time to enter into Contracts of Affreightment to maintain certainty of freight prices for a specific period of time.

We may face market access restrictions or tariffs.

Capstone Copper could experience market access interruptions or trade barriers due to policies or tariffs of individual countries, or the actions of certain interest groups to restrict the import of certain commodities. Regional and global crises including but not limited geopolitical instability and conflict or the breakout of contagious illnesses and global pandemics could significantly impact our ability to or costs to market and transport our concentrate. Restrictions or interruptions in Capstone Copper's ability to transport concentrate across country borders and globally could materially affect our business operations. Our exported copper concentrate, or the supplies we import may also be impacted, which may impair the competitiveness of our business.

Fluctuations in foreign currency exchange rates could have an adverse effect on Capstone Copper's business, financial condition, results of operations and prospects.

Fluctuations in the Mexican and Chilean peso relative to the US dollar could significantly affect our business, financial condition, results of operations and prospects. Exchange rate movements can have a significant impact on Capstone Copper as all of Capstone Copper's revenue is received in US dollars, but a portion of the Company's operating and capital costs are incurred in Mexican and Chilean pesos. Given the relevance of the copper mining industry in the Chilean economy and trade balance, a negative correlation has historically been observed between the US dollar and the Chilean peso exchange rate and the copper price. An increase in the copper price will tend to reflect a strengthening of the Chilean peso relative to the US dollar which increases operating and other costs exposed to the Chilean peso. Also, Capstone Copper is also exposed to currency fluctuations in the Canadian dollar relating to general and administrative expenditures and the Chilean peso relating to expenditures for the Santo Domingo Project. As a result, a strengthening of these currencies relative to the US dollar will reduce Capstone Copper's profitability and affect its ability to finance its operations.

General economic conditions or changes in consumption patterns may adversely affect Capstone Copper's growth and profitability.

Many industries, including the base and precious metals mining industry, are cyclical by nature and fluctuates with economic cycles and are impacted by global market conditions. Capstone Copper's revenues depend on the volume of copper it sells and the price for such copper, which in turn depends on the level of industrial and consumer demand for such metal. Demand for copper is largely driven by the electric vehicle sector, construction industry, electronic product manufacturing, power generation, transmission and distribution, renewable energy and the production of industrial machinery. Some of the key impacts of financial market turmoil include contraction in credit markets resulting in an increase in credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and metals markets, and a lack of market liquidity. A slowdown in the financial markets or other economic conditions, including, but not limited to, reduced consumer spending, increased unemployment rates, deteriorating business conditions, inflation, deflation, volatile fuel and energy costs, increased consumer debt levels, lack of available credit, changes in interest rates and changes in tax rates or government royalty rates, may adversely affect Capstone Copper's growth and profitability potential. Specifically:

- a global credit/liquidity issue could impact the cost and availability of financing and our or our customers' overall liquidity;
- volatility of prices for copper, zinc, iron, gold, and/or silver may impact our future revenues, profits and cashflows;
- recessionary pressures could adversely impact demand for our production;
- volatile energy prices, commodity and consumables prices and currency exchange rates could negatively impact potential production costs; and
- devaluation and volatility of global stock markets could impact the valuation of Capstone Copper's securities, which may impact Capstone Copper's ability to raise funds through future issuances of equity.

These factors could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, as the Company's operations expand and reliance on global supply chains increase, the impact of significant geopolitical risk and conflict globally may have a sizeable and unpredictable impact on the Company's business, financial condition and operations. The ongoing conflict in Ukraine and the global response to this conflict as it relates to sanctions, trade embargos and military support has resulted in significant uncertainty as well as economic and supply chain disruptions. Should this conflict go on for an extended period of time, expand beyond Ukraine, or should other geopolitical disputes and conflicts emerge in other regions, this could result in material adverse effects to the Company.

Capstone Copper is required to obtain, maintain, and renew environmental, construction and mining permits, which is often a costly, time-consuming and uncertain process.

Mining companies, including Capstone Copper, need many environmental, construction, transportation and mining permits, each of which can be time-consuming and costly to obtain, maintain and renew. In connection with our current and future operations, we must obtain and maintain a number of permits that impose strict conditions, requirements and obligations on Capstone Copper, including those relating to various environmental and health and safety matters. To obtain, maintain and renew certain permits, we are required to conduct environmental assessments pertaining to the potential impact of our current and future operations on the environment and to take steps to avoid or mitigate those impacts. For example, additional permits will be required to fully exploit the resources at Pinto Valley Mine and Cozamin. There is a risk that Capstone Copper will not be able to obtain such permits or that obtaining such permits will require more time and capital than anticipated. The regulatory approval process for the updated mine closure plan for the MVDP is currently underway and there is no certainty that it will be approved without any adjustment.

Permit terms and conditions can also impose restrictions on how we operate and limits our flexibility in developing our mineral properties. Many of Capstone Copper's permits are subject to renewal from time to time, and renewed permits may contain more restrictive conditions than Capstone Copper's existing permits. In addition, we may be required to obtain new permits to expand our operations, and the grant of such permits may be subject to an expansive governmental review of our operations. Alternatively, we may not be successful in obtaining such permits, which could prevent Capstone Copper from commencing, extending or expanding operations or otherwise adversely affect Capstone Copper's business, financial condition, results of operation and prospects. Further, renewal of our existing permits or obtaining new permits may be more difficult if we are not able to comply with our existing permits. Applications for permits, permit area expansions and permit renewals may be subject to challenge by interested parties, which can delay or prevent receipt of needed permits. The permitting process can also vary by jurisdiction in terms of its complexity and likely outcomes.

Accordingly, permits required for Capstone Copper's operations may not be issued, maintained or renewed in a timely fashion or at all, may be issued or renewed upon conditions that restrict Capstone Copper's ability to operate economically, or may be subsequently revoked. Design and construction standards for tailings storage facilities may become more restricted in the future, impacting our mines' ability to expand, operate, or renew permits and as a result, considerable capital expenditures may be required to comply with new standards, regulations and permitting requirements. Any such failure to obtain, maintain or renew permits, or other permitting delays or conditions, including in connection with any environmental impact analyses, could have a material adverse effect on Capstone Copper's business, results of operations, financial condition and prospects.

Capstone Copper's Mineral Resources and Mineral Reserves are estimates and are subject to uncertainty.

Our Mineral Resources and Mineral Reserves are estimates and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be inaccurate. Actual recoveries of copper, zinc, iron, gold, silver and cobalt from mineralized material may be lower than those indicated by test work. Any material change in the quantity of mineralization, grade or stripping ratio, may affect the economic viability of Capstone Copper's properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Notwithstanding pilot plant tests for metallurgy and other factors, there remains the possibility that the ore may not react in commercial production in the same manner as it did in testing. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Mining and metallurgy are inexact sciences and, accordingly, there always remains an element of risk that a mine may not prove to be commercially viable.

Until a deposit is actually mined and processed, the quantity of Mineral Resources and Mineral Reserves and grades must be considered as estimates only. In addition, the quantity of Mineral Resources and Mineral Reserves may vary depending on, amongst other things, metal prices, cut-off grades and operating costs. Any material change in quantity of Mineral Reserves, Mineral Resources, grade, percent extraction of those Mineral Reserves recoverable by underground mining techniques or the stripping ratio for those Mineral Reserves recoverable by open pit mining techniques may affect the economic viability of Capstone Copper's mining projects.

Mineral rights or surface rights to our properties or third-party royalty entitlement to our properties could be challenged, and, if successful, such challenges could have a material adverse effect on our production and our business, financial condition, results of operations and prospects.

Title to Capstone Copper's properties may be challenged or impugned. Our property interests may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects. Surveys have not been carried out on the majority of our properties and, therefore, in accordance with the laws of the jurisdiction in which such properties are situated, their existence and area could be in doubt.

A claim by a third party asserting prior unregistered agreements on or transfer of any of Capstone Copper's properties, especially where Mineral Reserves have been located, could result in Capstone Copper losing a commercially viable property. Even if a claim is unsuccessful, it may potentially affect Capstone Copper's current operations, projects or development properties due to the high costs of defending against the claim and its impact on Capstone Copper's resources. Title insurance is generally not available for mineral properties and Capstone Copper's ability to ensure that Capstone Copper has obtained a secure claim to individual mineral properties or mining concessions or related royalty rights may be severely constrained. We rely on title information and/or representations and warranties provided by our grantors. If we lose a commercially viable property, such a loss could lower our future revenues or cause Capstone Copper to cease operations if the property represented all or a significant portion of our Mineral Reserves at the time of the loss.

A claim by a third party asserting royalty rights, including, but not limited to claims by royalty holders asserting increased royalty rights on any of Capstone Copper's properties, could result in Capstone Copper incurring high costs of defending against the claim, and if such claims were successful, such a loss could lower our future revenues or cause Capstone Copper to cease operations if the property represented all or a significant portion of our Mineral Reserves at the time of the loss.

Our operations are subject to significant governmental regulation, which could significantly limit our exploration and production activities.

Capstone Copper's mineral exploration, development, construction, and operating activities are subject to governmental approvals and various laws and regulations governing development, operations, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use and land claims affecting local communities, and in certain circumstances First Nations and Indigenous populations consultation as part of permitting processes. The liabilities and requirements associated with the laws and regulations related to these and other matters may be costly and time-consuming and may restrict, delay or prevent commencement or continuation of exploration or production operations. We cannot provide definitive assurance that we have been or will be at all times in compliance with all applicable laws and regulations and governmental orders. Failure to comply with applicable laws, regulations and governmental orders may result in the assessment of administrative, civil and criminal penalties or charges, the imposition of cleanup and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits or authorizations and other enforcement measures that could have the effect of limiting or preventing production from our operations. Capstone Copper may incur material costs and liabilities resulting from claims for damages to property or injury to persons arising from Capstone Copper's operations. If Capstone Copper is pursued for sanctions, costs and liabilities in respect of these matters, Capstone Copper's mining operations and, as a result, Capstone Copper's financial performance, financial position and results of operations, could be materially and adversely affected.

In addition, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail our exploration, development, construction, or production. This risk may increase following changes to government leadership or governing parties, or through increasing societal pressures. Amendments to current laws, tax regimes, regulations and permits governing operations and activities of mining and exploration companies, or the more stringent implementation thereof, could have a material adverse impact on Capstone Copper and increase our exploration expenses, capital expenditures, ability to attract funds, or production costs or reduce production at our producing properties or require abandonment or delays in exploring or developing our properties.

Climate change and its impact on climatic conditions may adversely affect our operations or current and future development projects.

The potential physical impacts of climate change on our operations are highly uncertain and are particular to the geographic circumstances in areas in which we operate. These may include changes in precipitation and storm patterns and intensities, prolonged droughts, water shortages, wildfires, changing sea levels and changing temperatures. Extreme weather events have the potential to impact our mining operations, exploration and development projects and supply chains. Additionally, global climatic conditions can impact the capacity for insurance available in the market which could have a negative effect on Capstone Copper's financial condition or risk exposure.

Arizona can be subject to extreme periods of drought. A prolonged decrease in precipitation rates or increase in temperatures causing evaporation, could decrease the availability of necessary water supplies and could affect operations at the Pinto Valley Mine and materially adversely affect our results of operations. Prolonged extreme temperatures could lead to work-related heat stress resulting in health and safety risks to employees while working outdoors. Arizona can also be subject to significant rainfall events which could result in excess water or flooding of the pit, tailings storage facilities or other significant areas at the Pinto Valley Mine adversely affecting our results of operations or causing adverse impacts.

Operations at the Cozamin Mine are also subject to extreme adverse weather conditions including, but not limited to, flooding and drought. The rainy season extends from June until September with an average annual precipitation of approximately 500mm. Drought has also been prevalent in Central Mexico for years and the effects of lack of water might disrupt normal process operations.

In the past, Chile has experienced droughts severe enough to adversely affect the energy sector of the economy in the central and southern regions of Chile. If Chile were to experience a severe drought or Capstone Copper were otherwise unable to obtain adequate water supplies, its ability to conduct its operations in Chile could be impaired. Additionally, Chile is vulnerable to the El Niño, which can trigger extreme weather resulting in floods and mudslides. Any such landslides or flooding may affect the ability of the development and operations of Mantos Blancos Mine and Mantoverde Mine, and the advancement in development of the Santo Domingo project and may materially adversely affect Capstone Copper's business, results of operations and financial condition.

Public Policy changes in climate change regulatory regime could adversely affect our business.

Climate change is an international and societal concern. The governments of Chile, the United States and Mexico are signatories of the Paris Agreement, a legally binding international treaty on climate change, and have agreed to reduce Greenhouse Gas (GHG) emissions as indicated in Nationally Determined Contributions (NDC). Recently, the Chilean government updated its commitment to reduce GHG emissions per GDP unit by 45% below 2016 levels by 2030. Capstone Copper's operations produce GHG emissions through the direct combustion of fossil fuels and indirectly through electricity consumption. Changes in government policies and regulations aimed at mitigating or adapting to climate change could increase environmental compliance and other operating costs, which could impact the profitability of our operations or projects or lead to delays.

Changes in government policies and regulations aimed at mitigating climate change might include limiting the amount of GHG emissions we can produce, requiring us to look for alternative energy sources. Some risks related to this are, increased competition for renewable energy, which could impact costs of acquiring it or reduce the availability. Our ability to shift our energy mix toward renewables depends in part on our countries of operation investing in renewable power generation. Regulation specific to GHG emissions and energy efficiency is evolving and varies by jurisdiction. Carbon-pricing mechanisms may be introduced in the jurisdictions we operate or conduct business. Other changes in government regulation aimed at adapting to climate change such as water scarcity in our regions of operation may result in limited access to water sources due to increased regulation, impacting our ability to acquire the water needed for our operations. New legislation and increased regulation could impose costs on our operations, customers, and suppliers, including increased energy, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. Capstone Copper monitors the evolving regulation landscape and engages its local legal counsel to provide updates on regulatory developments. The implementation of regulations and carbon-pricing mechanisms aimed at reducing the effects of climate change could impact our ability to pursue future opportunities, or maintain our existing operations, which could have an adverse effect on our business. The Company may decide to pursue carbon reduction strategies which could result in higher operational costs or increased capital outlays.

Our operations are subject to stringent environmental laws and regulations that could significantly limit our ability to conduct our business.

Our operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, air quality, tailings facility management, safety and other matters. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining operations, such as spills or excessive seepage or dust from tailings storage facilities or other operations, which could result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain of our operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in the direction of stricter standards and enforcement, higher fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors, officers and employees. Compliance with changing environmental laws and regulations may require significant capital outlays, including but not limited to revisions to tailings facility designs, obtaining additional permits, installation of additional equipment, or remedial actions and may cause material changes or delays in, or the cancellation of, our exploration programs or current operations.

***A major increase in Capstone Copper's input costs, such as those related to sulphuric acid, electricity, fuel and supplies, may have an adverse effect on Capstone Copper's results of operations and financial condition*.**

Capstone Copper's operations are affected by the cost of commodities and goods such as electrical power, sulphuric acid, fuel and supplies. Mining operations and facilities are intensive users of electricity and carbon-based fuels. Energy prices can be affected by numerous factors beyond our control, including global and regional supply and demand, political and economic conditions, and applicable regulatory regimes. The prices of various sources of energy may increase significantly from current levels. An increase in energy prices for which Capstone Copper is not hedged could materially adversely affect our results of operations and financial condition.

Purchases of sulphuric acid constitute a significant part of Mantos Blancos Mine and Mantoverde Mine operating costs and amounted to US$94 million in 2021. While there is a long-standing copper smelter industry in Chile which supplies acid locally, the country is a net importer of sulphuric acid, and Capstone Copper relies upon key suppliers from Chile, Peru, China, Korea, and Japan under annual contracts at a fixed price determined in the preceding year on an import parity basis. The price, availability, and reliability of resources are subject to changes in global market price or condition, new laws or regulations, taxes or tariffs, shortages or slowdowns in production of resources, and border closures. Change in price or shortages of key resources consumed in Capstone Copper's operations could limit Capstone Copper's mining capacity or require Capstone Copper to cease its mining production, and therefore have a materially adverse impact on Capstone Copper's financial conditions and results of operations.

It may be difficult for Capstone Copper to recruit and retain qualified people.

The mining industry is experiencing recruitment and retention challenges for skilled and experienced employees. Due to the cyclical nature of mining and the emergence of competing industries the talent pool for skilled and experienced workers is shrinking. The number of new workers entering the mining sector may not be sufficient to replace the number of retirees in the future. It may be difficult for Capstone Copper to recruit and retain qualified people in Arizona, Mexico and Chile, or compete for talent with other companies who are situated in these areas, which may result in increased costs and delays.

It may be difficult for Capstone Copper to obtain all of the necessary services or expertise in Arizona, Mexico and Chile or to conduct operations on Capstone Copper's projects at reasonable rates. If qualified people and services or expertise cannot be obtained in Arizona, Mexico and Chile, we may need to seek and obtain those services from people located outside of these areas, which will require work permits and compliance with applicable laws and could result in delays and higher costs.

