MANAGEMENT'S DISCUSSION AND ANALYSIS

AND

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

For the Three and Nine Months Ended September 30, 2020

(Expressed in US Dollars)

TABLE OF CONTENTS

Management's Discussion and Analysis 3

Condensed Interim Consolidated Financial Statements 44

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CAPSTONE MINING CORP. FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020

Capstone Mining Corp. ("Capstone" or the "Company") has prepared the following management's discussion and analysis (the "MD&A") as of October 27 2020 and it should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2020. 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 expected success of the underground paste backfill system study, the realization of Mineral Reserve estimates, the timing and amount of estimated future production, costs of production and capital expenditures, 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, Capstone's ability to fund future exploration activities, environmental risks, unanticipated reclamation expenses and title disputes. The potential effects of the COVID-19 pandemic on our business and operations are unknown at this time, including Capstone's ability to manage challenges and restrictions arising from COVID-19 in the communities in which Capstone 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 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, and the 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 "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document certain forward-looking statements are identified by words including "anticipated", "guidance", "plan" and "expected". 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'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, 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, licenses and permits from governmental authorities, acting as Indemnitor for Minto Exploration Ltd.'s surety bond obligations post divestiture, impact of climatic conditions on our Pinto Valley and Cozamin operations, aboriginal title claims and rights to consultation and accommodation, land reclamation and mine closure obligations, risks relating to widespread epidemics or pandemic outbreak including the COVID-19 pandemic; the impact of COVID-19 on our workforce, 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 relating to the unknown duration and impact of the COVID-19 pandemic, uncertainties and risks related to the potential development of the Santo Domingo Project, increased operating and capital costs, challenges to title to our mineral properties, maintaining ongoing social license to 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 energy prices, competition in the mining industry, risks associated with joint venture partners, our ability to integrate new acquisitions into our operations, cybersecurity threats, legal proceedings, 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, 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.

Table of Contents

Nature of Business 4
Q3 2020 Highlights and Significant Items 5
Operational Overview 10
Financial Overview 11
Selected Quarterly Financial Information 12
Consolidated Results 13
Operational Results 19
Liquidity and Financial Position Review 25
Risks and Uncertainties 27
Transactions with Related Parties 29
Off Balance Sheet Arrangements 29
Accounting Changes 29
Alternative Performance Measures 29
Additional Information and Reconciliations 38
Outstanding Share Data and Dilution Calculation 40
Management's Report on Internal Controls 40
Other Information 40
National Instrument 43-101 Compliance 40

Nature of Business

Capstone, a Canadian mining company publicly listed on the Toronto Stock Exchange, is engaged in the production of and exploration for base metals centered in the Americas, with a focus on copper. Pinto Valley Mining Corp., a wholly-owned US subsidiary, owns and operates the copper Pinto Valley Mine located in Arizona, US. Capstone Gold, S.A. de C.V., a wholly-owned Mexican subsidiary, owns and operates the polymetallic 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. 0908113 B.C. Ltd. ("Acquisition Co.") is a 70% owned subsidiary of Capstone and 30% owned by Korea Resources Corporation. ("KORES"). Through Acquisition Co.'s wholly-owned Canadian subsidiary, Far West Mining Ltd. ("Far West"), Acquisition Co. is engaged in exploration for and development of base metal deposits primarily in Chile. Minera Santo Domingo SCM ("Santo Domingo"), a 100% owned subsidiary of Far West, holds the Santo Domingo copper-iron project in Chile.

On March 31, 2020, Capstone took steps to safely and systematically reduce mining and processing activities temporarily at its Cozamin Mine to comply with a government-mandated suspension of all non-essential activities, in response to the COVID-19 pandemic. On May 12, 2020 the Mexican Federal Government announced that mining is an essential industry. Subsequent to this announcement, Capstone safely started ramping up operational activities at its Cozamin Mine. Since then, all mining and processing activities have been resumed and the mine was producing copper at normal levels through the period ended September 30, 2020.

Q3 2020 Highlights and Significant Items

Financial and Operational Highlights

- **Third quarter 2020 (Q3 2020) copper production of 38.5 million pounds at C1 cash costs[1] of $1.82 per payable pound of copper produced**.
- **Q3 2020 net income of $2.3 million, or $0.01 per share, and Q3 2020 adjusted net income[1] of $9.5 million or $0.02 per share.** Adjusted net income[1] was adjusted for the non-cash share-based compensation expense of $7.5 million or $0.02 per share, driven by the mark to market adjustment for the increasing share price.
- **Revenue of $130.5 million for the quarter** benefited from higher sales due to a drawdown of inventory at Pinto Valley and a higher realized copper price of $3.13 per pound.
- **Q3 2020 operating cash flow before changes in working capital[1] of $44.9 million or $0.11 per share.**
- **Q3 2020 adjusted EBITDA[1] of $51.6 million and reduction in net debt to EBITDA ratio from 2.54x to 1.62x at the end of the quarter,** which results in a reduction in our interest pricing in the fourth quarter of 2020 to LIBOR plus 2.75% (from LIBOR plus 3.5%). This decrease of 75 basis points results in approximately $2 million per year in annualized savings on interest expense at current debt levels.

Full Year Production Guidance on Target

Year to date consolidated production of 112.5 million pounds and consolidated C1 cash cost[1] of $1.91 per pound is on track with the Company's full year guidance of 140-155 million pounds, at C1 cash costs of $1.85-$2.00 per pound.

With improvements to copper markets during the quarter, full year 2020 capital expenditures and exploration cost estimates have been returned to levels originally guided for 2020. Full year capital and exploration costs are expected to be $90 million and $10 million respectively, which positions the Company for 20% production growth and 10% lower costs in 2021.