Land reclamation and mine closure requirements may be burdensome and costly.

Land reclamation and mine closure requirements are generally imposed on mining companies, which require Capstone Copper, amongst other things, to minimize the effects of land disturbance. Additionally, Capstone Copper has lease agreements, and may enter into agreements in the future, which may require environmental restoration activities at transportation, storage and shipping facilities such as the Skagway Ore Terminal and the San Manuel Transload Facility or other properties. Capstone Mining remains a party to the User Agreement at the Skagway Ore Terminal, and the obligations thereunder, jointly with Minto Metals Corp. and Pembridge Resources PLC as part of the Share Purchase Agreement for Minto Explorations Ltd. Further, the San Manuel Arizona Railroad Company may have increased reclamation requirements as a rail transportation company. Such requirements may include controlling the discharge of potentially dangerous effluents from a site and restoring a site's landscape to its pre-exploration form. The actual costs of reclamation and mine closure are uncertain and planned expenditures may differ from the actual expenditures required. Through acquisition activities Capstone Copper may discover or inherit historic tailings or waste deposits which may require further remediation activities, including but not limited to the historic mining and processing operations at Chiripa-La Gloria arroyo at the Cozamin Mine. Therefore, the amount that we are required to spend could be materially higher than current estimates. Any additional amounts required to be spent on reclamation and mine closure may have a material adverse effect on our financial performance, financial position and results of operations and may cause Capstone Copper to alter Capstone Copper's operations. Although we include liabilities for estimated reclamation and mine closure costs in our financial statements and Life of Mine models, it may be necessary to spend more than what is projected to fund required reclamation and mine closure activities.

The costs, timing and complexities of developing Capstone Copper's projects may be greater than anticipated. Delay or failure to implement Capstone Copper's expansion and development projects could have an adverse effect on Capstone Copper's growth prospects.

Cost estimates may increase significantly as more detailed engineering work is completed on a project or changes to the supply or demand for goods or services. It is common in mining operations to experience unexpected costs, problems and delays during construction, development and mine start-up. Accordingly, we cannot provide assurance that our activities will result in profitable mining operations at our mineral properties. If there are significant delays in when these projects are completed and are producing on a commercial and consistent scale, or their capital costs were to be significantly higher than estimates, these events could have a significant adverse effect on Capstone Copper's results of operations, cash flow from operations and financial condition.

Future copper prices and operating costs through a mine's life cycle could also adversely affect the development of Capstone Copper's growth projects. In addition, the lack of availability of plant, equipment and other materials or acceptable contractual terms for transportation or construction, or a slower than anticipated performance by any contractor or a period of adverse weather, could delay or prevent the successful completion of any of Capstone Copper's development projects.

Implementation of Capstone Copper's development projects and prospects may also be compromised, or cease to be economical, in the event of a prolonged decline in the market price of copper, and, to a lesser extent, gold or silver. There can be no assurance as to when Capstone Copper's expansion and development projects will be completed under the current anticipated timeline, if at all, whether even if achieved the resulting operations will achieve the anticipated production volumes or whether the costs of developing these projects will be in line with those anticipated. Any failure by Capstone Copper to implement its expansion and development projects as planned may have a material adverse effect on Capstone Copper's growth opportunities.

There are uncertainties and risks related to the Mantos Blancos Concentrator Debottlenecking Project and the Mantoverde Development Project,

Successful implementation of the Mantos Blancos Concentrator Debottlenecking Project and the Mantoverde Development Project, is subject to various risks, many of which are not within Capstone Copper's control, that may materially and adversely affect Capstone's growth prospects and profitability. These factors include, among others:

- the availability, terms, conditions and timing of the delivery of plant, equipment and other materials necessary for the construction and/or operation of the relevant facility;
- Capstone Copper may encounter delays or higher than expected costs in obtaining the necessary equipment, machinery, materials, supplies, labor or services and in implementing new technologies to develop and operate a project;
- the availability of acceptable arrangements for transportation and construction;
- the timely and satisfactory performance of engineering and construction contractors, mining contractors, suppliers and consultants, including under Capstone Copper's existing engineering;
- procurement and construction contracts for the MV Development Project;
- failure to obtain, or experience delays or higher than expected costs in obtaining, the required agreements, authorizations, licences, approvals and permits to develop a project, including the prior consultation procedure and agreements with local communities;
- changes in market conditions or regulations may make a project less profitable than expected at the time the work was initiated;

- accidents, natural disasters, labor disputes and equipment failures;
- adverse mining conditions may delay and hamper Capstone Copper's ability to produce the expected quantities and qualities of minerals upon which the project was budgeted;
- conflicts with local communities and/or strikes or other labor disputes may delay the implementation or the development of projects; and
- other factors such as adverse weather conditions affecting access to the development site or the development process and Capstone Copper's access to adequate infrastructure generally, including a reliable power and water supply.

There are uncertainties and risks related to the potential development of the Santo Domingo Project

The development of the Santo Domingo Project will require securing financing and equity partnerships. Capstone Copper's ability to raise its equity contribution to the Santo Domingo Project may be influenced by future prices of commodities and the market for project debt.

Various factors may influence the ability to further enhance the value of the Santo Domingo Project including but not limited to the expected timing for commencement of construction, the realization of Mineral Reserve estimates, grade or recovery rates, an increase in capital requirements or construction expenditures, the validity of required permits, the ability to obtain required permits, the timing and terms of a power purchase agreement, title disputes, claims and limitations on insurance coverage or extreme weather events. Delays to the development of the Santo Domingo Project may be influenced by factors such as dependence on key personnel, availability of contractors, accidents, labour pool constraints, labour disputes, availability of infrastructure, objections by the communities or environmental lobby of the Santo Domingo Project and associated infrastructure and other risks of the mining industry. These events could have a material adverse effect on Capstone Copper's financial condition, business, operating results and prospects.

Any changes in the Santo Domingo Project parameters or development and construction delays may impact the timing and amount of estimated future production, costs of production, success of mining operations, environmental compliance, and reclamation requirements.

Capstone Copper's activities are dependent on its infrastructure being adequate and available.

Capstone Copper's mining, development and exploration activities depend on availability of adequate infrastructure. Capstone Copper requires reliable and accessible roads, railways, ports, power sources and water supplies to access and conduct its operations, and the availability and cost of this infrastructure affect capital and operating costs and its ability to achieve and maintain expected levels of production and sales. Unusual weather or other natural phenomena, sabotage, political interference or other interference in the maintenance or provision of such infrastructure could affect the development of a project, reduce mining volumes, increase mining or exploration costs or delay the transportation of raw materials to the mines and outputs to Capstone Copper's customers. Any such issues arising with respect to the infrastructure supporting or on Capstone Copper's sites, or involved in Capstone Copper's transport activities, could adversely affect Capstone Copper's business, results of operations or financial condition.

Furthermore, any failure or unavailability of Capstone Copper's development or operational infrastructure, including through equipment failure or disruption to Capstone Copper's transportation arrangements, could adversely affect the production output from Capstone Copper's mines or impact Capstone Copper's exploration activities or the development of a mine or project.

Capstone Copper's ability to acquire properties for growth may be limited.

The life of any mine is limited by its Mineral Reserves. As we seek to replace and expand our Mineral Reserves through exploration, acquisition of interests in new properties or of interests in companies which own the properties, we encounter strong competition from other companies in connection with the acquisition of properties. This competition may limit our ability to adequately replace Mineral Reserves mined.

We are dependent on key management personnel.

We are very dependent upon the personal efforts and commitment of our existing management and our current operations and future prospects depend on the experience and knowledge of these individuals. Capstone Copper does not maintain any "key person" insurance. To the extent that one or more of Capstone Copper's members of management are unavailable for any reason, or should Capstone Copper lose the services of any of them, a disruption to Capstone Copper's operations could result, and there can be no assurance that Capstone Copper will be able to attract and retain a suitable replacement.

Our directors and officers may have interests that conflict with Capstone Copper's interests.
Certain of Capstone Copper's directors and officers also serve as directors or officers of, or have significant shareholdings in, other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. To the extent that such other companies may participate in ventures which Capstone Copper may participate in, or in ventures which Capstone Copper may seek to participate in, our directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In all cases where our directors and officers have an interest in other companies, such other companies may also compete with Capstone Copper for the acquisition of mineral property investments. As a result of these conflicts of interest, we may not have an opportunity to participate in certain transactions, which may have a material adverse effect on our business, financial condition, results of operation and prospects.

Corruption and bribery risk
Capstone Copper is required to comply with anti-corruption and anti-bribery laws of various countries including but not limited to, Canada, US, Mexico, Barbados, United Kingdom and Chile. In recent years there has been an increase in enforcement and severity of penalties under such laws. A company may be found liable for violations by officers, directors, employees, contractors and third parties. Capstone Copper has implemented policies and taken measures including training to mitigate the risk of non-compliance, however, such measures are not always effective in ensuring that Capstone Copper, its officers, directors, employees, contractors and third parties comply strictly with such laws. If Capstone Copper is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions resulting in a material adverse effect on Capstone Copper's reputation and financial results.

Capstone Copper's insurance does not cover all potential losses, liabilities and damage related to Capstone Copper's business and certain risks are uninsured or uninsurable.
In the course of exploration, development and production of mineral properties and in the conduct of our operations, certain risks, including but not limited to rock bursts, cave-ins, environmental incidents, fires, flooding, earthquakes and cybersecurity events may occur. It is not always possible to fully insure against all risks due to commercial availability or for other reasons. Capstone Copper currently does not have insurance against all risks and may decide to or become required to accept higher deductibles or self-insure and not insure against certain risks as a result of high premiums or for other reasons. Our property, business interruption and liability insurance may not provide sufficient coverage for losses related to certain risks. Further, insurance against certain risks, including but not limited to those related to certain environmental matters, is generally not available to Capstone Copper or to other companies within the mining industry. Losses from these events may cause Capstone Copper to incur significant costs that could have a material adverse effect on Capstone Copper's business, financial condition, results of operation and prospects.

Labor disruptions involving Capstone Copper employees or the employees of its independent contractors could affect its production levels and costs. Our operations will be adversely affected if we fail to maintain satisfactory labour relations.

Approximately 94% of employees at Mantos Blancos and 96% of employees at Mantoverde are covered by agreements with one of the labor unions with a presence at the mining operations. In addition, contractors or subcontractors form a significant part of Mantos Blancos and Mantoverde workforce, making up approximately 40% of the total workforce. Pursuant to Chilean regulations, labor negotiations with a contractor's workforce are the responsibility of the relevant contractors. Mantos Blancos and Mantoverde may experience work slowdowns or disruptions in the future, whether of its own workforce or a contractor's workforce, and there can be no assurance that a work slowdown or work stoppage will not occur prior to or upon the expiration of the current long-term labor agreements. In 2016, the Government of Chile promulgated an extensive labor reform law (the "Labor Reform Law"), which became effective in 2017. The Labor Reform Law prevents Chilean companies from hiring temporary replacements for striking employees and also prevents the replacement of striking employees with other existing employees of the company. This may have an adverse effect on Capstone Copper's overall employment and operating costs, and may increase the likelihood of business disruptions in Chile.

Approximately 399 of the hourly employees at the Pinto Valley Mine which are represented by six unions, governed by one collective bargaining agreement negotiated by the United Steelworkers Union which is in effect until May 29, 2022. Additional groups of non-union employees may seek union representation in the future. Further, relations with employees may be affected by changes in the scheme of labour relations that may be

[1] These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

introduced by the relevant governmental authorities in jurisdictions where Capstone Copper conducts business. Changes in such legislation or otherwise in our relationship with our employees may result in higher ongoing labour costs, employee turnover, strikes, lockouts or other work stoppages, any of which could have a material adverse effect on our business, results of operations and financial condition.

Capstone Copper may experience cybersecurity threats

We rely on secure and adequate operations of information technology systems in the conduct of our operations. Access to and security of the information technology systems are critical to our operations. To our knowledge, we have not experienced any material losses relating to disruptions to our information technology systems. We have enhanced and implemented ongoing policies, controls and practices to manage and safeguard Capstone Copper and our stakeholders from internal and external cybersecurity threats and to comply with changing legal requirements and industry practice. Given that cyber risks cannot be fully mitigated and the evolving nature of these threats, we cannot assure that our information technology systems are fully protected from cybercrime or that the systems will not be inadvertently compromised or are without failures or defects. Disruptions to our information technology systems, including, without limitation, security breaches, power loss, theft, computer viruses, cyber-attacks, malicious software, natural disasters, and non-compliance by third party service providers and inadequate levels of cybersecurity expertise and safeguards of third party information technology service providers, may adversely affect the operations of Capstone Copper including but not limited to loss of production or operational delays as well as present significant costs and risks including, without limitation, loss or disclosure of confidential, proprietary, personal or sensitive information and third party data, material adverse effect on our financial performance, compliance with our contractual obligations, compliance with applicable laws, damaged reputation, remediation costs, potential litigation, regulatory enforcement proceedings and heightened regulatory scrutiny.

We may not be able to compete successfully with other mining companies.

The mining industry is competitive in all of its phases. Capstone Copper faces strong competition from other mining companies in connection with the acquisition of properties producing or capable of producing metals. Many of these companies have greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more diversification, more effective risk management policies and procedures and/or a greater ability than Capstone Copper to withstand losses. Our competitors may be able to respond more quickly to new laws or regulations or emerging technologies or devote greater resources to the expansion or efficiency of their operations than we can. There is no guarantee that our investment in new technologies will result in improved operational or financial performance or our overall competitiveness in the long term, including but not limited to the Eriez HydroFloat Coarse Particle Flotation Technology and the Jetti catalyst technology. The performance of the Jetti catalyst technology may not result in the level of copper cathode recovery anticipated at our Sx-Ew plant. Once commissioned, the performance of our paste and backfill plant may not be as anticipated. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships amongst themselves or with third parties.

Accordingly, it is possible that new competitors or alliances amongst current and new competitors may emerge and gain significant market share to our detriment. Capstone Copper may also encounter increasing competition from other mining companies and producers particularly around sales, supply and labor prices, contractual terms and conditions, attracting and retaining qualified personnel and securing the services and supplies Capstone Copper's needs for its operations. Increased competition could adversely affect Capstone Copper’s ability to attract necessary capital funding, to acquire it on acceptable terms, or to acquire suitable producing properties or prospects for mineral exploration in the future. As a result of this competition, we may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on our business, financial condition, results of operations and prospects. Further, Capstone Copper may become a target for a corporate takeover or may decide to engage in a strategic merger. Such activities may create uncertainty among shareholders and markets and therefore influence share prices.

The Pinto Valley Mine was acquired on an “as is where is” basis, provided indemnities to BHP Copper and has limited recourse against BHP Copper with respect to many potential liabilities related to the Pinto Valley Mine.

The Pinto Valley Mine was acquired on an “as is where is” basis with limited representations and warranties. In addition, the Company has provided indemnities to BHP Copper with respect to certain liabilities and have limited recourse against BHP Copper with respect to potential liabilities related to the Pinto Valley Mine. As a result, the acquisition of mineral properties, such as the Pinto Valley Mine, may subject Capstone Copper to unforeseen liabilities, including environmental liabilities.

Capstone Copper's arrangements with non-controlling shareholders and associates may not be successful.

In the course of Capstone Copper's business, it may control additional subsidiaries where there is a non-controlling interest or have significant influence over associates or enter into further joint ventures in the future. For example, as part of the financing of the MVDP, MMC acquired a 30.0% interest in Mantoverde for US$275 million, subject to an additional contingent payment of US$20 million from MMC to Mantoverde in the event Mantoverde receives approval to increase its tailings storage capacity by an additional 500,000 tonnes. In addition, MMC agreed to provide a US$60 million cost overrun facility in exchange for additional offtake of copper concentrate and a subsidary of Capstone Copper entered into the MV Shareholders Agreement relating to the ongoing management of Mantoverde. As such, Capstone Copper is subject to risks associated with its non-controlling shareholders or any future joint venture partners, including that they may (i) have economic or business interests or goals that are inconsistent with or opposed to Capstone Copper's, (ii) exercise veto rights so as to block actions Capstone Copper believes to be in its or its subsidiaries; or joint ventures' best interests, (iii) take action contrary to Capstone Copper's policies or objectives with respect to its investments, for instance by veto of proposals in respect of a subsidiary or joint venture, or (iv) as a result of financial or other difficulties, be unable or unwilling to fulfill their obligations under the joint venture or other agreements. Any of the foregoing may adversely affect Capstone Copper's business, results of operations or financial condition through the disruption of mining operations or the delay or non-completion of the relevant development projects. In addition, the exit of these non-controlling shareholders or the termination of these joint ventures, if not replaced on similar terms, could adversely affect Capstone Copper's business, results of operations or financial condition.

There are security risks associated with our operations in Mexico that may have a material adverse effect on its operations.

Throughout Mexico, including the regions we operate, there has been an increase in violence between the drug cartels, human trafficking originations or other criminal organizations including violence towards the authorities. Capstone Copper's Cozamin mine located in Zacatecas, Mexico, and operates in a region that is experiencing an increasing rate of criminal activity and violence. Cozamin's copper concentrate is delivered by truck under an agreement to a major trading company in Manzanillo, Mexico. Additionally, the majority of Pinto Valley Mine's copper concentrate is hauled using a modular truck system across the US and Mexico border into the state of Sonora and shipped out of the port of Guaymas. Criminal activities in these regions or in neighbouring regions, or the perception that activities are likely, may disrupt Capstone Copper's operations or supply chains and lead to an adverse financial impact or an increase in costs to further manage the security risk.

Although measures have been implemented to protect our employees, contractors, property and facilities, no assurances can be given that security incidents will not have a material adverse effect on our operations and financial position. The law enforcement authorities' efforts to reduce criminal activity may experience challenges from a lack of resources, corruption and the power of organized crime. The effect of such security incidents cannot be accurately predicted and may result in serious adverse consequences including harm to employees, contractors or visitors, theft or damage to property and assets, and the disruption or suspension to our operations leading to an adverse financial impact. Increasing criminal activity and violence may increase community tensions, impacting Capstone Copper's ability to hire and keep qualified personnel or contractors and could impact the Company's ability to conduct business.

Legal proceedings

From time to time, Capstone Copper is involved in routine legal matters, including but not limited to, regulatory investigations, claims, lawsuits, contract disputes and other proceedings in the ordinary course of our business. There can be no assurances that these matters will not have a material effect on our business.

The price of Common Shares is volatile.

Publicly quoted securities are subject to a relatively high degree of price volatility. It should be expected that continued fluctuations in price will occur, and no assurances can be made as to whether the share prices will increase or decrease in the future. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of many companies, particularly those considered

exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The factors influencing such volatility include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in precious metal prices or other mineral prices, the results of further exploration activities, currency exchange fluctuations and Capstone Copper's financial condition or results of operations as reflected in its earnings reports. Other factors unrelated to the performance of Capstone Copper that may have an effect on the price of the Common Shares include the following:, the extent of analyst coverage available to investors concerning the business of Capstone Copper may be limited if investment banks with research capabilities do not follow Capstone Copper's securities; lessening in trading volume and general market interest in Capstone Copper's securities may affect an investor's ability to trade significant numbers of securities of Capstone Copper; and a substantial decline in the price of the securities of Capstone Copper that persists for a significant period of time could cause Capstone Copper's securities to be delisted from an exchange, further reducing market liquidity.
Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. Capstone Copper may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

There is no assurance of a sufficient liquid trading market for Common Shares in the future.

Shareholders of Capstone Copper may be unable to sell significant quantities of Common Shares into the public trading markets without a significant reduction in the price of their Common Shares, or at all. There can be no assurance that there will be sufficient liquidity of Common Shares on the trading market, and that Capstone Copper will continue to meet the listing requirements of the exchange on which Common Shares are listed.

Capstone Copper has outstanding Common Share equivalents which, if exercised, could cause dilution to existing shareholders.

The exercise of any of stock options, other share-based compensation and share purchase warrants and the subsequent resale of such Common Shares in the public market could adversely affect the prevailing market price and Capstone Copper's ability to raise equity capital in the future at a time and price which it deems appropriate. Capstone Copper may also enter into commitments in the future which would require the issuance of additional Common Shares and Capstone Copper may grant additional share purchase warrants and stock options. Any share issuances from Capstone Copper's treasury will result in immediate dilution to existing shareholders' percentage interest in Capstone Copper.

Capstone Copper has not paid dividends and may not pay dividends in the foreseeable future.

Payment of dividends on Common Shares is within the discretion of the Capstone Copper board and will depend upon Capstone Copper's future earnings if any, its capital requirements and financial condition, and other relevant factors. Capstone Copper anticipates that all available funds will be invested to finance the growth of its business for the foreseeable future.

Sales by existing shareholders can reduce share prices.

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares. If this occurs and continues, it could impair the Company's ability to raise additional capital through the sale of securities

Concentration of Share Ownership of Capstone Copper

As at the date hereof, Orion Fund JV Limited, Orion Mine Finance (Master) Fund I-A LP, Orion Mine Finance Fund II LP (collectively, "Orion Mine Finance") collectively own approximately **[32.35%]** of the outstanding common shares in the capital of Capstone Copper ("Common Shares") and Hadrian Capital Partners Inc. owns approximately **[14.65%]** of the outstanding Common Shares. As long as these shareholders maintain their significant positions in Capstone Copper, they will have the ability to exercise influence with respect to the affairs of Capstone Copper and significantly affect the outcome of matters upon which shareholders are entitled to vote. Furthermore, there is a risk that Capstone Copper's securities are less liquid and trade at a relative discount compared to circumstances where these shareholders did not have the ability to influence or determine matters

[1] These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

affecting Capstone Copper. Moreover, there is a risk that their significant interests in Capstone Copper discourages transactions involving a change of control of Capstone Copper, including transaction in which an investor, as a holder of Capstone Copper's securities, would otherwise receive a premium for its Capstone Copper's securities over the then-current market price. A disposition of shares by these shareholders could adversely affect the market price of the Common Shares.

Transactions with Related Parties

As described in the Nature of Business section, Capstone Copper has related party relationships, as defined by IFRS, with its key management personnel.

Related party transactions and balances are disclosed in the consolidated financial statements for the year ended December 31, 2021, except the following:

- MMC has a 30% non-controlling interest in Mantoverde S.A. as part of the project financing for Mantoverde's Development Project.
- Orion Resource Partners ("Orion") were Mantos' largest shareholder and on completion of the Transaction hold approximately 32% shareholder interest in Capstone Copper Copper.

Off Balance Sheet Arrangements

As at March 31, 2022, the Company had no off-balance-sheet arrangements other than the following:

- those disclosed under Commitments in the condensed interim consolidated financial statements for the three months ended March 31, 2022;
- capital expenditure commitments totaling $522.0 million;
- the indemnification for Minto as disclosed under Other Assets in the condensed interim consolidated financial statements for the three months ended March 31, 2022; and
- seven surety bonds totaling $235.8 million.

Accounting Changes

In January 2020, the International Accounting Standards Board ("IASB") issued amendments to International Accounting Standards 1 ("IAS 1"), Presentation of Financial Statements, to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective January 1, 2023, with early adoption permitted. Retrospective application is required on adoption. The Company does not expect these amendments to have a material effect on the Company's financial statements.

In May 2020, the IASB issued an amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The amendment clarifies that the costs of fulfilling a contract when assessing whether a contract is onerous comprise both the incremental costs and an allocation of other costs that relate directly to fulfilling the contract. The amendment became effective January 1, 2022, and applies to contracts existing at the date when the amendments are first applied. On adoption of this amendment, there was no impact to the Company's consolidated financial statements.

In May 2020, the IASB issued an amendment to IAS 16, Property, Plant and Equipment - Proceeds before Intended Use. The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in the consolidated statements of income (loss). The amendment became effective January 1, 2022. The Company has assessed the impact of the amendment and it does not have a significant effect on the Company's financial statements.

In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. The amendments will become effective January 1, 2023. The Company is assessing the impact of the amendment and does not expect it to have a significant effect on the Company's financial statements.

Changes in Accounting Policies and Critical Accounting Estimates and Judgments

Significant accounting policies as well as any changes in accounting policies are discussed in Note 3 "Significant Accounting Policies, Estimates and Judgements" of the March 31, 2022 condensed interim consolidated financial statements.

Subsequent Event

- Subsequent to March 31, 2022, the existing RCF was amended. The amended RCF was signed on May 12, 2022 and will become effective after all the security is in place and other customary closing conditions are met, which is expected to occur before the existing RCF expires in July 2022. The amended RCF is increased to $500 million, plus $100 million accordion option available 180 days after closing, and has a maturity of 4 years from closing and an interest cost of adjusted term Secured Overnight Financing Rate ("SOFR") plus a margin of 1.875% - 2.75% depending on the total net leverage ratio.

- Subsequent to March 31, 2022, the Company entered into zero cost collars whereby it sold a series of call option contracts and purchased a series of put option contracts for nil cash premium. The contracts were for a total of 26,700 tonnes of copper covering the period from May 2022 through December 2022, and have a floor and weighted average ceiling price of $4.00/lb and $4.86/lb, respectively. The intent is to ensure positive operating margins on the production of cathodes.

Alternative Performance Measures

Alternative performance measures are furnished to provide additional information. These non-GAAP performance measures are included in this MD&A 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 alternative performance measures are presented in Highlights and discussed further in other sections of the MD&A. 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 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.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Net debt / Net cash
Net debt / Net cash is a performance measure used by the Company to assess its financial position and is composed of Long-term debt (excluding deferred financing costs), Cash and cash equivalents and Short-term investments.

Available Liquidity
Available liquidity is a performance measure used by the Company to assess its financial position and is composed of RCF credit capacity, Cash and cash equivalents and Short-term investments. Available liquidity excludes undrawn portions of committed funding arrangements at the mine or project level as these amounts can only be drawn on a periodic basis in line with the contractual arrangements and are for use on development project capital. Because of these limitations on availability and flexibility, we do not include these undrawn amounts in "Available liquidity". For clarity, Available liquidity does not include undrawn amounts on the $520 million Mantoverde DP facility, 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.

Operating Cash Flow before Changes in Working Capital per Common Share
Operating Cash Flow before changes in working capital per common share is a performance measure used by the Company to assess its ability to generate cash from its operations, while also taking into consideration changes in the number of outstanding shares of the Company.

Adjusted Net Income
Adjusted net income is net 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 net income attributable to shareholders before net finance expense, tax expense, and depletion and amortization.

Adjusted EBITDA
Adjusted EBITDA is EBITDA before the pre-tax effect of the adjustments made to adjusted net 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 and Adjusted EBITDA allow management and readers to analyze our results more clearly and understand the cash generating potential of the Company.

Property Cost per Tonne Milled
Property cost per tonne milled 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 monitor costs and assess overall efficiency and effectiveness of the mining operations.

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

Breakdown of C1 Cash Costs and All-in Sustaining Cost Per Pound of Payable Copper Produced
Three Months Ended March 31, 2022

	Q1 2022			
	Pinto Valley	**Cozamin**	**Other[2]**	**Total**
Payable copper produced (000s pounds)	**30,582**	**12,545**	**4,892**	**48,019**
($ millions)				
Production costs of metal produced (per financials)	**81.1**	**16.3**	**29.6**	**127.0**
Transportation cost to point of sale	**(7.2)**	**(1.0)**	**—**	**(8.2)**
Inventory write-down	**(0.1)**	**—**	**—**	**(0.1)**
Inventory working capital adjustments	**(7.9)**	**—**	**(12.8)**	**(20.7)**
Cash production costs of metal produced	**65.9**	**15.3**	**16.8**	**98.0**
By-Product Credits Estimated	**(3.1)**	**(4.9)**	**—**	**(8.0)**
Selling Costs Estimated	**16.8**	**3.7**	**0.4**	**20.9**
Total Cash costs	**79.6**	**14.1**	**17.2**	**110.9**
($/pound)				
Production costs				
Mining	**0.67**	**0.73**	**1.00**	**0.72**
Milling/Processing	**1.18**	**0.28**	**2.21**	**1.05**
G&A	**0.30**	**0.20**	**0.23**	**0.27**
C1P sub-total	**2.15**	**1.21**	**3.44**	**2.04**
By-product credits	**(0.10)**	**(0.39)**	**(0.01)**	**(0.17)**
Treatment and selling costs	**0.55**	**0.30**	**0.07**	**0.44**
C1 cash cost ($/pound PRODUCED)	**2.60**	**1.12**	**3.50**	**2.31**
($/pound)				
Royalties	**0.03**	**0.09**	**—**	**0.04**
Production-phase capitalized stripping / Mineralized drift	**—**	**0.04**	**—**	**0.01**
Sustaining capital	**0.41**	**0.63**	**0.21**	**0.45**
Sustaining leases	**0.02**	**—**		**0.01**
Accretion of reclamation obligation	**—**	**0.02**	**0.08**	**0.01**
Amortization of reclamation asset	**0.01**	**0.01**	**0.01**	**0.01**
Corporate G&A, excluding depreciation				**0.12**
All-in sustaining cost adjustments	**0.47**	**0.79**	**0.30**	**0.65**
All-in sustaining cost ($/pound PRODUCED)	**3.07**	**1.91**	**3.80**	**2.96**

[2] *Includes nine days of Mantos mines production and costs.*

Three Months Ended March 31, 2021

	Q1 2021		
	Pinto Valley	**Cozamin**	**Total**
Payable copper produced (000s pounds)	35,177	10,928	46,105
($ millions)			
Production costs of metal produced (per financials)	70.7	13.9	84.6
Transportation cost to point of sale	(7.4)	(0.7)	(8.1)
Inventory write-down	—	—	—
Realized gain on Mexican Peso derivatives	—	(0.6)	(0.6)
Inventory working capital adjustments	(5.4)	—	(5.4)
Cash production costs of metal produced	57.9	12.6	70.5
By-Product Credits Estimated	(3.5)	(5.9)	(9.4)
Selling Costs Estimated	13.9	3.2	17.1
Total Cash costs	68.3	9.9	78.2
($/pound)			
Production costs			
Mining	0.53	0.66	0.55
Milling/Processing	0.92	0.30	0.78
G&A	0.20	0.20	0.20
C1P sub-total	1.65	1.16	1.53
By-product credits	(0.10)	(0.54)	(0.20)
Treatment and selling costs	0.39	0.29	0.37
C1 cash cost ($/pound PRODUCED)	1.94	0.91	1.70
($/pound)			
Royalties	—	0.14	0.04
Production-phase capitalized stripping / Mineralized drift	0.06	0.05	0.05
Sustaining capital	0.14	0.34	0.19
Sustaining leases	0.04	—	0.03
Accretion of reclamation obligation	0.01	0.02	0.01
Amortization of reclamation asset	0.01	0.01	0.01
Corporate G&A, excluding depreciation			0.09
All-in sustaining cost adjustments	0.26	0.56	0.42
All-in sustaining cost ($/pound PRODUCED)	2.20	1.47	2.12

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Reconciliation of Net debt / Net cash

($ millions)	March 31, 2022	December 31, 2021
Long term debt (per financials), excluding deferred financing costs of nil and nil	**348.2**	—
Less:		
Cash and cash equivalents (per financials)	**(410.9)**	(262.1)
Short term investments (per financials)	**(2.2)**	(2.3)
Net (cash)	**(64.9)**	(264.4)

Reconciliation of Available Liquidity

($ millions)	March 31, 2022	December 31, 2021
Revolving credit facility capacity	**225.0**	225.0
Cash and cash equivalents (per financials)	**410.9**	262.1
Short term investments (per financials)	**2.2**	2.3
Available liquidity	**638.1**	489.4

Reconciliation of Cash Flow from Operating Activities per Common Share

($ millions, except share and per share amounts)	Q1 2022	Q1 2021
Cash flow (used in) from operating activities (per financials)	**(7.8)**	220.3
Weighted average common shares - basic (per financials)	**438,874,610**	403,209,486
Cash flow (used in) from operating activities per share	**(0.02)**	0.55

Reconciliation of Operating Cash Flow before Changes in Working Capital per Common Share

($ millions, except share and per share amounts)	Q1 2022	Q1 2021
Operating cash flow (per financials)	**(7.8)**	220.3
Adjustment for changes in working capital (per financials)	**84.8**	24.2
Other non-cash changes[2]	**(6.6)**	0.5
Operating cash flow before changes in working capital[1,2]	**70.4**	245.0
Weighted average common shares - basic (per financials)	**438,874,610**	403,209,486
Operating cash flow before changes in working capital[1] per share ($)	**0.16**	0.61

[2] *Certain of prior period comparative figures have been reclassified to conform with the current year's presentation*

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Reconciliation of Adjusted Net Income

($ millions, except share and per share amounts)	Q1 2022	Q1 2021
Net income (per financials)	**35.1**	127.0
Inventory write-down - production costs	**0.4**	—
Unrealized (gain) loss on derivative contracts	**(7.7)**	1.1
Share-based compensation expense	**19.7**	27.1
Unrealized foreign exchange (gain) loss	**(0.5)**	0.3
Mantos acquisition transaction costs	**19.4**	—
Other expense - non-recurring fees	**0.5**	—
Change in fair value of contingent receivable (RE:Minto)	**—**	(2.9)
Gain on disposal of assets	**(0.1)**	—
Reversal of impairment on mineral properties (RE: Santo Domingo)	**—**	(92.4)
Non-recurring fees on streaming transactions	**—**	0.8
G&A - care and maintenance	**0.1**	—
Insurance proceeds received	**(1.0)**	—
Tax effect on the above adjustments	**(4.8)**	3.4
Adjusted net income	**61.1**	64.4
Adjusted net income attributable to:		
Shareholders of Capstone Copper Corp.	**61.4**	64.9
Non-controlling interests	**(0.3)**	(0.5)
	61.1	64.4
Weighted average common shares - basic (per financials)	**438,874,610**	403,209,486
Adjusted net income attributable to shareholders of Capstone Copper Corp. per common share - basic ($)	**0.14**	0.16
Weighted average common shares - diluted (per financials)	**446,821,283**	412,787,986
Adjusted net income attributable to shareholders of Capstone Copper Corp. per common share - diluted ($)	**0.14**	0.16

[1] These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

Reconciliation of Adjusted EBITDA

($ millions)	Q1 2022	Q1 2021
Net income (per financials)	**35.1**	127.0
Net finance costs	**5.5**	2.9
Taxes	**20.7**	23.4
Depletion and amortization	**33.2**	25.7
EBITDA	**94.5**	179.0
Share-based compensation expense	**19.7**	27.1
Inventory write-down - production costs	**0.4**	—
Realized loss on commodity derivative contracts	**5.4**	—
Unrealized (gain) loss on derivative contracts	**(7.7)**	1.1
Gain on disposal of assets	**(0.1)**	—
Unrealized foreign exchange (gain) loss	**(0.5)**	0.3
Mantos acquisition transaction costs	**19.4**	—
Other expense - non-recurring fees	**0.5**	
Unrealized revenue adjustment	**(6.3)**	5.7
Insurance proceeds received	**(1.0)**	—
Reversal of impairment on mineral properties (RE: Santo Domingo)	**—**	(92.4)
Amortization of deferred revenue - non-cash financing component	**(0.9)**	—
Non-recurring financing fees on streaming transactions	**—**	0.8
Change in fair value of contingent receivable (RE: Minto)	**—**	(2.9)
Adjusted EBITDA	**123.4**	118.7
Adjusted EBITDA by mine		
Pinto Valley	**71.1**	88.3
Mantos Blancos	**8.3**	—
Mantoverde	**7.2**	—
Cozamin	**44.7**	34.7
Other	**(7.9)**	(4.3)
Adjusted EBITDA	**123.4**	118.7

Amortization of deferred revenue – non-cash financing component has been adjusted for, starting Q2 2021, to align with how EBITDA is determined for Capstone Copper's RCF covenant calculations. Non-cash financing for deferred revenue is a non-cash interest component on the amortization of deferred revenue. No comparative amounts are required to be restated as the streams are 2021 transactions only .