Cozamin Records Lowest Quarterly C1 Cash Cost[1] in Operating History

C1 cash costs[1] of $0.36 per pound produced at Cozamin is the mine's lowest cost quarter in its operating history. During Q3 2020, the mine benefited from an optimized mine plan focused on higher copper grades (1.77%) and higher throughput (3,090 tonnes per day ("tpd")), resulting in higher production (10.6 million pounds), higher by-product credits on strong silver prices in addition to higher silver grades (46.5 grams per tonne) and recoveries (79%), as well as lower costs from reduced operating development metres.

Strengthened Balance Sheet in Q3

Available liquidity[1] at September 30, 2020 was $136.9 million, with net debt of $163.1 million and EBITDA of $51.6 million, resulting in a net debt to EBITDA ratio of 1.62x. During the quarter, repayments of $30.0 million were made on the revolving credit facility ("RCF") and the $26.7 million of cash advances from customers received in Q2 2020, presented as contract liabilities at June 30, 2020, were settled by delivery of copper concentrate during Q3 2020 at market prices.

Health and Safety Update

We continue to enforce rigorous COVID-19 control and prevention measures at all our operations to ensure the health and safety of our workers. Our operations were not materially affected by COVID-19 during Q3 2020. Full year consolidated guidance does not reflect any potential for additional suspensions or other significant disruption to operations or increased costs due to COVID-19. Refer to the Risk section for further details on COVID-19 related risks.

Zero Harm continues to be a priority at Capstone and our Q3 2020 and YTD 2020 safety performance is summarized below.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*
Certain prior period alternative performance measures have been restated to conform with current period classification.

	Q3 2020	YTD 2020	2020 Target
Lost Time Injury (LTI)	0	2	0
Total Reportable Incident (TRI)	3	6	0
YTD 2020 LTI Frequency Rate (LTIFR)	-	0.16	0.25
YTD 2020 TRI Frequency Rate (TRIFR)	-	0.47	1.00
Rolling 12-month LTIFR	-	0.11	0.25
Rolling 12-month TRIFR	-	0.40	1.00

Our rolling 12-month LTIFR and TRIFR targets for 2020 are both below 2019 actual rates. In 2019, both LTIFR and TRIFR decreased from 2018 by 80% and 50%, respectively.

At Cozamin, since the completion of the 818 meter raisebore in April 2020, which was safely completed 52 days ahead of schedule and is a major component to the mine's expansion development, air flow in the mine has increased by 22% and the overall underground temperature has dropped an average of 3.3 degrees Celsius.

Cozamin Increased Proven and Probable Mineral Reserves and Life of Mine Plan

In September 2020, the Company released the results of an updated positive technical report for Cozamin mine with updated Proven and Probable Mineral Reserves and life of mine plan ("LOMP"). Proven and Probable Mineral Reserves increased by 97% relative to December 31, 2019, to 10.2 million tonnes grading 1.79% copper. The LOMP should be considered interim as it is subject to change should the pillar extraction pre-feasibility study ("PFS") prove positive (see Corporate Update below for more details). Refer to the National Instrument ("NI") 43-101-compliant Technical Report filed on SEDAR on October 23, 2020 for more information.

Santo Domingo MOU with Puerto Ventanas S.A. for Rail and Port Facilities

In September 2020, Capstone announced its 70% owned subsidiary Minera Santo Domingo ("MSD") entered a memorandum of understanding ("MOU") with Puerto Abierto S.A. ("PASA"), a wholly owned subsidiary of Puerto Ventanas S.A. ("Puerto Ventanas") (subsidiary of Sigdo Koppers S.A.), for the Santo Domingo project (the "Project"). During a 90 day period, both MSD and PASA will together explore mutual synergies and regional benefits for the proposed port component of the Project, Puerto Santo Domingo (the "Port"). The Port is fully permitted and located 100 kms from the Project site. The Port will be one of only two Cape-size vessel ports in the region, making it an attractive site for bulk shipments and a key asset allowing for broad resource development in Region III of Chile. The MOU also gives PASA 90 days to evaluate the replacement of the 110 km magnetite concentrate pipeline with a railway as part of its rail business, Ferrocarril del Pacifico S.A. (FEPASA).

The Santo Domingo project infrastructure that is under consideration in this MOU represents approximately $400 million of the capital expenditure identified in the most recent NI 43-101 Technical Report and includes marine works including pier, iron concentrate pipeline from Santo Domingo Mine to Port, magnetite filter plant and stockpile building, copper storage building and ship loading and support facilities. For full details, please refer to the Company's news release of September 16, 2020.

Corporate Update

Capstone Relaunches Sustainability Reporting

Capstone recently published an interim sustainability performance data report for specific material topics, including Governance, Health and Safety, Climate Change and Energy Emissions, Air Emissions, Water, Waste and Hazardous Materials and Employment, Diversity & Inclusion and Education, for the period January 1, 2018 to June 30, 2020. On a going-forward basis, the Company will resume publishing an annual sustainably report, with the first update expected in H1 2021 for the period January 1-December 31, 2020.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

PV3 Optimization Update

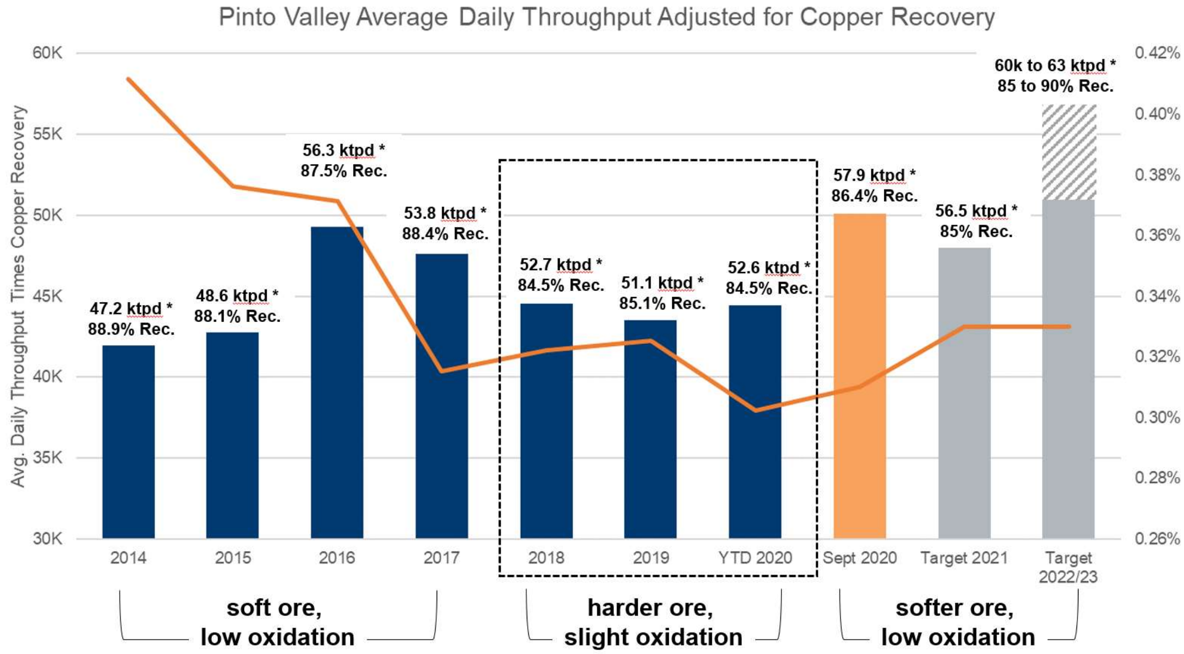
In Q4 2019, Pinto Valley commenced a PV3 Optimization project designed to achieve safer, more reliable and higher capacity without major investments in new comminution equipment. A goal was set to achieve increased reliability, and higher throughput at maximized copper recovery with lower costs by leveraging new inexpensive technologies. The investment decision criteria are return-on-investment, improved safety performance and environmental stewardship.

Following is an update on the various PV3 Optimization phases and initiatives as of October 27, 2020:

- **Phase 1:** $17 million in crushing and mill equipment replacements which is 60% completed, with full completion expected by July 2021.
- **Phase 2:** $10 million in conveyor, mill auto controls, cyclone packs and tailings thickener upgrades planned to be completed by Q3 2021.
- **Mine Innovation:**
    - Blast fragmentation optimization to target 30% fines (minus ½”) in run of mine feed – completed Q2 2020.
    - $0.3 million Tele-remote D10 Dozer to increase worker safety for high risk applications – completed Q2 2020.
    - $6 million in new mine equipment to increase efficiency while lowering diesel consumption, GHG emissions, and other operating costs by $0.8 million per year – completed Q3 2020.
- **Metallurgical Innovation:**
    - Pioneering novel catalytic technology developed by Jetti Resources that is expected to deliver 300 to 350 million pounds of copper cathode over the next twenty years from high grade mine waste and historic stockpiles at all-in costs under $2.00 per pound. Details will be provided in an updated NI 43-101 Technical Report expected in 2021 - commenced Q3 2020.
    - Molybdenum plant re-start: New reagents will be used to improve worker safety and improve overall metallurgical performance. Minimal capital - expected completion by Q1 2021.

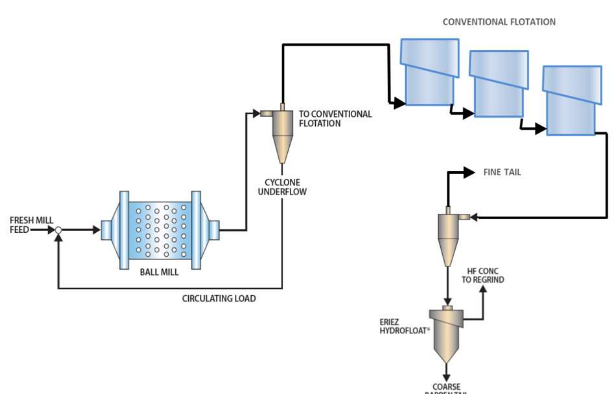
Targeting higher throughput and higher copper recovery: The chart below shows Pinto Valley’s average daily throughput adjusted for copper recovery (i.e. throughput times recovery) over the past six years and a target by 2022-2023 to 60k to 63k tpd at 85% to 90% recovery. This is 17% to 30% higher than 2019 performance and is subject to further test work and studies to be completed in H1 2021, including tailings management.