Property Cost per Tonne Milled

($ millions, except as noted)	Q1 2022 Pinto Valley	Q1 2022 Cozamin	Q1 2021 Pinto Valley	Q1 2021 Cozamin
Tonnes of mill feed (000s)	**5,257**	**333**	5,229	301
Production costs of metal produced (per financials)	**81.1**	**16.3**	70.7	13.9
Transportation cost to point of sale	**(7.2)**	**(1.0)**	(7.4)	(0.7)
Inventory write-down	**(0.1)**	**—**	—	—
Realized gain on derivative contract	**—**	**—**	—	(0.6)
Inventory working capital adjustments	**(7.9)**	**—**	(5.4)	—
Cash production costs of metal produced	**65.9**	**15.3**	57.9	12.6
Deferred Stripping/Mineralized Drift costs	**1.8**	**0.5**	2.0	0.6
Cathode costs	**(3.1)**	**—**	(3.1)	—
Stockpile movement	**(0.3)**	**0.3**	0.3	0.8
Total property costs	**64.3**	**16.1**	57.1	14.0
Property cost per tonne milled ($)	**12.21**	**48.20**	10.92	46.27

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Additional Information and Reconciliations

Sales from Operations

	2022	2021				
	Q1	Q1	Q2	Q3	Q4	Total
Copper (tonnes)						
Concentrate						
Pinto Valley	14,888	17,017	13,150	11,516	14,292	55,975
Mantos Blancos	977	—	—	—	—	—
Cozamin	5,592	4,799	5,919	5,989	6,286	22,993
Total Concentrate	21,457	21,816	19,069	17,505	20,578	78,968
Cathode						
Pinto Valley	604	485	503	443	666	2,097
Mantos Blancos	699	—	—	—	—	—
Mantoverde	2,748	—	—	—	—	—
Total Cathode	4,051	485	503	443	666	2,097
Total Copper	25,508	22,301	19,572	17,948	21,244	81,065
Zinc (000 pounds)						
Cozamin	1,005	2,110	1,789	505	386	4,790
Lead (000 pounds)						
Cozamin	—	302	82	—	(1)	383
Molybdenum (tonnes)						
Pinto Valley	17	—	—	—	—	—
Silver (000s ounces)						
Cozamin	352	309	355	363	399	1,426
Pinto Valley	66	86	55	57	72	270
Total	418	395	410	420	471	1,696
Gold (ounces)						
Pinto Valley	178	630	156	369	537	1,692
Cozamin	—	1	—	—	—	1
Total	178	631	156	369	537	1,693

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*

Continuity Schedule of Concentrate and Cathode Inventories

	Pinto Valley*		Mantos Blancos		Mantoverde	Cozamin
	Copper (dmt)	Cathode (tonnes)	Copper (dmt)	Cathode (tonnes)	Cathode (tonnes)	Copper (dmt)
Dec. 31, 2020	14,514	34	—	—	—	1,199
Production	63,935	527	—	—	—	19,897
Sales	(71,056)	(485)	—	—	—	(19,779)
Mar. 31, 2021	7,393	76	—	—	—	1,317
Production	49,738	497	—	—	—	23,583
Sales	(53,236)	(502)	—	—	—	(23,761)
Jun. 30, 2021	3,895	71	—	—	—	1,139
Production	46,553	538	—	—	—	23,792
Sales	(46,071)	(443)	—	—	—	(23,491)
Sep. 30, 2021	4,377	166	—	—	—	1,440
Production	64,133	621	—	—	—	24,379
Sales	(59,016)	(666)	—	—	—	(25,054)
Dec. 31, 2021	9,494	121	—	—	—	765
Production	56,676	636	—	—	—	21,982
Sales	(62,216)	(603)	—	—	—	(21,938)
Mar. 31, 2022	3,954	154	146	949	3,284	809

* *Reported copper concentrate production at Pinto Valley noted in the "Pinto Valley Mine" section of this document includes copper produced in concentrate and in circuit and therefore differs from the copper concentrate production amount noted above.*

Capstone Copper's mining operations are not subject to any seasonality with respect to shipping and copper production does not vary significantly from quarter to quarter. As a result, the reported sales volumes are not expected to vary significantly from production levels in each quarter.

Outstanding Share Data and Dilution Calculation

The Company is authorized to issue an unlimited number of common shares, without par value. The table below summarizes the Company's common shares and securities convertible into common shares as at May 12, 2022:

Issued and outstanding	689,661,188
Share options outstanding at a weighted average exercise price of $1.69	8,904,010
Treasury share units outstanding at a weighted average exercise price of $5.16	1,692,491
Fully diluted	700,257,689

Under the Treasury Share Unit Plan, the Company has the ability to settle the units in shares up to 3.5% of the total issued and outstanding common shares of Capstone Copper.

Management's Report on Internal Controls

Disclosure Controls and Procedures ("DC&P")

As a result of the Transaction, the Company's management, with the participation of its Chief Executive Officer & Director and Senior Vice President & Chief Financial Officer for the period ended March 31, 2022 will file a Form 52-109F2 - IPO/RTO -Certification of Interim Filings Following an Initial Public Offering, Reverse Takeover or becoming a Non-Venture Issuer which will not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) as defined in National Instrument 52-109.

Internal Control Over Financial Reporting ("ICFR")

Capstone Copper's management, with the participation of its Chief Executive Officer & Director and Senior Vice President & Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). Any system of ICFR, no matter how well designed, has inherent limitations and cannot provide absolute assurance that all misstatements and instances of fraud, if any, within the Company have been prevented or detected.

As a result of the Transaction, the Company's management, with the participation of its Chief Executive Officer & Director and Senior Vice President & Chief Financial Officer for the period ended March 31, 2022 will file a Form 52-109F2 - IPO/RTO-Certification of Interim Filings Following an Initial Public Offering, Reverse Takeover or becoming a Non-Venture Issuer which will not include representations relating to the establishment and maintenance of ICFR as defined in National Instrument 52-109.

The Company uses the 2013 Internal Control – Integrated Framework published by The Committee of Sponsoring Organizations of the Treadway Commission ("2013 COSO framework") as the basis for assessing its ICFR.

In March 2020, as a result of the COVID-19 pandemic, the Company supported working from home for the majority of the finance workforce, with working from the office or mine site where necessary and in accordance with the Company's strict COVID-19 safety measures.

Other Information

Approval

The Board of Directors of Capstone Copper approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it from the Company. A copy of this MD&A is also available for viewing at the Company's website at www.capstonecopper.com or on the Company's profile on the SEDAR website at www.sedar.com.

Additional Information

Additional information is available for viewing at the Company's website at www.capstonecopper.com or on the Company's profile on the SEDAR website at www.sedar.com.

National Instrument 43-101 Compliance

Unless otherwise indicated, Capstone Copper has prepared the technical information in this MD&A ("Technical Information") based on information contained in the technical reports and news releases (collectively the "Disclosure Documents") available under Capstone Copper's company profile on SEDAR at www.sedar.com. 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 October 31, 2020, "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 MD&A was reviewed and approved by Brad Mercer, P.Geol., Senior Vice President Exploration and Strategic Projects (technical information related to mineral exploration activities and to Mineral Resources at Cozamin), Clay Craig, P.Eng., Manager, Mining & Evaluations (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.

CAPSTONE COPPER

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

March 31, 2022

(Expressed in United States (“US”) Dollars)

Capstone Copper Corp.

Condensed Interim Consolidated Statements of Financial Position

unaudited - expressed in thousands of US dollars

ASSETS		**March 31, 2022**		December 31, 2021
Current				
Cash and cash equivalents	**$**	**410,863**	$	262,094
Short-term investments		**2,235**		2,259
Receivables *(Note 6)*		**187,005**		28,489
Inventories *(Note 7)*		**135,634**		62,825
Derivative assets *(Note 5)*		**5,271**		543
Due from related party *(Note 25)*		**259,843**		—
Other assets *(Note 9)*		**52,053**		5,450
		1,052,904		361,660
Mineral properties, plant and equipment *(Note 8)*		**4,388,623**		1,310,870
Deferred income tax assets *(Note 15)*		**33,244**		30,593
Derivative assets *(Note 5)*		**24,229**		—
Other assets *(Note 9)*		**25,646**		24,839
Total assets	**$**	**5,524,646**	$	1,727,962

LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**351,990**	$	97,384
Current portion of long-term debt *(Note 13)*		**27,563**		—
Lease liabilities *(Note 12)*		**28,460**		3,410
Income taxes payable		**21,065**		29,375
Derivative liabilities *(Note 5)*		**76,731**		387
Due to related party *(Note 25)*		**259,843**		—
Other liabilities *(Note 10)*		**71,440**		99,671
		837,092		230,227
Long-term debt *(Note 13)*		**320,625**		—
Deferred revenue *(Note 14)*		**164,611**		165,740
Lease liabilities *(Note 12)*		**72,804**		12,631
Provisions		**290,763**		161,088
Deferred income tax liabilities *(Note 15)*		**588,290**		95,786
Derivative liabilities *(Note 5)*		**68,035**		—
Other liabilities *(Note 10)*		**48,991**		46,063
Total liabilities	**$**	**2,391,211**	$	711,535

EQUITY				
Share capital	**$**	**2,444,394**	$	849,409
Other reserves		**41,816**		39,008
Retained earnings		**221,567**		128,010
Total equity attributable to equity holders of the Company		**2,707,777**		1,016,427
Non-controlling interest *(Note 11)*		**425,658**		—
Total equity		**3,133,435**		1,016,427
Total liabilities and equity	**$**	**5,524,646**	$	1,727,962

Commitments *(Note 20)*

Subsequent Events *(Notes 5 and 13)*

See accompanying notes to these condensed interim consolidated financial statements.

Capstone Copper Corp.
Condensed Interim Consolidated Statements of Income
Three Months Ended March 31, 2022 and 2021
unaudited - expressed in thousands of US dollars, except share and per share amounts

		2022		2021
Revenue *(Note 17)*	**$**	**268,086**	$	204,063
Operating costs				
Production costs		**(127,054)**		(84,647)
Royalties		**(2,034)**		(1,627)
Depletion and amortization		**(32,973)**		(25,339)
Earnings from mining operations		**106,025**		92,450
General and administrative expenses *(Note 21)*		**(5,861)**		(4,485)
Exploration expenses *(Note 8)*		**(1,867)**		(654)
Impairment reversal on mineral properties *(Note 8)*		**—**		92,392
Share-based compensation expense *(Note 16)*		**(19,713)**		(27,108)
Income from operations		**78,584**		152,595
Other (expense) income				
Foreign exchange loss		**(974)**		(619)
Realized and unrealized gains (losses) on derivative instruments *(Note 5)*		**2,291**		(530)
Transaction costs *(Note 4)*		**(19,433)**		—
Other income *(Note 22)*		**774**		1,860
Interest on long-term debt and surety bonds *(Note 23)*		**(1,081)**		(1,844)
Other interest expense *(Note 23)*		**(4,378)**		(1,072)
Income before income taxes		**55,783**		150,390
Income tax expense *(Note 15)*		**(20,666)**		(23,380)
Net income	**$**	**35,117**	$	127,010
Net income attributable to:				
Shareholders of Capstone Copper Corp.	**$**	**33,988**	$	100,974
Non-controlling interest *(Note 11)*		**1,129**		26,036
	$	**35,117**	$	127,010
Net earnings per share				
Earnings per share - basic *(Note 18)*	**$**	**0.08**	$	0.25
Weighted average number of shares - basic *(Note 18)*		**438,874,610**		403,209,486
Earnings per share - diluted *(Note 18)*	**$**	**0.08**	$	0.24
Weighted average number of shares - diluted *(Note 18)*		**446,821,283**		412,787,986

See accompanying notes to these condensed interim consolidated financial statements.

Capstone Copper Corp.
Condensed Interim Consolidated Statements of Comprehensive Income
Three Months Ended March 31, 2022 and 2021
unaudited - expressed in thousands of US dollars

	2022	2021
Net income	**$ 35,117**	$ 127,010
Other comprehensive (loss) income ("OCI")		
Items that will not be reclassified subsequently to profit or loss		
Change in fair value of marketable securities, net of tax of $292 (2021 - $nil)	**(1,874)**	690
Remeasurement for retirement benefit plans, net of tax of $nil (2021 - $nil)	**(106)**	—
	(1,980)	690
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustment	**125**	107
	125	107
Total other comprehensive (loss) income for the period	**(1,855)**	797
Total comprehensive income	**$ 33,262**	$ 127,807
Total comprehensive income attributable to:		
Shareholders of Capstone Copper Corp.	**$ 32,133**	$ 101,771
Non-controlling interest *(Note 11)*	**1,129**	26,036
	$ 33,262	$ 127,807

See accompanying notes to these condensed interim consolidated financial statements.

Capstone Copper Corp.
Condensed Interim Consolidated Statements of Cash Flows
Three Months Ended March 31, 2022 and 2021
unaudited - expressed in thousands of US dollars

	2022	2021
Cash provided by (used in):		
Operating activities		
Net income	$ 35,117	$ 127,010
Adjustments for:		
Depletion and amortization	33,249	25,669
Deferred income and mining tax expense	20,666	23,380
Impairment reversal on mineral properties *(Note 8)*	—	(92,392)
Inventory write-down	425	—
Share-based compensation expense	19,713	27,108
Net finance costs	5,459	2,916
Unrealized loss (gain) on foreign exchange	923	(451)
(Gain) loss on derivatives	(7,733)	993
Loss on disposal of assets and other	(91)	(31)
Changes in contingent consideration *(Note 22)*	—	(2,915)
Amortization of deferred revenue and variable consideration adjustments *(Note 14)*	(3,030)	(5,046)
Precious metal stream deposits received *(Note 14)*	—	150,000
Income taxes paid	(34,375)	(12,365)
Income taxes received	—	980
Other payments	22	18
Operating cash flow before working capital	70,345	244,874
Changes in non-cash working capital *(Note 19)*	(84,802)	(24,226)
Other non-cash changes *(Note 19)*	6,632	(372)
Operating cash flow	(7,825)	220,276
Investing activities		
Mineral properties, plant and equipment additions	(46,552)	(22,338)
Cash acquired on business combination between Capstone and Mantos *(Note 4)*	219,211	—
Proceeds from short-term investments	24	176
Other assets	(7,912)	(8,097)
Investing cash flow	164,771	(30,259)
Financing activities		
Proceeds from borrowings *(Note 13)*	—	32,000
Repayment of borrowings *(Note 13)*	(6,563)	(216,925)
Payment on purchase of non-controlling interest *(Note 11)*	—	(17,141)
KORES payment against promissory note *(Note 11)*	—	1,423
Repayment of lease obligations	(1,013)	(619)
Proceeds from the exercise of options	1,243	949
Payments for settlement of financial derivatives	—	(3,690)
Proceeds from settlement of financial derivatives	—	526
Interest paid on long-term debt and surety bonds	(2,432)	(1,502)
Financing cash flow	(8,765)	(204,979)
Effect of exchange rate changes on cash and cash equivalents	588	(71)
Increase in (decrease in) cash and cash equivalents	148,769	(15,033)
Cash and cash equivalents - beginning of period	262,094	56,580
Cash and cash equivalents - end of period	$ 410,863	$ 41,547

Supplemental cash flow information ***(Note 19)***

See accompanying notes to these condensed interim consolidated financial statements.