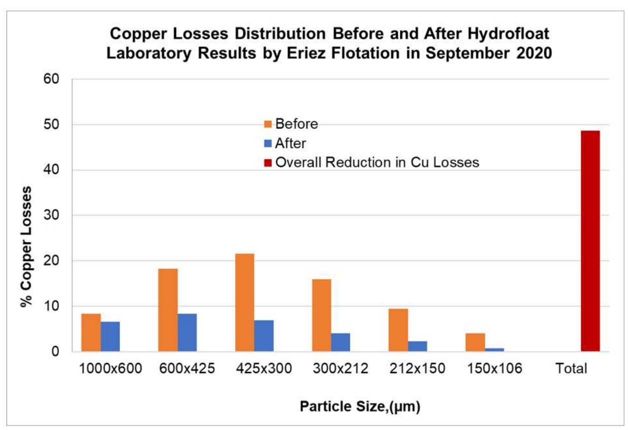
[1] *These are alternative performance measures. Refer to the MD&A section entitled “Alternative Performance Measures”. Certain prior period alternative performance measures have been restated to conform with current period classification.*



Pilot plant testing of new coarse particle flotation technology: Eriez Flotation Division, a wholly owned business unit of Eriez Manufacturing Co., the world leader in innovative flotation technology, has developed a fluidized bed assisted flotation cell called the HydroFloat, proven effective at floating coarse ore particles, up to two to three times the size limit of conventional flotation cells. This technology was first introduced at a commercial scale for base metal sulfides at Newcrest's Cadia Valley operation in Australia, and very recently Newcrest has announced they are expanding the application of HydroFloat.

Following positive laboratory results on Pinto Valley flotation circuit samples, Eriez has reported an opportunity to reduce copper losses by up to 50%, thereby boosting overall recovery by up to 6%. Furthermore, the ability to recover coarse particles could allow for higher mill throughput while achieving high copper recovery. Other benefits could be lower grinding costs, lower water and energy consumption and increased tailings stability via coarser tailings. Pilot plant testing will commence in November 2020 with results expected in Q1 2021. The following charts illustrates how the Eriez HydroFloat could fit into Pinto Valley's current flotation circuit and Pinto Valley's September 2020 laboratory results.





[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

PV4 Expansion Study Update

Work on PV4 expansion scenarios to take advantage of approximately one billion tonnes of Measured and Indicated Resources at 0.30% copper continued during Q3 2020. Given management's confidence in PV3 Optimization progress to date, including the successful implementation of the novel catalytic technology from Jetti Resources to enhance leaching performance, Capstone has decided to evaluate expansion scenarios using existing assets rather than building new mill infrastructure. The study is assessing higher mining rates, higher cut-off grades to the mill, and an increased tonnage available for leaching. While a significant mill expansion is not currently being contemplated, an expansion of Pinto Valley's SX-EW capacity of 25 million pounds per year may be necessary. Extensive column leach test work will be conducted over 2021 with the overall PV4 expansion study expected to be released in 2022.

Cozamin On Track for Ramp-Up to 1.35 Mtpa by Q2 2021

The development of Cozamin's one-way ramp continues to be on schedule and on budget, expected to be completed in December 2020. Cozamin is expected to ramp-up to 1.35 million tonnes milled per annum ("tpa") rate by Q2 2021. For the three years post-expansion (2021-2023) when compared to the three years pre-expansion (2018-2020), average annual copper and silver production increases by 70% to 61.4 million pounds and 43% to 1.75 million ounces, respectively, as described in the NI 43-101 Technical Report. Additionally, average annual C1 costs[1] (net of by-products) are expected to move 23% lower to $0.67 per payable pound of copper.

Cozamin Paste Backfill System Study

A PFS of an underground paste backfill system at Cozamin is underway to assess the potential for increasing the extraction ratio from Vein 20 in the Mala Noche Footwall Zone ("MNFWZ"). The updated LOMP currently excludes these pillars and assumes an extraction ratio of 74%, leaving 3.5 million tonnes of Indicated Mineral Resources grading 1.89% copper and 42 g/t silver in unmined pillars that will be the subject of the PFS. The 3.5 million tonnes represents over 2 years of additional mine life at 1.35 million tonnes milled per year. The pillar extraction PFS is targeted for completion in Q4 2020 with release in early Q1 2021 and assuming positive economics, it will include updated capital and net present value estimates and changes to the current LOMP.

Cozamin Announces New Step-Out Drill Program

A new step-out drill program totalling 80 holes targeting the down dip extension to the southeast of both Vein 10 and Vein 20 of the MNFWZ at Cozamin is underway. Hole S499 and S503 intersected high grade polymetallic copper, zinc, lead and silver in a 650-meter step-out from the current mineral resource. A 1 km exploration drift is being considered to provide a drilling platform to target this new area.

For full details on the above Cozamin updates, please refer to the Company's news release of September 9, 2020.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*
Certain prior period alternative performance measures have been restated to conform with current period classification.

Operational Overview

	Q3 2020	Q3 2019	2020 YTD	2019 YTD
Copper production (million pounds)				
Pinto Valley	27.9	29.9	84.9	91.6
Cozamin	10.6	9.1	27.6	26.5
Total	**38.5**	**39.0**	**112.5**	**118.1**
Copper sales				
Copper sold (from continuing operations)[2] (million pounds)	39.8	31.2	108.1	112.1
Realized copper price ($/lb.)	$3.13	$2.52	$2.75	$2.68
C1 cash costs[1] ($/lb.) produced				
Pinto Valley	2.38	2.13	2.30	1.97
Cozamin	0.36	0.94	0.71	0.90
Consolidated	**1.82**	**1.85**	**1.91**	**1.73**

[2] Sales from continuing operations has been utilized due to the Minto mine being classified as a discontinued operation in the comparative period until the point of its sale on June 3, 2019.

Consolidated

Consolidated production of 38.5 and 112.5 million pounds respectively for Q3 2020 and 2020 YTD, which were slightly lower than their comparable periods of 2019 primarily due to planned downtime in July 2020 at Pinto Valley, to complete the majority of Phase 1 upgrades for PV3 Optimization and planned lower head grade. This reduction at Pinto Valley was offset by a 16% increase in production at Cozamin as a result of increased head grade, due to increased mining activities in the San Jose and Calicanto copper-rich zones.

In Q3 2020, sales were higher than production due to a drawdown of inventory at Pinto Valley.

Pinto Valley Mine

Pinto Valley's Q3 2020 results reflect a quarter focused on advancing Phase 1 of PV3 Optimization, with planned downtime in July to install the first of two secondary crushers as well as install the first of two new ball mill shells. In addition, a planned annual outage scheduled for April was pushed to July due to COVID-19 affecting access to contractor resources. As a result of this, Ball Mill throughput for Q3 2020 was 3% lower than Q3 2019 (49,104 tpd versus. 50,630 tpd).

Copper production for the quarter was lower than in Q3 2019. The primary reason for this was due to 6% lower planned grades for Q3 2020 of 0.31% versus 0.33% for Q3 2019.

Cozamin Mine

Q3 2020 C1 cash costs[1] of $0.36 per pound is the lowest quarterly costs in Cozamin's operating history, driven by higher head grades (1.77% versus 1.48%), higher production, lower costs from reduced operating development meters and higher by-product credits primarily on strong silver prices. In addition, silver production for Q3 2020 benefited from higher grades and higher recoveries.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

Financial Overview

	Q3 2020	Q3 2019	2020 YTD	2019 YTD
Revenue[2] ($ millions)	**130.5**	**82.9**	**305.6**	**305.1**
Net income (loss) ($ millions)	**2.3**	**(10.7)**	**(15.3)**	**(29.6)**
Net income (loss) per common share – basic and diluted ($)	*0.01*	*(0.03)*	*(0.04)*	*(0.08)*
Adjusted net income (loss)[1] ($ millions)[3]	**9.5**	**(7.1)**	**(8.7)**	**1.1**
Adjusted net income (loss) attributable to shareholders per common share – basic and diluted ($)	*0.02*	*(0.02)*	*(0.02)*	*0.00*
Adjusted EBITDA[1,4] from continuing operations[2,3]($ millions)	**51.6**	**14.6**	**75.7**	**80**
Cash flow from operating activities[2] ($ millions)	**27.7**	**11.8**	**79.8**	**70.8**
Cash flow from operating activities per common share[1,2] *- basic ($)*	*0.07*	*0.03*	*0.20*	*0.18*
Operating cash flow before changes in working capital[1,2] ($ millions)	**44.9**	**9.5**	**65.6**	**59.5**
Operating cash flow before changes in working capital per common share[1,2] *– basic ($)*	*0.11*	*0.02*	*0.17*	*0.15*

	September 30, 2020	December 31, 2019
Total assets ($ millions)	**1,350.2**	**1,331.4**
Long term debt (excluding financing fees) ($ millions)	**219.9**	**209.9**
Total non-current financial liabilities ($ millions)	**217.9**	**207.1**
Total non-current liabilities ($ millions)	**424.4**	**404.6**
Cash and cash equivalents and short-term investments($ millions)	**56.9**	**44.5**
Net debt[1] ($ millions)	**163.1**	**165.5**

[2] In accordance with IFRS 5, Minto's results are excluded from revenue but included within cash flow amounts in the comparative period. The Minto mine was sold on June 3, 2019.
[3] Certain prior period amounts have been restated to conform with current period classification.
[4] EBITDA is earnings before interest, taxes, depletion and amortization.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

Selected Quarterly Financial Information

($ millions, except per share data)	Q3 2020	Q2 2020(i)	Q1 2020(ii)	Q4 2019(iii)	Q3 2019	Q2 2019(iv)	Q1 2019	Q4 2018(v)
Revenue	130.5	104.7	70.4	113.6	82.9	113.3	108.9	98.0
Earnings (loss) from mining operations	28.6	16.3	(20.0)	6.0	0.1	6.4	29.9	16.7
Net income (loss) from continuing operations attributable to shareholders	2.4	4.3	(21.7)	13.4	(9.9)	(4.6)	12.0	(15.1)
Net income (loss) from continuing operations attributable to shareholders per share - basic and diluted	0.01	0.01	(0.06)	0.03	(0.03)	(0.01)	0.03	(0.04)
Net income (loss) attributable to shareholders	2.4	4.3	(21.7)	13.4	(10.6)	(27.2)	8.34	(39.0)
Net income (loss) per share attributable to shareholders - basic and diluted	0.01	0.01	(0.06)	0.03	(0.03)	(0.07)	0.02	(0.10)
Operating cashflow before changes in non-cash working capital[1]	44.9	24.0	(3.5)	20.3	9.5	19.2	30.7	19.1
Capital expenditures (including capitalized stripping)	32.2	19.3	20.6	28.5	28.5	32.6	23.2	29.1

(i) Net income (loss) in Q2 2020 includes $14M of positive non-cash provisional pricing adjustments and $8M in reversals of inventory write-downs.
(ii) Earnings from mining operations and net income (loss) in Q1 2020 includes $17M of negative non-cash provisional pricing adjustments and inventory write-downs.
(iii) The net income (loss) figures in Q4 2019 includes a recognition of $23.2 million of corporate tax losses recorded as a deferred income tax recovery.
(iv) The net income (loss) figures in Q2 2019 includes a non-cash loss on the sale of Minto of $24.5 million.
(v) The net income (loss) attributable to shareholders in Q4 2018 includes a deferred income tax expense of $17.8 million, primarily associated with the non-cash write-down of deferred tax assets associated with reclamation liabilities of $20.2 million.