Capstone Copper Corp.
Condensed Interim Consolidated Statements of Changes in Equity
Three Months Ended March 31, 2022 and 2021
unaudited - expressed in thousands of US dollars, except share amounts

	Attributable to equity holders of the Company									
	Number of shares	**Share capital**	**Reserve for equity settled share-based transactions**	**Revaluation reserve**	**Foreign currency translation reserve**	**Share purchase reserve**	**Retained Earnings**	**Total attributable to equity holders**	**Non-controlling interest**	**Total equity**
January 1, 2022	**413,482,355**	**$ 849,409**	**$ 53,264**	**$ 7,429**	**$ (16,551)**	**$ (5,134)**	**$ 128,010**	**$ 1,016,427**	**$ —**	**$ 1,016,427**
Shares issued on exercise of options *(Note 16)*	**1,625,715**	**1,834**	**(591)**	**—**	**—**	**—**	**—**	**1,243**	**—**	**1,243**
Share-based compensation *(Note 16)*	**—**	**—**	**707**	**—**	**—**	**—**	**—**	**707**	**—**	**707**
Settlement of share units	**—**	**—**	**—**	**—**	**—**	**2,592**	**12,178**	**14,770**	**—**	**14,770**
Shares issued as compensation	**89,932**	**473**	**—**	**—**	**—**	**—**	**—**	**473**	**—**	**473**
Business Combination Between Capstone and Mantos *(Note 4)*	**273,888,541**	**1,592,678**	**1,442**	**513**	**—**	**—**	**47,391**	**1,642,024**	**424,529**	**2,066,553**
Change in fair value of marketable securities	**—**	**—**	**—**	**(1,874)**	**—**	**—**	**—**	**(1,874)**	**—**	**(1,874)**
Remeasurements for retirement benefit plans	**—**	**—**	**—**	**(106)**	**—**	**—**	**—**	**(106)**	**—**	**(106)**
Net income	**—**	**—**	**—**	**—**	**—**	**—**	**33,988**	**33,988**	**1,129**	**35,117**
Foreign currency translation	**—**	**—**	**—**	**—**	**125**	**—**	**—**	**125**	**—**	**125**
March 31, 2022	**689,086,543**	**$ 2,444,394**	**$ 54,822**	**$ 5,962**	**$ (16,426)**	**$ (2,542)**	**$ 221,567**	**$ 2,707,777**	**$ 425,658**	**$ 3,133,435**
January 1, 2021	408,884,120	$ 842,789	$ 53,578	$ 3,429	$ (16,588)	$ (6,636)	$ (97,514)	$ 779,058	$ 110,109	$ 889,167
Shares issued on exercise of options *(Note 16)*	1,143,477	1,429	(480)	—	—	—	—	949	—	949
Share-based compensation *(Note 16)*	—	—	233	—	—	—	—	233	—	233
Settlement of share units	—	—	—	—	—	1,295	3,101	4,396	—	4,396
Change in fair value of marketable securities	—	—	—	690	—	—	—	690	—	690
Purchase of non-controlling interest in Acquisition Co.	—	—	—	—	—	—	(5,155)	(5,155)	(136,145)	(141,300)
Net earnings	—	—	—	—	—	—	100,974	100,974	26,036	127,010
Foreign currency translation	—	—	—	—	107	—	—	107	—	107
March 31, 2021	410,027,597	$ 844,218	$ 53,331	$ 4,119	$ (16,481)	$ (5,341)	$ 1,406	$ 881,252	$ —	$ 881,252

See accompanying notes to these condensed interim consolidated financial statements.

1. Nature of Operations

The accompanying condensed interim consolidated financial statements have been prepared as at March 31, 2022, after giving effect to the business combination between Capstone Mining Corp. ("Capstone Mining") and Mantos Copper (Bermuda) Ltd. ("Mantos") which was completed on March 23, 2022 (the "Transaction") (Note 4). After the Transaction, the combined entity changed its name to Capstone Copper Corp. (the "Company" or "Capstone Copper"). The Company is listed on the Toronto Stock Exchange.

Mantos was incorporated on August 15, 2015 and migrated to British Columbia, Canada on March 23, 2022, as part of the Transaction. Mantos, through a wholly owned Chilean subsidiary, Mantos Copper S.A., owned and operated the Mantos Blancos mine, located forty-five kilometers northeast of Antofagasta, Chile and the 70%-owned Mantoverde mine, through a Chilean subsidiary, Mantoverde S.A., located fifty kilometers southeast of Chanaral, Chile.

Capstone Mining was engaged in the production of and exploration for base metals in the United Sates ("US"), Mexico, and Chile, with a focus on copper. Pinto Valley Mining Corp. ("Pinto Valley"), a wholly owned US subsidiary, owns and operates the Pinto Valley mine located in Arizona, US. Capstone Gold, S.A. de C.V. ("Capstone Gold"), a wholly owned Mexican subsidiary, owns and operates the Cozamin Mine located in Zacatecas, Mexico, and has a portfolio of exploration properties in Mexico. Capstone Mining Chile SpA, a wholly owned Chilean subsidiary, is performing exploration for base metal deposits in Chile.

On March 24, 2021, Capstone Mining consolidated a 100% ownership interest in 0908113 B.C. Ltd. ("Acquisition Co.") by purchasing the remaining 30% ownership interest from Korea Resources Corporation ("KORES"), resulting in the elimination of the non-controlling interest ("NCI") in Acquisition Co. (*Note 11*). Minera Santo Domingo SCM, a wholly owned Chilean subsidiary of Acquisition Co, holds the Santo Domingo copper-iron development project in Chile.

The Company continues to evaluate the potential impacts arising from COVID-19 on all aspects of its business. For the three months ended March 31, 2022 and 2021, there were no significant financial impacts on the Company.

The Company's head office, registered and records office and principal address of the Company are located at 2100 - 510 West Georgia Street, Vancouver, British Columbia, Canada and the Company is incorporated in British Columbia.

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance on May 12, 2022.

2. Basis of preparation and consolidation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using the same accounting policies and methods of application as the audited annual consolidated financial statements of Capstone for the year ended December 31, 2021, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), except as noted below in Note 3. Accordingly, certain information and footnote disclosures normally included in annual financial statements have been omitted or condensed.

These condensed interim consolidated financial statements are prepared as a continuation of the financial statements of Capstone Mining, but reflecting the continuation of the share capital of Mantos. As a result, comparative information included from the quarter ended March 31, 2022, is solely that of Capstone Mining.

3. Significant Accounting Policies, Estimates and Judgements

The Company's management makes judgements in its process of applying the Company's accounting policies in the preparation of these condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management makes assumptions and estimates of the impacts of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

In preparing the Company's condensed interim consolidated financial statements for the three months ended March 31, 2022, the Company applied the critical judgements and estimates disclosed in Note 2 of its consolidated financial statements for the year ended December 31, 2021, in addition to the accounting policies, critical judgements and estimates noted below.

Business combination between Capstone and Mantos (Note 4)

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the notional number of equity instruments that the legal subsidiary would have had to issue to the legal parent to give the owners of the legal parent the same percentage ownership in the combined entity. The results of businesses acquired during the year are included in the condensed interim consolidated financial statements from the effective date when control is obtained. The identifiable assets, liabilities and contingent liabilities of the business which can be measured reliably are recorded at provisional fair values at the date of acquisition. These provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. Provisional fair values are finalized at the earlier of (i) the date as soon as the acquirer received the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not available; or (ii) twelve months from the acquisition date. Acquisition related costs are expensed as incurred.

Goodwill arising in a business combination is measured as the excess of the sum of consideration transferred and the amount of any non-controlling interest over the net identifiable assets acquired and liabilities assumed.

As part of the Transaction, Mantos, the legal acquirer, issued 414.3 million shares to Capstone Mining shareholders. After the Transaction, the combined entity changed its name to Capstone Copper Corp. and is listed on the Toronto Stock Exchange.

IFRS 3 requires that one of Capstone Mining and Mantos be designated as the acquirer for accounting purposes. As such, Capstone Mining will be treated as the acquiring entity for accounting purposes. In making this assessment, factors such as the voting rights of the outstanding equity instruments, the corporate governance structure of the combined entity, the composition of senior management of the combined company and the relative size and net asset values of each of the companies were taken into consideration. No single factor was the sole determinant in the overall conclusion; rather all factors were considered in arriving at the conclusion.

New IFRS Pronouncements

In May 2020, the IASB issued an amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The amendment clarifies that the costs of fulfilling a contract when assessing whether a contract is onerous comprise both the incremental costs and an allocation of other costs that relate directly to fulfilling the contract. The amendment became effective January 1, 2022 and applies to contracts existing at the date when the amendments are first applied. On adoption of this amendment, the Company assessed the impact of the amendment and determined it does not have a significant effect on the Company's financial statements.

In May 2020, the IASB issued an amendment to IAS 16, Property, Plant and Equipment - Proceeds before Intended Use. The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in the condensed interim consolidated statements of income (loss). The amendment became effective January 1, 2022. The Company has assessed the impact of the amendment and it does not have a significant effect on the Company's financial statements.

In January 2020, the International Accounting Standards Board ("IASB") issued amendments to International Accounting Standards 1 ("IAS 1"), Presentation of Financial Statements, to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective January 1, 2023, with early adoption permitted. Retrospective application is required on adoption. The Company is in the process of assessing the impact of this amendment to the Company's financial statements.

In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. The amendments will become effective January 1, 2023. The Company is assessing the impact of the amendment and does not expect it to have a significant effect on the Company's financial statements.

4. Business Combination Between Capstone and Mantos

Description of the Transaction

On March 23, 2022, Capstone Mining, from an accounting point of view, completed the acquisition of Mantos with the deemed issuance of 273,888,541 common shares with a fair value of $5.82 per share.

The combined entity owns and operates the Mantos Blancos and Mantoverde mines, located in the Antofagasta and Atacama regions, respectively, of Chile. The Mantoverde mine, in which Mitsubishi Material Corp. has a 30% interest, has a current 21-year expected mine life. Mantos Blancos produces copper concentrate and has a 17-year expected mine life. The mine is increasing production via the ongoing Mantos Blancos Concentrator Debottlenecking Project which upon completion is expected to increase production from approximately 45,000 tonnes in 2021 to 54,000 tonnes in 2022. The property contains a land package consisting of 57,620 hectares.

Management has concluded that Mantos constitutes a business and, therefore, the acquisition is accounted for in accordance with IFRS 3 - Business Combinations.

The Company is completing a full and detailed valuation of the fair value of the net assets of Mantos with the assistance of independent valuation experts. Therefore, it is likely that the fair values of the assets acquired, and liabilities assumed will vary from those shown below and the differences may be material. The allocation of the purchase price is based on management's preliminary estimates and certain assumptions with respect to the fair value increment associated with the assets acquired and the liabilities assumed. The purchase price allocation is not final as the Company is continuing to obtain and verify information required to determine the fair value of assets and liabilities and the amount of deferred income taxes arising on their recognition. Consequently, the actual allocation of the purchase price may result in different adjustments than those in these unaudited condensed interim consolidated financial statements. IFRS 3 requires that, as of the acquisition date, the identifiable assets acquired and liabilities assumed should be classified or designated as necessary to apply the IFRS Accounting Standards going forward. The Company is in the process of completing those classifications or designations on the basis of the contractual terms, economic conditions, accounting policies and other relevant conditions as they existed as of the acquisition date of March 23, 2022.

Total transaction costs of $19.4 million related to the acquisition were expensed during the period.

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

Consideration and Purchase Price Allocation

Total consideration for the acquisition was valued at $1,593 million on the acquisition date. The preliminary purchase price allocation, which is subject to final adjustments, is estimated as follows:

Total Consideration		**Total**
273,888,541 shares deemed issued to Mantos' shareholders with a fair value of US$5.82 per share	**$**	**1,592,679**
Total consideration	**$**	**1,592,679**
Allocation of Purchase Price		
Cash and cash equivalents	**$**	**219,211**
Receivables *(i)*		**118,028**
Inventories		**77,136**
Due from related party *(Note 25)*		**259,843**
Mineral properties, plant and equipment		**3,006,687**
Other assets		**36,376**
Derivative assets		**25,504**
Deferred income tax assets		**176,747**
Accounts payable and accrued liabilities		**(268,100)**
Due to related party *(Note 25)*		**(259,843)**
Income taxes payable		**(9,983)**
Long-term debt		**(354,438)**
Derivative liabilities		**(155,386)**
Lease liabilities		**(81,865)**
Deferred income tax liabilities		**(661,300)**
Provisions		**(111,409)**
Net assets acquired before non-controlling interest	**$**	**2,017,208**
Non-controlling interest *(Note 11)*		**(424,529)**
Net assets acquired	**$**	**1,592,679**

i. Trade receivables acquired as part of the acquisition have a fair value of $111.4 million which is equal to their gross contractual value. Other receivables acquired have a fair value of $6.6 million which is equal to their gross contractual value. Trade and other receivables are expected to be collected during the next 12 months.

Financial and operating results of Mantos are included in the Company's condensed interim consolidated financial statements effective March 23, 2022. During the three months ended March 31, 2022, the acquisition of Mantos contributed $45.1 million of revenue and $8.1 million of net income (loss) to the Company's financial results since March 23, 2022.

Had the business combination been effected at January 1, 2022, revenues and net income of the Company for the three months ended March 31, 2022, would have been $427.7 million and $11.9 million, respectively.

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

5. Financial Instruments

Fair value of financial instruments

Certain of the Company's financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of fair value hierarchy that prioritize the inputs to the valuation techniques used to measure fair value, with Level 1 having the highest priority. The levels and valuations techniques used to value the financial assets and liabilities are as follows:

Level 1 – Fair values measured using unadjusted quoted prices in active markets for identical instruments

Marketable securities are valued using quoted market prices in active markets. Accordingly, these items are included in Level 1 of the fair value hierarchy.

Level 2 – Fair values measured using directly or indirectly observable inputs, other than those included in level 1.

Derivative instruments and embedded derivatives are included in Level 2 of the fair value hierarchy as they are valued using pricing models or discounted cash flow models. These models require a variety of inputs, including, but not limited to, market prices, forward price curves, yield curve and credit spreads. These inputs are obtained from or corroborated with the market. Also included in Level 2 are receivables from provisional pricing on copper concentrate and cathode sales because they are valued using quoted market prices derived based on forward curves for the respective commodities and published priced assessments.

Level 3 – Fair values measured using inputs that are not based on observable market data.

As of March 31, 2022 the Company's classification of financial instruments within the fair value hierarchy are summarized below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Short-term investments	$ —	$ 2,235	$ —	$ 2,235
Copper concentrate receivables *(Note 6)*	—	62,937	—	62,937
Copper cathode receivables *(Note 6)*	—	73,033	—	73,033
Derivative assets	—	38,629	—	38,629
Investment in marketable securities *(Note 9)*	4,002	—	—	4,002
	$ 4,002	$ 176,834	$ —	**$ 180,836**
Financial liabilities				
Derivative liabilities	$ —	$ 155,581	$ —	$ 155,581
	$ —	$ 155,581	$ —	**$ 155,581**

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between Level 1, Level 2 and Level 3 during the three months ended March 31, 2022.

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

Set out below are the Company's financial assets by category:

	March 31, 2022			
	Fair value through profit or loss	**Fair value through OCI**	**Amortized cost**	**Total**
Cash and cash equivalents	$ —	$ —	$ 410,863	$ 410,863
Short-term investments	2,235	—	—	2,235
Copper concentrate receivables ***(Note 6)***	62,937	—	—	62,937
Copper cathode receivables ***(Note 6)***	73,033	—	—	73,033
Other receivables ***(Note 6)***	—	—	11,659	11,659
Derivative assets	38,629	—	—	38,629
Investment in marketable securities ***(Note 9)***	—	4,002	—	4,002
Receivable on sale of Minto ***(Note 9)***	—	—	5,000	5,000
Due from related party ***(Note 25)***	—	—	259,843	259,843
	$ 176,834	**$ 4,002**	**$ 687,365**	**$ 868,201**

	December 31, 2021			
	Fair value through profit or loss	Fair value through OCI	Amortized cost	Total
Cash and cash equivalents	$ —	$ —	$ 262,094	$ 262,094
Short-term investments	2,259	—	—	2,259
Concentrate receivables *(Note 6)*	24,686	—	—	24,686
Other receivables *(Note 6)*	—	—	1,292	1,292
Derivative assets	543	—	—	543
Investment in marketable securities *(Note 9)*	—	6,079	—	6,079
Receivable on sale of Minto *(Note 9)*	—	—	5,000	5,000
	$ 27,488	$ 6,079	$ 268,386	$ 301,953

Set out below are the Company's financial liabilities by category:

	March 31, 2022		
	Fair value through profit or loss	**Amortized cost**	**Total**
Accounts payable and accrued liabilities	$ —	$ 351,990	$ 351,990
Payable on purchase of non-controlling interest ***(Note 11)***	—	82,847	82,847
Long-term debt ***(Note 13)***	—	348,188	348,188
Derivative liabilities	150,681	—	150,681
Due to related party ***(Note 25)***	—	259,843	259,843
	$ 150,681	**$ 1,042,868**	**$ 1,193,549**

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

	December 31, 2021		
	Fair value through profit or loss	Amortized cost	Total
Accounts payable and accrued liabilities	$ —	$ 97,384	$ 97,384
Payable on purchase of non-controlling interest *(Note 10)*	—	81,829	81,829
Derivative liabilities	387	—	387
	$ 387	$ 179,213	$ 179,600

Apart from the assessment and categorization of the financial assets and liabilities acquired during the Mantos acquisition, there have been no changes during the three months ended March 31, 2022 in how the Company categorizes its financial assets and liabilities by fair value through profit or loss, fair through OCI, and amortized cost.

Observable and unobservable inputs that would have been impacted by the COVID-19 pandemic have been appropriately considered into the fair value measurements of the Company's financial instruments for the three months ended March 31, 2022.

Financial instruments and related risks

The Company's activities expose it to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are commodity price risk, credit risk, foreign exchange risk, liquidity risk and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. There have been no significant changes in the Company's exposure to these financial risks. During the three months ended March 31, 2022, the Company's exposure to these financial risks has not been significantly impacted by COVID-19.

Derivative instruments

As at March 31, 2022, the Company's derivative financial instruments are composed of copper commodity swap contracts, interest rate swap contracts, zero-cost collars ("ZCC") foreign currency contracts and share purchase warrants.

(a) Commodity Price Risk Management

As part of the Mantoverde Development Project financing arrangements, Mantos was required to enter into a number of fixed-for-floating swaps to hedge LME copper prices. Under the agreements, a subsidiary of the Company has hedged 20,293 metric tonnes for the remainder of 2022, 20,310 metric tonnes in 2023 and 12,263 metric tonnes in the first half of 2024.

The Company's outstanding commodity derivative instruments as of March 31, 2022, are as follows:

Type	**Inception**	**Maturity**	**Average price per tonne**	**Notional**	**Fair value at March 31, 2022**
Fixed-for-Floating Swaps Copper	March-2021	June-2024	$7,593	52,866	$(135,262)

Subsequent to March 31, 2022, the Company entered into zero cost collar ("ZCC") contracts whereby it sold a series of call options contracts and purchased a series of put option contracts for $nil cash premium. The contracts are for a total of 26,700 tonnes of of copper covering the period from May through December 2022 and have a floor and weighted average ceiling price of $4.00/lb and $4.86/lb, respectively. The intent is to ensure positive operating margins on the production of cathodes.

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

(b) Interest Rate Risk Management

The Company has exposure to interest rates, specifically the 3-month US$ London Inter-bank Offered Rate ("LIBOR") rate related to the debt financing facility associated with the Mantoverde Development Project. To mitigate the risk of movements in interest rates, and in compliance with a covenant in the Mantoverde Development Project financing, a subsidiary of the Company entered into a fixed-for-floating LIBOR swap at 1.015% for until March 2030, with a 0% floor on the LIBOR rate until September 2025.

The Company's outstanding interest rate derivative instruments as of March 31, 2022 are as follows:

Type	Inception	Maturity	Fixed Rate	Notional	Fair value at March 31, 2022
Fixed-for-floating swaps	March-2021	March-2030	1.015%	7,593,923	$27,478
Floor options	March-2021	Sept-2025	0%	6,251,832	$709

Fixed for floating swap notional represents a series of quarterly contracts, with notional amounts in line with planned quarterly balances based on expected project finance debt drawdown and expected amortization.

(c) *Foreign Currency Risk Management*

The Company operates on an international basis and therefore, foreign exchange risk exposures rise from transactions denominated in a foreign currency. The Company's foreign exchange risk arises primarily with respect to the Chilean Peso ("CLP"), the Chilean Unidad de Fometo ("UF"), the Mexican Peso ("MXN") and the Canadian dollar ("CDN"). The UF is an artificial inflation-indexed monetary unit used in Chile to denominate certain contracts. The Company's cash flows from Chilean and Mexican operations are exposed to foreign exchange risk, as commodity sales are denominated in US dollars and a substantial portion of operating expenses is denominated in local currencies. As such, the group may use foreign exchange forward and swap contracts and ZCCs to mitigate changes in foreign exchange rates. As a covenant in the Mantoverde Development Project financing, a subsidiary of the Company, entered into derivative instruments in February 2021 to hedge the foreign exchange risk related to the capital expenditures for the MVDP.

The Company's outstanding foreign exchange forwards and swaps as of March 31, 2022, are as follows:

Type	Inception	Maturity	Average Price	Notional	Fair value at March 31, 2022
Foreign Exchange Forwards - CLP	Feb-21	Mar-24	727.35	42,647,663	$(5,841)
Foreign Exchange Swaps - UF	Feb-21	May-24	41.76	4,145	$(3,663)

The Company's outstanding foreign exchange zero cost collars are as follows:

In 2021, the Company entered into zero cost collars CLP to US dollar foreign exchange option contracts whereby it sold a series of call option contracts and purchased a series of put option contracts with equal and offsetting values at inception. The contracts were for a total of 28 billion CLP ($35.6 million) covering the period from January through December 2022, representing approximately 75% of Santo Domingo's expected CLP capital costs during this period.

In February 2022, the Company entered into zero cost collars CLP to US dollar foreign exchange option contracts whereby it sold a series of call option contracts and purchased a series of put option contracts with equal and offsetting values at inception. The contracts were for a total of 90 billion CLP ($114.8 million) covering the period from April 2022 through December 2023, representing approximately 50% of Mantoverde's and Mantos Blancos' expected CLP operating costs during this period.

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

At March 31, 2022, contracts remain outstanding for 105.3 billion CLP ($150.4 million) and the fair value of these derivatives is $0.8 million (2021 - $(0.4) million).

The details of the Chilean Peso contracts outstanding at March 31, 2022 are as follows:

Quantity	Remaining term	Put strike (floor)	Call strike (ceiling)
8.65 billion CLP	April - December 2022	750.0	939.0
8.65 billion CLP	April - December 2022	750.0	931.0
9 billion CLP	April - December 2022	750.0	976.0
9 billion CLP	April - December 2022	750.0	970.0
9 billion CLP	April - December 2022	750.0	955.0
13 billion CLP	April - December 2022	750.0	935.0
11 billion CLP	January - December 2023	775.0	1,046.0
11 billion CLP	January - December 2023	775.0	1,000.0
11 billion CLP	January - December 2023	775.0	980.0
17 billion CLP	January - December 2023	775.0	965.0

In 2021, the Company entered into MXN zero cost collars to US dollar foreign exchange option contracts whereby it sold a series of call option contracts and purchased a series of put option contracts with equal and offsetting values at inception. The contracts were for a total of 504 million MXN ($25.3 million) covering the period from January through December 2022, representing approximately 75% of the expected MXN costs of the Cozamin mine during this period.

At March 31, 2022, the fair value of outstanding MXN contracts is $0.3 million (December 31, 2021 - $0.1 million).

The details of the Mexican Peso contracts outstanding at March 31, 2022 are as follows:

Quantity	Remaining term	Put strike (floor)	Call strike (ceiling)
378 million MXN	April - December 2022	20.0	24.75

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

Set out below are the Company's derivative financial assets and financial liabilities:

		March 31, 2022		December 31, 2021
Derivative financial assets:				
Foreign currency contracts	**$**	**1,090**	$	76
Interest rate swap contracts		**3,959**		—
Share purchase warrants		**222**		467
Total derivative financial assets - current		**5,271**		543
Interest rate swap contracts		**24,229**		—
Total derivative financial assets - non-current	**$**	**24,229**	**$**	**—**
Derivative financial liabilities:				
Copper commodity contracts		**68,100**		—
Foreign currency contracts		**8,631**		387
Total derivative financial liabilities - current	**$**	**76,731**	$	387
Copper commodity contracts		**67,162**		—
Foreign currency contracts		**873**		—
Total derivative financial liabilities - non-current	**$**	**68,035**	$	—

Set out below are the Company's realized and unrealized gains and losses on derivative financial instruments:

		Three months ended March 31,		
		2022		2021
Unrealized gain (loss) on derivative financial instruments:				
Foreign currency contracts	**$**	**3,451**	$	(1,137)
Copper commodity contracts		**1,157**		—
Interest rate swap contracts		**3,376**		—
Realized gain (loss) on derivative financial instruments:				
Foreign currency contracts		**—**		596
Copper commodity contracts		**(5,441)**		—
Interest rate swap contracts		**—**		(49)
		2,543	$	(590)
Unrealized (loss) gain on warrants		**(252)**		60
Total unrealized and realized gain (loss) on derivative financial instruments:	**$**	**2,291**	$	(530)

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

6. Receivables

Details are as follows:

		March 31, 2022		December 31, 2021
Copper concentrate	**$**	**62,937**	$	24,686
Copper cathode		**73,033**		—
Value added taxes and other taxes receivable		**37,678**		2,135
Other		**11,659**		1,668
Income taxes receivable		**1,698**		—
Total receivables	**$**	**187,005**	$	28,489

7. Inventories

Details are as follows:

		March 31, 2022		December 31, 2021
Consumable parts and supplies	**$**	**64,117**	$	37,356
Ore stockpiles		**3,746**		3,934
Copper concentrate		**35,371**		20,900
Copper cathode		**32,400**		635
Total inventories	**$**	**135,634**	$	62,825

During the three months ended March 31, 2022, concentrate and cathode inventories recognized as production costs, including depletion and amortization, amounted to $160.8 million (2021 – $110.0 million).

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

8. Mineral Properties, Plant and Equipment

Details are as follows:

	Mineral properties				Plant and equipment			
	Depletable		Non-depletable		Subject to amortization		Not subject to amortization	
	Producing mineral properties	Deferred stripping	Mineral exploration and development properties	Prestripping	Plant & equipment	Right of use assets	Construction in progress	Total
At January 1, 2022, net	$ 413,573	$ 89,245	$ 411,154	$ —	$ 293,938	$ 14,622	$ 88,338	$ 1,310,870
Acquisition of Mantos	1,803,889	—	318,050	—	118,105	81,865	684,778	3,006,687
Additions	32,471	3,635	15,830	1,432	5	3,933	45,159	102,465
Disposals	—	—	—	—	(286)	—	—	(286)
Reclassifications	23,180	—	(23,180)	—	5,325	—	(5,325)	—
Depletion and amortization	(9,692)	(8,600)	—	—	(10,682)	(2,139)	—	(31,113)
At March 31, 2022, net	$ 2,263,421	$ 84,280	$ 721,854	$ 1,432	$ 406,405	$ 98,281	$ 812,950	$ 4,388,623
At March 31, 2022:								
Cost	$ 2,619,460	$ 170,720	$ 721,853	$ 1,432	$ 1,948,993	$ 194,487	$ 812,950	$ 6,469,895
Accumulated amortization and impairment	(356,039)	(86,440)	—	—	(1,542,587)	(96,206)	—	(2,081,272)
Net carrying amount	$ 2,263,421	$ 84,280	$ 721,853	$ 1,432	$ 406,406	$ 98,281	$ 812,950	$ 4,388,623

The Company’s exploration costs were as follows:

	Three months ended March 31, 2022	2021
Exploration capitalized to mineral properties	**$ 858**	$ 1,003
Greenfield exploration expensed to the statement of income	**1,867**	654
	$ 2,725	$ 1,657

Exploration capitalized to mineral properties during the three months ended March 31, 2022, relates primarily to brownfield exploration at the Cozamin mine and the Santo Domingo development project. Exploration capitalized to mineral properties during the three months ended March 31, 2021, relates primarily to brownfield exploration at the Cozamin mine. Greenfield exploration expenses during the three months ended 2022 and 2021 relate primarily to exploration efforts in Mexico and Brazil.

As at March 31, 2022, construction in progress primarily relates to capital costs incurred in connection with expansionary and sustaining capital at the Pinto Valley, Cozamin, Mantos Blancos and Mantoverde mines and the exploration and the Santo Domingo development project. As at December 31, 2021, construction in progress primarily relates to capital costs incurred in connection with sustaining capital at the Pinto Valley and Cozamin mines and the exploration and the Santo Domingo development project. Capital expenditures committed as at March 31, 2022, but not yet incurred is $395.6 million (December 31, 2021 - $21.5 million).

As at March 31, 2022, the Revolving Credit Facility ("RCF") *(Note 13)* was secured by mineral properties, plant and equipment with a net carrying value of $875.5 million (December 31, 2021 – $920.1 million).

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

Mineral property impairment reversal

On March 31, 2021, the Company identified indicators of impairment reversal related to the Santo Domingo cash generating unit ("CGU"). The Company had recorded impairments of the Santo Domingo CGU in 2015 and 2016 totalling $302.0 million based on discounted cash flow models due to declining long-term copper and iron ore prices, which negatively impacted future estimated cash flows.

Indicators of impairment reversal included improvements in the long-term outlook for copper and iron ore prices and improved project economics, including the announcement of the $290 million gold stream ("Gold PMPA") with Wheaton Precious Metals Corp. ("Wheaton"), were considered to be indicators of impairment reversal related to Santo Domingo.

The recoverable amount of $368.0 million for the Santo Domingo CGU, based on the fair value of the CGU, was determined to be higher than the carrying value by $92.4 million. The amount of the impairment reversal was determined using management's best estimates, including pricing parameters implied by the market value of selected comparable transactions involving the sale of similar companies and mineral properties. Valuation methodology differs from the previous discounted cash flow model to reflect trading multiples applied by market participants in valuing development stage projects. Due to the combination of observable and unobservable inputs used in the cash flow models, the valuation falls within Level 3 of the fair value hierarchy. As a result, $92.4 million of the previously recorded impairment was reversed during the three months ended March 31, 2021.

Long-term copper and iron prices used in the impairment reversal tests were as follows:

		March 31, 2021
Iron ore price (62% China) - $/t	$	70
Premiums for 65% iron grade - $/t	$	31
Shipping - iron cape sized - $/t	$	(20)
Final iron price to model - $/t	$	81
Copper price ($/lb)	$	3.00

9. Other Assets

Details are as follows:

		March 31, 2022		December 31, 2021
Current:				
Prepaids and other	**$**	**40,404**	$	5,450
Receivable on sale of Minto		**5,000**		—
Other		**6,649**		—
Total other assets - current	**$**	**52,053**	$	5,450
Non-current:				
Receivable on sale of Minto	**$**	**—**	$	5,000
Prepayments		**12,046**		12,046
Investments in marketable securities		**4,002**		6,079
Finance lease receivable		**774**		861
Capitalized finance fees *(Note 13) (i)*		**283**		566
Deposits		**8,181**		287
Other		**360**		—
Total other assets - non-current	**$**	**25,646**	$	24,839

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

10. Other Liabilities

Details are as follows:

		March 31, 2022		December 31, 2021
Current:				
Current portion of share-based payment obligations		**20,543**		50,140
Current portion of payable on purchase of NCI *(Note 12)*		**43,940**		43,401
Current portion of deferred revenue *(Note 14)*		**6,729**		6,130
Other		**228**		—
Total other liabilities - current	**$**	**71,440**	$	129,046
Non-current:				
Retirement benefit liabilities		**7,307**		5,105
Non-current portion of payable on purchase of NCI *(Note 12)*		**38,907**		38,428
Other		**2,777**		2,530
Total other liabilities - non-current	**$**	**48,991**	$	46,063

11. Non-Controlling Interest

The net income (loss) attributable to the NCI during the three months ended March 31, 2022 was $nil (2021 – $26.0 million), which resulted from the 30% interest owned by KORES in Acquisition Co. prior to this transaction. During the three months ended March 31, 2022, Acquisition Co.'s net (loss) income was $(1.8) million (2021 - $86.7 million).

Mitsubishi Materials Corporation ("MMC")

As part of the financing for the Mantoverde Development Project, MMC acquired a 30% non-controlling interest in Mantoverde S.A., and agreed to make an additional $20 million contingent payment upon satisfaction of certain technical requirements relating to the expansion of the tailings storage facility. In addition to the contingent arrangement, MCC agreed to provide a $60 million cost overrun facility in exchange for additional off-take of copper concentrate production under a 10-year contract.