Revenue and earnings from mining operations above excludes the results of Minto, but operating cash flow and capital expenditures includes Minto up until the date of sale on June 3, 2019.

Effective January 1, 2019, the Company adopted IFRS 16 *Leases* (“IFRS 16”) using the modified retrospective method which applies the standard prospectively, and as such, figures above related to 2018 have not been restated to conform to IFRS 16. Refer to the Accounting Changes section of this MD&A for more information.

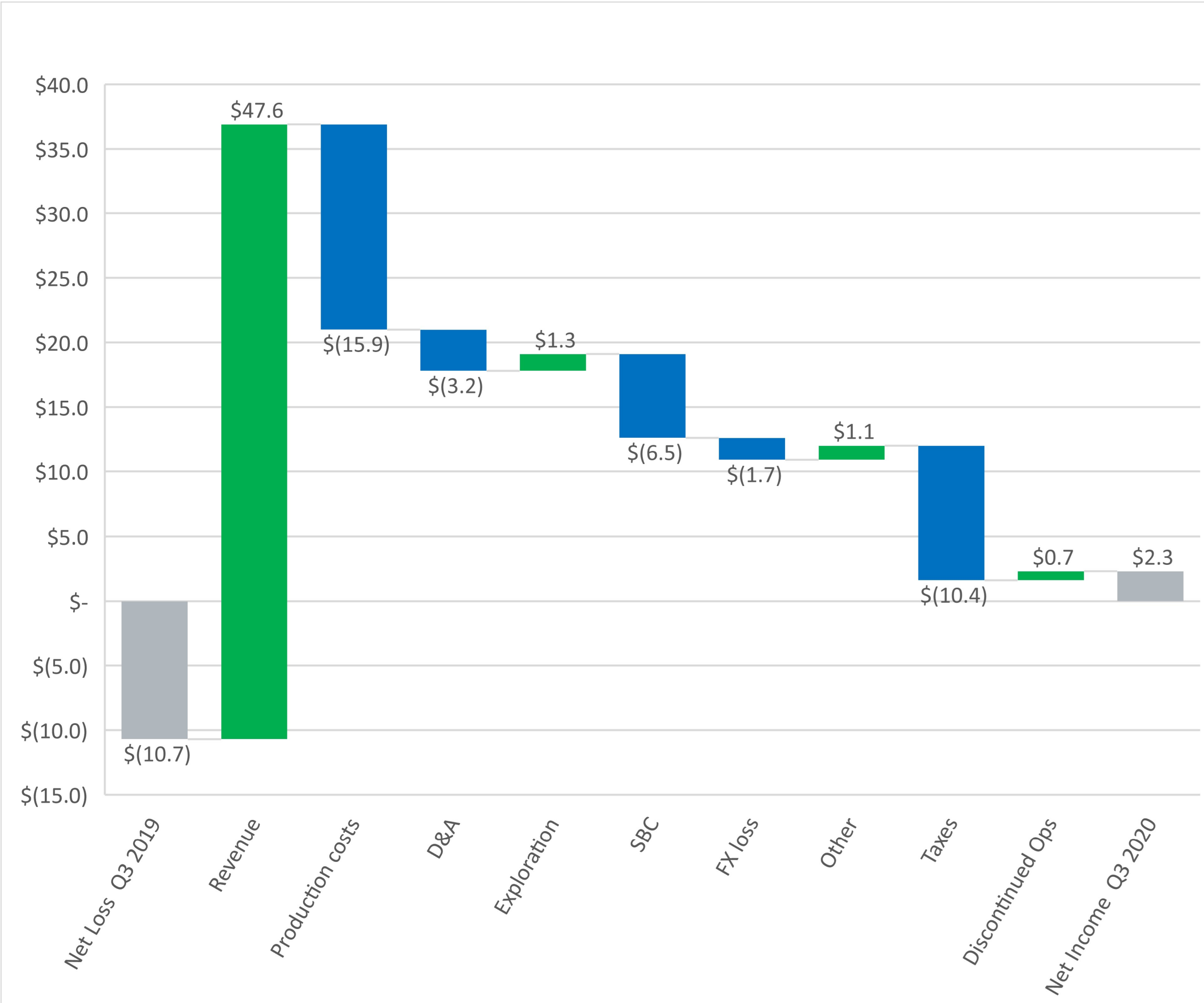
[1] *These are alternative performance measures. Refer to the MD&A section entitled “Alternative Performance Measures”. Certain prior period alternative performance measures have been restated to conform with current period classification.*

Consolidated Results

Consolidated Net Income (Loss) Analysis

Net Income (Loss) for the Three Months Ended September 30, 2020 and 2019

The Company recorded net income of $2.3 million for the three months ended September 30, 2020 compared with a net loss of $10.7 million in 2019. The major differences are outlined below:



The difference quarter-over-quarter was driven by:

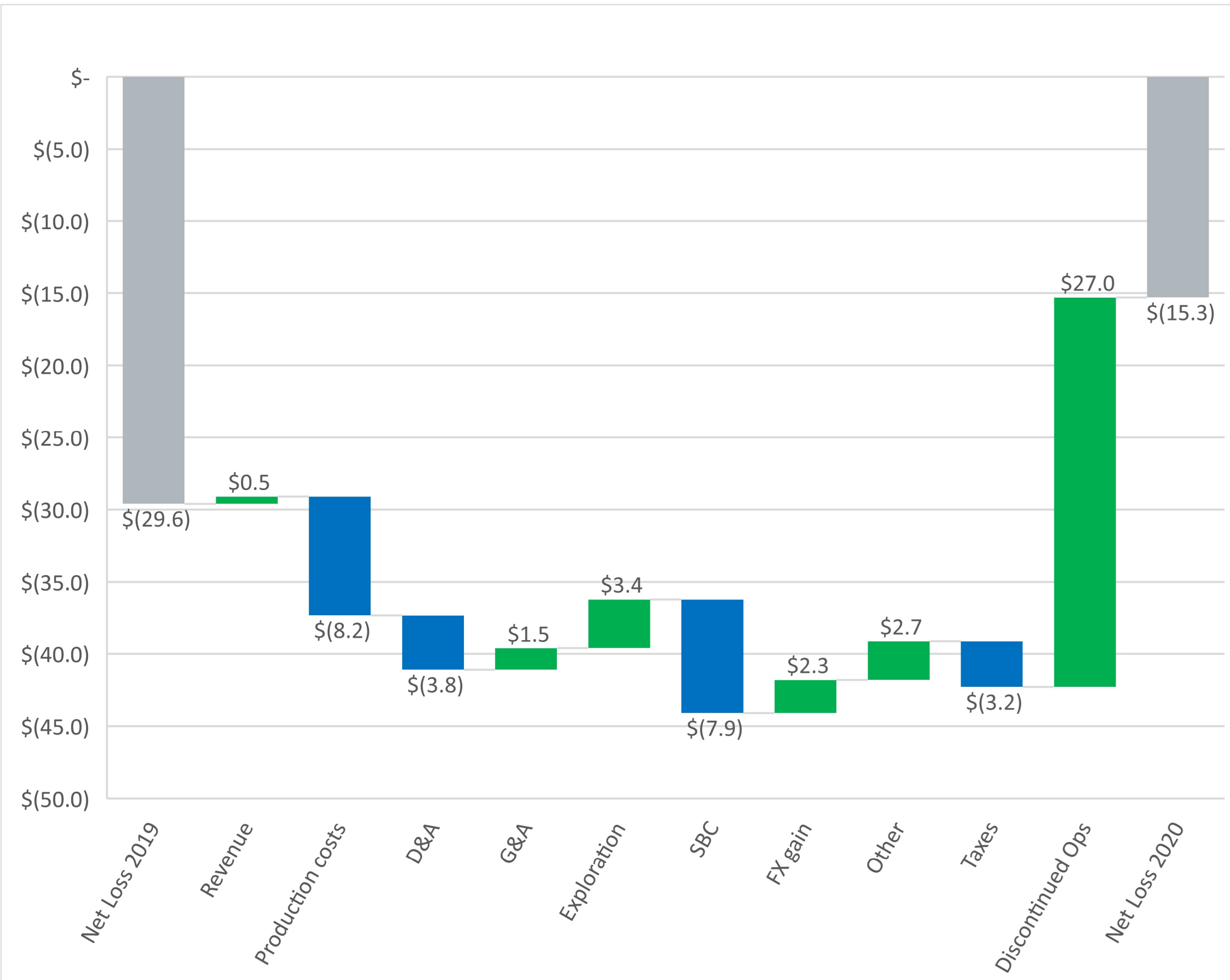
- Revenue: $47.6 million or 57% increase from continuing operations related to an 8.6 million pound (28%) increase in copper volumes sold due to an inventory build-up at Pinto Valley in Q3 2019 and a draw-down of inventory at Pinto Valley in Q3 2020, and by higher realized copper prices (Q3 2020 - $3.13 per pound, Q3 2019 - $2.52 per pound). Q3 2020 realized copper prices benefitted from prior period sales settling at higher prices than anticipated at June 30, 2020, in addition to increasing forward copper prices as at September 30, 2020 and resulted in positive impact on provisional pricing adjustments to revenue on open shipments as at September 30, 2020.
- Production costs: $15.9 million increase:
    - Pinto Valley recorded $21.2 million higher production costs in Q3 2020 compared to Q3 2019 as a result of higher copper volumes sold (Q3 2020 – 29.9 million pounds, Q3 2019 – 22.0 million pounds).
    - Cozamin recorded $5.4 million lower production costs in Q3 2020 compared to Q3 2019 due primarily to lower operating costs driven by lower contractor development costs. This was the lowest quarterly costs per pound in Cozamin's operating history.
- Depletion and amortization: $3.2 million increase primarily due to the increase in copper volumes sold.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

- Exploration expense: $1.3 million decrease primarily due to exploration budgets being reduced to conserve cash as a result of lower copper prices during the first half of 2020 and uncertainty regarding COVID-19 impacts.
- Share-based compensation: $6.5 million increase as a result of mark to market adjustments on share unit liabilities to reflect the increase in the share price during Q3 2020 (C$1.45 per share at September 30, 2020 versus C$0.83 per share at June 30, 2020) compared to the mark to market adjustment recorded in Q3 2019 (C$0.59 per share at September 30, 2019 versus C$0.59 per share at June 30, 2019) on a consistent share price.
- Income taxes: $10.4 million increase due to net income before taxes during Q3 2020 compared to a net loss before taxes in Q3 2019. Q3 2020 income tax expense also included $2 million related to changes to prior period estimates.