The off-take agreement includes Mantoverde agreeing to sell 30% of its annual copper production per year delivered for its equivalent in copper concentrates, plus an additional amount per annum of 20,000 to 30,000 tonnes of copper concentrate depending on the amount that is drawn by Mantoverde under the cost overrun facility provided by MCC in connection with the Mantoverde Development Project. The agreement between MCC and Mantoverde to sell 30% of its annual copper production is for the duration of Mantoverde's commercial mine life. The amount payable for copper is based on average LME prices, subject to certain terms.

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

The table below presents summarized financial information in respect of Mantoverde S.A.

		March 31, 2022
Current assets		276,878
Non-current assets		2,202,364
Current liabilities		254,219
Non-current liabilities		786,230
Equity attributable to owners of the Company		1,013,135
Non-controlling interest		425,658

		March 31, 2022
Revenue	$	27,773
Expenses		(24,008)
Profit for the period		**3,765**
Profit attributable to owners of the Company		2,636
Profit attributable to the non-controlling interest		1,129
Profit for the period	**$**	**3,765**
Business combination with Mantos (*Note 4)*		424,529
Share of profit for the year		1,129
Balance at March 31, 2022	**$**	**425,658**

Purchase of Non-Controlling Interest from KORES

On March 24, 2021, Capstone Mining completed a Share Purchase Agreement (the “SPA”) with KORES to purchase KORES’ 30% ownership interest in Acquisition Co. for cash consideration of $120 million and non-cash consideration of $32.4 million, enabling Capstone Mining’s consolidation of 100% ownership in Santo Domingo *(Note 1)*.
The cash consideration of $120 million consists of three payments, payable as follows and subject to withholding taxes:

a. $30 million paid on closing (paid $17.1 million to KORES net of withholding taxes of $12.9 million on March 24, 2021)
b. $45 million payable 18 months following closing; *(Note 11) and*
c. $45 million payable 48 months following closing *(Note 11)*

The non-cash consideration consisted of Capstone Mining assuming the KORES promissory note of $32.4 million.

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

Details of the purchase price allocation are as follows:

Cash consideration	$	120,000
Discount rate		5 %
Fair value of cash consideration		108,846
Non-cash consideration		32,424
Purchase price		141,270
Accumulated KORES NCI		(136,145)
Portion of purchase price allocated to equity		5,125
Transaction costs		30
Total allocation to equity	$	5,155

Details of changes in the balance of the KORES promissory note are as follows:

Balance, December 31, 2020	$	33,847
Cash calls against the promissory note		(1,423)
KORES promissory note assumed by Capstone		(32,424)
Balance, December 31, 2021	$	—

If Capstone Mining subsequently sells Santo Domingo within 18 months of the purchase of the NCI, and the sale meets any of the triggering events set out in the SPA, then the second deferred payment to KORES of $45 million shall be accelerated. As at March 31, 2022, an unsecured liability of $82.8 million (December 31, 2021 - $81.8 million) has been recognized in the condensed interim consolidated statement of financial position equal to the discounted amount of the remaining $90 million to be paid (current portion of payable on purchase of NCI - $43.9 million, non-current portion of payable on purchase of NCI - $38.9 million) *(Note 10)*. The discounted amount of the remaining $90 million will be accreted up to its face value at 5% per annum. During the three months ended March 31, 2022, $1.0 million (March 31, 2021 - $nil) of accretion was recorded in other interest expense in the condensed interim consolidated statements of income.

12. Lease Liabilities

Details are as follows:

		March 31, 2022		December 31, 2021
Lease liabilities *(i)*	**$**	**101,264**	$	16,041
Less: current portion		**(28,460)**		(3,410)
Non-current portion	**$**	**72,804**	$	12,631

i. $85.6 million in lease liabilities were acquired through the acquisition of Mantos.

Undiscounted lease payments:

		March 31, 2022
Not later than 1 year	**$**	**32,292**
Later than 1 year and not later than 5 years		**63,614**
Later than 5 years		**13,856**
	$	**109,762**

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

13. Long-Term Debt

Details of the long-term debt balances are as follows:

		March 31, 2022
Mantos Blancos Concentrator Development Project debt facility	$	**138,188**
Mantoverde Development Project debt facility		**210,000**
Long-term debt	$	**348,188**
Less: current portion of Mantos Blancos CDP debt facility		**(27,563)**
Non-current portion	$	**320,625**

Mantos Blancos Concentrator Development Project Debt Facility

A subsidiary of the Company entered into a $150 million debt facility with Glencore Chile SpA ("Glencore") in connection with the Mantos Blancos Concentrator Development Project, with an associated off-take agreement with Complejo Metalúrgico Altonorte S.A. for 75% of the concentrates produced including the silver contained (both agreements expire on December 31, 2026). Interest on borrowings under the Mantos Blancos CDP Facility is payable quarterly at a variable rate of 3-month US$ LIBOR plus a margin of 4.5% per annum and repayment terms require that the Company make repayment installments quarterly, equal to a percentage of the aggregate loans outstanding at the end of the period. The repayment installment required as at March 31, 2022 was equal to 4.375% of the aggregate loan balance. The loans are secured by a comprehensive security package covering substantially all of Mantos Copper S.A.'s assets.

These agreements include affirmative and negative covenants and grant the counterparties security interests over specified assets of the Company. If certain events of default occur, Glencore could terminate their respective agreements in exchange for potentially substantial termination payments. As at March 31, 2022, the Company was in compliance with these covenants.

Mantoverde Development Project Facility

Mantoverde secured $572 million in debt financing facility to fund the construction of the Mantoverde DP. The debt facility comprises a senior secured amortizing project debt facility in an aggregate amount of $520 million (the “Covered Facility” $250 million, the “Uncovered Facility” $210 million, and the “ECA Direct Facility” $60 million) and a $52 million senior secured mine closure bonding facility (the “Bonding Facility”). These project finance facilities are subject to affirmative, financial and restrictive covenants that include obligations to maintain the security interests in favour of the lenders over substantially all of the respective project’s property and shares, insurance coverage, maintenance of off-take agreements, compliance with environmental and social matters, restrictions on new financial indebtedness, distributions and dispositions, and compliance with certain financial ratios. As at March 31, 2022, the Company was in compliance with these covenants.

As a condition to the financing facilities, the Company was required to effect certain hedging strategies as detailed in the lending agreement. The agreement indicates that the Company must implement hedging programs related to copper prices, foreign exchange rates and interest rates during the financing period. The Company has complied with all obligations related to the financing agreements and the financing for the Mantoverde Development Project.

Interest on borrowings under the Mantoverde Development Project Facility is payable quarterly at a variable rate of 3-month US$ LIBOR plus a margin per annum (i.e., 1.65% for the Covered Facility and, with respect to the Uncovered Facility, a rate of 3.75% and with respect to the ECA Direct Facility, a rate of 4.00% pre-completion of the MVDP, and decreasing to 3.50% and 3.75% respectively post-completion of the Mantoverde Development Project). Pursuant to the Covered Facility, an export credit agency guaranteed premium of 2.05% per annum is also payable quarterly and calculated over amounts outstanding under the Covered Facility. The Mantoverde Development Project is secured by a comprehensive security package covering substantially all of Mantoverde's assets. These facilities amortize from the earlier of September 30, 2024 and 180 days after project completion. The Uncovered Facility amortizes over a 10 year period and the Covered Facility and ECA Direct Facility amortize over 12 years.

As part of the financing for the Mantoverde Development Project, the Group entered into an off-take agreement with Boliden Commercial AB (“Boliden”) for 75 thousand tonnes of copper concentrates in each contract year. The off-take agreement expires ten years after the commencement of commercial production at the Mantoverde Development Project, subject to potential extension if less than 750 thousand tonnes of copper concentrates have been delivered at the contract term and subject to termination if commercial production does not commence by December 31, 2024. The price of the full copper content is based on LME prices and subject to certain adjustments based on the percentage of copper content. The amount payable for gold is determined by LBMA prices, subject to certain terms. In addition, MMC agreed to provide a $60 million cost over run facility ("COF"), with an interest rate of LIBOR plus 1.70% and amortizing over 37 quarters from the earlier of September 30, 2024 or 3 quarters after project completion. The COF was provided in exchange for additional off take of copper concentrate production under a 10-year contract.

Revolving Credit Facility ("RCF")

On February 19, 2021, Capstone Mining amended its corporate RCF to reduce the credit limit from $300 million to $225 million. The maturity date of July 25, 2022 and all other significant terms were unchanged. The facility pricing grid, starting at LIBOR plus 2.5% and increasing to LIBOR plus 3.5% (or an alternative benchmark rate as selected by the administrative agent) based on the total leverage ratio, will remain in effect until maturity.

The Company had entered into interest rate swap contracts, exchanging floating for fixed LIBOR on approximately half of the RCF balance at 0.355% plus 2.5%, to 0.355% plus 3.5%, based on the total leverage ratio, through to July 2022. The interest rate swap contracts were early settled on February 10, 2021 in connection with the repayment of the balance drawn on the RCF *(Note 4).*

The interest rate at March 31, 2022 was US LIBOR plus 2.50% (2021 - US LIBOR plus 2.50%) with a standby fee of 0.56% (2021 – 0.56%) payable on the undrawn balance (adjustable in certain circumstances).

The RCF is secured against the present and future real and personal property, assets and undertakings of Capstone (other than defined excluded entities, Acquisition Co., Far West Mining Ltd., Minera Santo Domingo SCM, and Far West Exploration S.A., and subject to certain exclusions for Capstone Mining Chile SpA). Companies that are not part of the Capstone subgroup, including but not limited to Capstone Copper, Mantos Copper Holding SpA, Mantoverde S.A., and Mantos Copper S.A., are not part of Capstone's existing $225 million RCF. The credit facility requires Capstone to maintain certain financial ratios relating to debt and interest coverage. Capstone was in compliance with these covenants as at March 31, 2022.

Subsequent to March 31, 2022, the existing RCF was amended. The amended RCF was signed on May 12, 2022 and will become effective after all the security is in place and other customary closing conditions are met, which is expected to occur before the existing RCF expires in July 2022. The amended RCF is increased to $500 million, plus $100 million accordion option available 180 days after closing, and has a maturity of 4 years from closing and an interest cost of adjusted term Secured Overnight Financing Rate ("SOFR") plus a margin of 1.875% - 2.75% depending on the total net leverage ratio.

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

As at March 31, 2022, there were seven surety bonds totaling $235.8 million to support various reclamation obligation bonding requirements. This comprises $163.3 million securing reclamation obligations at Pinto Valley, $4.0 million provided as security as part of a power supply agreement at Pinto Valley, $1.9 million related to the construction of a port for the Santo Domingo development project in Chile, $39.5 million at Mantoverde, and $27.1 million at Mantos Blancos, respectively, securing reclamation obligations.

14. Deferred Revenue

Silver Precious Metals Purchase Arrangement ("Silver PMPA")

On February 19, 2021, the Capstone Mining closed the Silver PMPA with Wheaton whereby Capstone received an upfront cash consideration of $150 million against delivery of 50% of the silver production from the Cozamin mine until 10 million ounces have been delivered, thereafter dropping to 33% of silver production for the remaining life of mine. In addition to the upfront cash consideration of $150 million, as silver is delivered under the terms of the Silver PMPA, the Company receives cash payments equal to 10% of the spot silver price at the time of delivery for each ounce delivered to Wheaton. The Silver PMPA is effective December 1, 2020. Wheaton has been provided certain security in support of the Company's obligations under the Silver PMPA.

The Company recorded the upfront cash consideration received of $150 million as deferred revenue and recognizes amounts in revenue as silver is delivered under the Silver PMPA. Capstone determines the amortization of deferred revenue to the condensed interim consolidated statements of income on a per unit basis using the estimated total number of silver ounces expected to be delivered over the life of the Cozamin mine. The amortization rate requires the use of proven and probable mineral reserves and certain mineral resources which management is reasonably confident will be transferred to mineral reserves. The Company estimates the current portion of deferred revenue based on deliveries anticipated over the next twelve months. During the three months ended March 31, 2022, the Company delivered 141,448 ounces (2021 - 218,421 ounces) of silver to Wheaton under the Silver PMPA.

Gold Precious Metals Purchase Arrangement ("Gold PMPA")

On April 21, 2021, the Capstone Mining received an early deposit of $30 million ("the Early Deposit") in relation to the Gold PMPA with Wheaton effective March 24, 2021. Additional deposits of $260 million are to be received under the Gold PMPA over the Santo Domingo construction period, subject to sufficient financing having been obtained to cover total expected capital expenditures and other customary conditions, for total consideration of $290 million (collectively "the Deposit"). Wheaton will receive 100% of the gold production from the Company's Santo Domingo development project until 285,000 ounces have been delivered, thereafter dropping to 67% of the gold production for the remaining life of mine.

In addition to the deposits of $290 million, as gold is delivered under the terms of the Gold PMPA, Capstone receives cash payments equal to 18% of the spot gold price at the time of delivery for each ounce delivered to Wheaton, until the Deposit has been reduced to zero, thereafter increasing to 22% of the spot gold price upon delivery. Wheaton has been provided certain security in support of the Company's obligations under the Gold PMPA. The initial term of the Gold PMPA is 20 years.

Details of changes in the balance of deferred revenue are as follows:

	Silver PMPA	Gold PMPA	**Total**
Balance, December 31, 2021	$ 140,510	$ 31,360	**$ 171,870**
Non-cash finance costs	1,967	533	**2,500**
Recognized as revenue on delivery of silver and gold	(3,030)	—	**(3,030)**
Balance, March 31, 2022	$ 139,447	$ 31,893	**$ 171,340**

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

Consideration from the PMPAs is considered variable, as silver and gold stream revenues can be subject to cumulative adjustments when the number of ounces to be delivered under the contracts change, when there is an increase in the Company's mineral reserve and resource estimates or when there are changes to the mine plans.

Details of the deferred revenue balance are as follows:

		March 31, 2022		December 31, 2021
Deferred revenue	**$**	**171,340**	$	171,870
Less: current portion *(Note 10)*		**(6,729)**		(6,130)
Non-current portion	**$**	**164,611**	$	165,740

15. Income Taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

	Three months ended March 31,			
		2022		2021
Income before income taxes	**$**	**55,783**	$	150,390
Canadian federal and provincial income tax rates		**27.00 %**		27.00 %
Income tax expense based on the above rates		**15,061**		40,605
Increase (decrease) due to:				
Non-deductible expenditures		**1,356**		109
Effects of different statutory tax rates on income of subsidiaries		**(262)**		(2,117)
Mexican and Chilean mining royalty taxes		**1,998**		1,365
Current period losses for which deferred tax assets were not recognized		**3,353**		3,708
Recognition (Non-recognition) of tax liabilities related to impairment reversal		**—**		(20,991)
Withholding taxes		**—**		263
Adjustments to tax estimates in prior years		**(6)**		(273)
Foreign exchange and other translation adjustments		**(1,038)**		640
Other		**204**		71
Income tax expense	**$**	**20,666**	$	23,380

Current income and mining tax expense	**$**	**14,577**	$	8,570
Deferred income tax expense		**6,089**		14,810
Income tax expense	**$**	**20,666**	$	23,380

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

16. Share Capital

Authorized
An unlimited number of common voting shares without par value.

Stock options
Pursuant to the Company's amended stock option plan, directors may authorize the granting of options to directors, officers and employees of the Company to a maximum of 10% of the issued and outstanding common shares at the time of grant, with a maximum of 5% of the Company's issued and outstanding shares reserved for any one person annually. Options granted under the plan have a term not to exceed five years, with the vesting term at the discretion of the Board. The exercise price of options granted are denominated in Canadian dollars ("C$").

The continuity of stock options issued and outstanding is as follows:

	Options outstanding	Weighted average exercise price (C$)
Outstanding, December 31, 2021	10,443,887	$ 1.14
Granted	764,822	6.87
Exercised	(1,625,715)	0.96
Expired	(6,389)	3.90
Forfeited	(48,975)	1.54
Outstanding, March 31, 2022	9,527,630	$ 1.62

As at March 31, 2022, the following options were outstanding and outstanding and exercisable:

	Outstanding			Outstanding & exercisable		
Exercise prices (C$)	Number of options	Weighted average exercise price (C$)	Weighted average remaining life (years)	Number of options	Weighted average exercise price (C$)	Weighted average remaining life (years)
$0.54 - $0.91	6,571,871	$ 0.66	2.6	5,024,038	$ 0.65	2.5
$1.44	1,101,478	1.44	0.9	1,101,478	1.44	0.9
$3.90	1,071,094	3.90	3.9	414,541	3.90	3.9
$5.45 - $5.79	18,365	5.63	4.1	3,188	5.79	4.2
$6.17 - $6.97	764,822	$ 6.87	4.9	30,919	$ 6.17	4.8
	9,527,630	$ 1.62	2.7	6,574,164	$ 1.02	2.3

During the three months ended March 31, 2022, the total fair value of options granted was $1.7 million (2021 – $1.7 million) and had a weighted average grant-date fair value of C$3.17 (2021 – C$1.63) per option. During the three months ended March 31, 2022, the weighted average share price of the 1.6 million options exercised during the period was C$4.64 (2021 - 1.1 million and C$3.70, respectively).

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

Weighted average assumptions used in calculating the fair values of options granted during the period were as follows:

	Three months ended March 31,	
	2022	2021
Risk-free interest rate	**0.17 %**	0.33 %
Expected dividend yield	**nil**	nil
Expected share price volatility	**61 %**	59 %
Expected forfeiture rate	**6.24 %**	6.14 %
Expected life	**3.8 years**	3.7 years

Other share-based compensation plans

Under the Share Unit Plan ("SUP"), the Company grants Performance Share Units ("PSUs") and Restricted Share Units ("RSUs"). PSUs granted to executives vest after three years and are subject to a performance measure of 0% to 200%. RSUs granted to executives and employees vest 1/3 per year starting on the first anniversary of the grant date. Under the Director's Deferred Share Unit Plan, the Company grants Deferred Share Units ("DSUs"). DSUs granted to directors vest upon issuance but are not redeemable until cessation of service on the Board.

Under the SUP, PSU and RSU obligations can be settled in cash, shares delivered from a Share Purchase Trust or a combination thereof, as determined by and at the discretion of the Human Resources and Compensation Committee of the Company's Board of Directors. DSU obligations, under the Director's Deferred Share Unit Plan, are redeemed in cash.
During the three months ended March 31, 2022, the total fair value of DSUs, RSUs, and PSUs granted under the SUP was $3.4 million (2021 – $6.3 million), and had a weighted average grant-date fair value of C$6.97 (2021 – C$3.90) per unit.

Beginning in 2021, PSUs and RSU's awarded to executives have been granted under a Treasury Share Unit Plan ("TSUP"). Treasury PSUs granted to executives vest after three years and are subject to a performance measure of 0% to 200%. Treasury RSUs granted to executives vest 1/3 per year starting on the first anniversary of the grant date. Canadian based executives are able to retain the PSUs and RSUs after vesting and elect when to redeem the units within 10 years of the grant date. Under the TSUP, PSU and RSU obligations can be settled in shares from treasury or cash, at the election of the Company.

During the three months ended March 31, 2022, the total fair value of units granted under the TSUP was $2.5 million (2021 – $2.1 million), and had a weighted average grant-date fair value of C$4.59 (2021 – C$2.61) per unit.

Weighted average assumptions used in calculating the fair values of units granted under the TSUP during the period were as follows:

	Three months ended March 31,	
	2022	2021
Risk-free interest rate	**0.19 %**	0.67 %
Expected dividend yield	**nil**	nil
Expected share price volatility	**60 %**	60 %
Expected forfeiture rate	**nil**	nil
Expected life	**9 years**	10 years

No Capstone shares were purchased by the Share Purchase Trust during the three months ended March 31, 2022 and 2021.

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

The continuity of DSUs, RSUs, and PSUs issued and outstanding is as follows:

	Share Unit Plan			Treasury Share Unit Plan	
	DSUs	RSUs	PSUs	RSUs	PSUs
Outstanding, December 31, 2021	3,116,341	8,294,406	6,102,367	347,033	694,063
Granted	65,102	554,878	—	241,618	483,232
Transferred		24,485	48,970	(24,485)	(48,970)
Forfeited	—	(77,595)	—	—	—
Settled	(909,702)	(6,085,834)	(2,766,920)	—	—
Outstanding, March 31, 2022	2,271,741	2,710,340	3,384,417	564,166	1,128,325

Share-based compensation expense

	Three months ended March 31, 2022	2021
Share-based compensation expense related to stock options	**$ 1,837**	$ 233
Share-based compensation expense related to RSUs and PSUs (TSUP)	**312**	—
Share-based compensation expense related to DSUs, RSUs and PSUs (SUP)	**17,564**	26,875
Total share-based compensation expense	**$ 19,713**	$ 27,108

17. Revenue

The Company's revenue breakdown by metal is as follows:

	Three months ended March 31, 2022	2021
Copper concentrate	**$ 226,963**	$ 198,470
Copper cathode	**41,721**	4,187
Silver	**9,466**	9,763
Zinc	**1,975**	2,748
Molybdenum	**1,233**	—
Gold	**362**	1,069
Lead	**—**	278
Total gross revenue	**281,720**	216,515
Less: treatment and selling costs	**(13,634)**	(12,452)
Revenue	**$ 268,086**	$ 204,063

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

Revenue recognized in the reporting period for provisional pricing changes recorded in the above table:

	Three months ended March 31, **2022**	2021
Copper concentrate	**$ 5,805**	$ (5,022)
Copper cathode	**(26)**	6
Silver	**36**	(697)
Zinc	**148**	35
Gold	**277**	(71)
Lead	**—**	(4)
Molybdenum	**61**	—
Revenue adjustments from provisional pricing arrangements	**$ 6,301**	$ (5,753)

18. Earnings Per Share

Earnings per share, calculated on a basic and diluted basis, is as follows:

	Three months ended March 31, **2022**	2021
Earnings per share		
Basic	**$ 0.08**	$ 0.25
Diluted	**0.08**	0.24
Net earnings		
Net earnings attributable to common shareholders - basic and diluted	**$ 33,988**	$ 100,974
Weighted average shares outstanding - basic	**438,874,610**	403,209,486
Dilutive securities		
Stock options	**7,557,528**	9,578,500
TSUP units	**389,145**	—
Weighted average shares outstanding - diluted	**446,821,283**	412,787,986
Potentially dilutive securities excluded (as anti-dilutive)		
Stock options	**1,970,102**	4,543,579
TSUP units	**1,303,346**	1,041,096

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

19. Supplemental Cash Flow Information

The changes in non-cash working capital items are composed as follows:

	Three months ended March 31,	
	2022	2021
Receivables	**$ 7,030**	$ 4,747
Inventories	**4,098**	4,227
Due from related party *(Note 25)*	**(259,843)**	—
Other assets	**(13,797)**	664
Accounts payable and accrued liabilities	**(45,211)**	(23,987)
Due to related party *(Note 25)*	**259,843**	—
Other liabilities	**(36,922)**	(9,877)
Net change in non-cash working capital	**$ (84,802)**	$ (24,226)

The changes in other non-cash items are composed as follows:

	Three months ended March 31,	
	2022	2021
VAT receivable	**$ (35)**	$ (470)
Other non-current assets	**5,545**	98
Other non-current liabilities	**1,122**	—
Net change in other non-cash items	**$ 6,632**	$ (372)

The significant non-cash financing and investing transactions during the year are as follows:

	Three months ended March 31,	
	2022	2021
(Increase) decrease in accounts payable and accrued liabilities related to mineral properties, plant and equipment	**$ (66,099)**	$ 10,165
Amortization of mining equipment capitalized to deferred stripping assets	**$ 579**	$ 613
Fair value of stock options allocated to share capital upon exercise	**$ 591**	$ 480
Acquisition of Mantos (*Note 4)*	**$ 1,592,679**	$ —

20. Commitments

Royalty Agreements

Under the terms of the December 2003 option agreement with Grupo Minera Bacis S.A. de C.V. ("Bacis"), Capstone Mining assumed a 100% interest in the Cozamin Mine with a 3% net smelter royalty paid to Bacis on all payable metal sold from production on the property covered by the agreement.

In connection with the financing of the Mantos Blancos Debottlenecking Development Project, the Mantos Copper S.A. entered into a royalty agreement with Southern Cross Royalties Limited ("Southern Cross"). Southern Cross is entitled to a 1.525% net smelter royalty on copper production. The royalty is for a period initially through January 1, 2035 that may be extended by Southern Cross at its sole discretion through the duration of the mining rights and is subject to the Company's option to reduce the royalty amount by 50% any time after January 1, 2023, subject to a one-time payment.

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

Agreement with Jetti Resources, LLC ("Jetti")

Under the terms of the 2019 agreement, the Company is required to make quarterly royalty payments to Jetti based on an additional net profits calculation resulting from cathode production at the Pinto Valley mine. The initial term of the agreement is ten years, renewable for 5-year terms thereafter.

Off-take agreements

The Company has sales commitments of copper concentrate production at Mantos Blancos under an off-take agree with Glencore (Note 13).

The company has sales commitments equal to 100% of its copper cathode production at Mantoverde under off-take agreements with Anglo American Marketing Limited ("AAML").

The Company has a concentrate off-take agreement with a third party whereby the third party will purchase 100% of the copper concentrate produced by the Cozamin Mine up to the end of December 2022.

The Company has a number of annual and multi-year concentrate off-take agreements with third parties whereby they will purchase the copper concentrate produced by the Pinto Valley Mine.

Included in value added taxes ("VAT") and other taxes receivable is $2.0 million of VAT related to Minera Santo Domingo which has been reclassified from non-current other assets (Note 6). The Company has provided a guarantee to the Chilean Internal Revenue Service that all VAT amounts refunded, plus interest, will be repaid if construction of the Santo Domingo development project is not completed by August 31, 2026.

21. General & Administrative Expenses

Details are as follows:

	Three months ended March 31, 2022	2021
General & administrative	**$ 5,696**	$ 4,311
Corporate depreciation	**165**	174
	$ 5,861	$ 4,485

22. Other Income

Details are as follows:

	Three months ended March 31, 2022	2021
Mantos integration costs	**(473)**	—
Insurance proceeds	**1,023**	—
Mark-to-market gain on contingent consideration *(Note 9)*	**—**	2,915
Streaming arrangement transaction costs	**—**	(840)
Other income (expense)	**224**	(215)
	$ 774	$ 1,860

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

23. Finance Costs

Details of interest on long-term debt and surety bonds are as follows:

	Three months ended March 31, 2022	2021
Interest and standby fees on RCF and surety bonds	$ **798**	$ 1,561
Amortization of financing fees *(Note 9)*	**283**	283
	$ **1,081**	$ 1,844

Details of other interest are as follows:

	Three months ended March 31, 2022	2021
Interest accretion on deferred revenue *(Note 14) (i)*	$ **2,500**	$ 700
Accretion on payable on purchase of NCI *(Note 11) (ii)*	**1,012**	—
Accretion on asset retirement obligations	**617**	166
Other interest expense	**249**	206
	$ **4,378**	$ 1,072

24. Segmented Information

The Company is engaged in mining, exploration and development of mineral properties, and has operating mines in the US, Chile and Mexico. The Company has six reportable segments as identified by the individual mining operations of Pinto Valley (US), Mantos Blancos (Chile), Mantoverde (Chile), Cozamin (Mexico), as well as the Santo Domingo development project (Chile) and Other. The business combination with Mantos was completed on March 23, 2022, therefore no results for the Mantos Blancos and Mantoverde segments are reflected in the prior period comparative figures. Early stage exploration, other and corporate operations are reported in the Other segment. Intercompany revenue and expense amounts have been eliminated within each segment in order to report on the basis that management uses internally for evaluating segment performance. Total assets and liabilities do not reflect intercompany balances, which have been eliminated on consolidation. Segments are operations reviewed by the CEO, who is considered to be the chief operating decision maker.

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

Operating segment details are as follows:

	Three months ended March 31, 2022						
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Santo Domingo	Other	Total
Revenue							
Copper concentrate	158,140	10,308	—	58,515	—	—	226,963
Copper cathode	6,060	7,567	28,094	—	—	—	41,721
Silver	1,782	—	—	7,684	—	—	9,466
Zinc	—	—	—	1,975	—	—	1,975
Gold	1,233	—	—	—	—	—	1,233
Lead	362	—	—	—	—	—	362
Treatment and selling costs	(9,741)	(593)	(321)	(2,979)	—	—	(13,634)
Net revenue	157,836	17,282	27,773	65,195	—	—	268,086
Production costs	(81,132)	(8,944)	(20,718)	(16,260)	—	—	(127,054)
Royalties	(846)	—	—	(1,188)	—	—	(2,034)
Depletion and amortization	(24,418)	(1,127)	(3,159)	(4,269)	—	—	(32,973)
Earnings from mining operations	51,440	7,211	3,896	43,478	—	—	106,025
General and administrative expenses	(25)	—	—	(28)	(12)	(5,796)	(5,861)
Exploration expenses	—	—	—	(19)	(58)	(1,790)	(1,867)
Share-based compensation expense	—	—	—	—	—	(19,713)	(19,713)
Earnings (loss) from operations	51,415	7,211	3,896	43,431	(70)	(27,299)	78,584
Other expense	(249)	298	1,705	(680)	225	(18,641)	(17,342)
Net finance costs	(586)	(180)	(173)	(2,245)	(177)	(2,098)	(5,459)
Earnings (loss) before income taxes	50,580	7,329	5,428	40,506	(22)	(48,038)	55,783
Income tax (expense) recovery	(7,338)	(2,221)	(1,664)	(11,796)	—	2,353	(20,666)
Total net income (loss)	$ 43,242	$ 5,108	$ 3,764	$ 28,710	$ (22)	$ (45,685)	$ 35,117
Mineral properties, plant & equipment additions	$ 17,651	$ 20,868	$ 35,071	$ 19,368	$ 9,493	$ 14	$ 102,465

i. Intersegment sales and transfers are eliminated in the table above. For the three months ended March 31, 2022, intersegment revenue for Cozamin and the Other segment was $3.9 million and $0.4 million (2021 - $2.4 million and $0.6 million), respectively.

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

	Three months ended March 31, 2021				
	Pinto Valley	Cozamin	Santo Domingo	Other	Total
Revenue					
Copper concentrate	155,987	42,483	—	—	198,470
Copper cathode	4,187	—	—	—	4,187
Silver	2,110	7,653	—	—	9,763
Zinc	—	2,748	—	—	2,748
Gold	1,067	2	—	—	1,069
Lead	—	278	—	—	278
Molybdenum	—	—	—	—	—
Treatment and selling costs	(9,196)	(3,256)	—	—	(12,452)
Net revenue	154,155	49,908	—	—	204,063
Production costs	(70,742)	(13,905)	—	—	(84,647)
Royalties	(143)	(1,484)	—	—	(1,627)
Depletion and amortization	(21,413)	(3,926)	—	—	(25,339)
Earnings from mining operations	61,857	30,593	—	—	92,450
General and administrative expenses	(58)	(128)	—	(4,299)	(4,485)
Exploration expenses	—	(412)	(39)	(203)	(654)
Impairment reversal on mineral properties	—	—	92,392	—	92,392
Share-based compensation expense	—	—	—	(27,108)	(27,108)
Earnings (loss) from operations	61,799	30,053	92,353	(31,610)	152,595
Other (expense) income	(274)	552	(97)	530	711
Earnings (loss) before finance costs and income taxes	61,525	30,605	92,256	(31,080)	153,306
Net finance costs	(477)	(905)	—	(1,534)	(2,916)
Earnings (loss) before income taxes	61,048	29,700	92,256	(32,614)	150,390
Income tax (expense) recovery	(10,637)	(9,128)	(3,961)	346	(23,380)
Total net income (loss)	$ 50,411	$ 20,572	$ 88,295	$ (32,268)	$ 127,010
Mineral properties, plant & equipment additions	$ 15,413	$ 5,606	$ 7,337	$ 4	$ 28,360

	As at March 31, 2022						
	Pinto Valley	**Mantos Blancos**	**Mantoverde**	**Cozamin**	**Santo Domingo**	**Other**	**Total**
Mineral properties, plant and equipment	**$ 732,221**	**$ 880,785**	**$ 2,178,135**	**$ 196,027**	**$ 400,209**	**$ 1,246**	**$4,388,623**
Total assets	**$ 924,693**	**$1,050,948**	**$ 2,479,242**	**$ 289,697**	**$ 478,744**	**$ 301,322**	**$5,524,646**
Total liabilities	**$ 253,100**	**$ 432,631**	**$ 1,023,733**	**$ 231,631**	**$ 37,513**	**$ 412,603**	**$2,391,211**

(tabular amounts expressed in thousands of US dollars, except share and per share amounts)

	As at December 31, 2021				
	Pinto Valley	Santo Domingo	Cozamin	Other	Total
Mineral properties, plant and equipment	$ 737,878	$ 390,721	$ 180,873	$ 1,398	$ 1,310,870
Total assets	$ 912,132	$ 434,797	$ 281,718	$ 99,315	$ 1,727,962
Total liabilities	$ 243,704	$ 36,585	$ 247,379	$ 183,867	$ 711,535

25. Accounts due to / from Related Party

Amounts due from related party relates to a loan granted by Capstone Copper (previously Mantos Copper (Bermuda) Ltd.) to Orion Fund JV Ltd. The loan accrues interest at an annual rate of 2.304% and is due on December 20, 2022.

Amounts due to related party relates to a loan granted by Orion Fund JV Limited to Mantos Copper Holdings SpA. The loan accrues interest at an annual rate of 2.304% and is due on December 20, 2022.