Net Loss for the Nine Months Ended September 30, 2020 and 2019

The Company recorded a net loss of $15.3 million for the nine months ended September 30, 2020 compared with a net loss of $29.6 million in 2019. The major differences are outlined below:



The difference year to date was driven by:

- Revenue: $0.5 million increase from continuing operations related to higher realized copper prices (2020 - $2.75 per pound, 2019 - $2.68 per pound), offset by a 4.0 million pound (4%) decrease in copper volumes sold.
- Production costs: $8.2 million increase:
  - Pinto Valley recorded $15.2 million higher production costs in the period compared to 2019 as a result of higher operating costs and less costs capitalized to deferred stripping.
  - Cozamin recorded $6.9 million lower production costs in the period compared to 2019 primarily due to lower operating costs driven by lower contractor development costs.

- Depletion and amortization: $3.8 million increase primarily due to an increase in cost base of depreciable assets at Pinto Valley.
- Exploration expense: $3.4 million decrease primarily due to exploration budgets being reduced to conserve cash as a result of lower copper prices and uncertainty regarding the COVID-19 impacts.
- Share-based compensation: $7.9 million increase as a result of mark to market adjustments on share unit liabilities to reflect the increase in the share price during the period (C$1.45 per share at September 30, 2020 versus C$0.76 per share at December 31, 2019) compared to the mark to market adjustment recorded in 2019 (C$0.59 per share at September 30, 2019 versus C$0.61 per share at December 31, 2018).
- Foreign exchange gain: $2.3 million increase due to a weaker Mexican Peso and the impact on the Mexican Peso denominated reclamation and closure cost provision at the Cozamin mine.
- Other: $2.7 million increase mainly due to mark to market adjustments on the contingent consideration on the sale of Minto and insurance proceeds received, in addition to reduced interest on long-term debt.
- Discontinued operations: Decrease in loss as the Minto mine which was sold in Q2 2019.

Revenue from Continuing Operations

Quarterly revenue increased quarter-on-quarter ($130.5 million versus $82.9 million in Q3 2019) primarily due to increased copper revenue on increased copper volumes sold from continuing operations of 8.6 million pounds (39.8 million pounds versus 31.2 million pounds in Q3 2019), and a higher realized price ($3.13 per pound versus $2.52 per pound in Q3 2019). The increase in revenue was also driven by higher silver revenue due to increased silver prices and quantities sold.

YTD revenue was consistent year-on-year ($305.6 million versus $305.1 million in 2019) primarily due to a higher realized price ($2.75 per pound versus $2.68 per pound in 2019), that was offset by decreased copper volumes sold from continuing operations of 4.0 million pounds (108.1 million pounds versus 112.1 million pounds in 2019). Silver revenue increased ($20.9 million versus $17.2 million in 2019) at Pinto Valley and Cozamin primarily due to higher silver prices (~$24/oz versus ~$17/oz in 2019), and gold revenue was $6.0 million higher at Pinto Valley due to improved gold payable terms. Additionally, zinc revenue was $5.5 million lower at Cozamin due to lower production (11.0 million pounds versus 13.9 million pounds in 2019) as well as lower prices.

Realized Copper Prices

	2020			2019			
	Q1	Q2	Q3	Q1	Q2	Q3	Q4
Pinto Valley	$ 2.25	$ 2.76	$ 3.15	$ 2.97	$ 2.56	$ 2.49	$ 2.78
Cozamin	$ 2.40	$ 2.60	$ 3.07	$ 3.03	$ 2.56	$ 2.58	$ 2.73
Total	$ 2.29	$ 2.72	$ 3.13	$ 2.99	$ 2.56	$ 2.52	$ 2.77
LME Average	$ 2.56	$ 2.43	$ 2.96	$ 2.82	$ 2.77	$ 2.63	$ 2.67
LME Close	$ 2.18	$ 2.73	$ 3.00	$ 2.94	$ 2.71	$ 2.60	$ 2.79

Revenue by Mine

	Q3 2020 [2]		Q3 2019 [2]		2020 YTD [2]		2019 YTD [2]	
	$ millions	%	$ millions	%	$ millions	%	$ millions	%
Pinto Valley	91.4	70.0%	50.7	61.2%	215.9	70.6%	216.2	70.9%
Cozamin	39.1	30.0%	32.2	38.8%	89.7	29.4%	88.9	29.1%
Total revenue from continuing operations	130.5	100%	82.9	100%	305.6	100%	305.1	100%

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

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

Provisionally Priced Copper

Gross revenue for the three-month period ended September 30, 2020 included 41.9 million pounds of copper sold subject to final settlement. Of this, the prices for 8.4 million pounds are final at a weighted average price of $2.93 per pound. The remaining 33.5 million pounds are subject to price change upon final settlement at the end of the applicable quotational period, as follows:

Quotational Period	Millions of Pounds of Copper			Provisional Price ($/pound)
	Pinto Valley	Cozamin	Total	
Oct-20	-	3.2	3.2	$3.03
Nov-20	10.8	3.1	13.9	$3.03
Dec-20	-	3.7	3.7	$3.03
Jan-21	5.7	-	5.7	$3.03
Feb-21	5.7	-	5.7	$3.03
Not yet declared by customer	1.3	-	1.3	$3.03
TOTAL	23.5	10.0	33.5	$3.03

Reconciliation of Realized Copper Price

	Q3 2020 $ millions	Q3 2019 $ millions	2020 YTD $ millions	2019 YTD $ millions
Gross copper revenue - provisional pricing analysis				
Gross copper revenue excluding provisional pricing changes	131.5	78.2	300.5	299.8
Provisional pricing changes to copper revenue	(6.6)	0.5	(2.8)	0.9
Gross copper revenue	**124.9**	**78.7**	**297.7**	**300.7**
	$/lb	$/lb	$/lb	$/lb
Gross copper revenue excluding provisional pricing changes	$ 3.30	$ 2.50	$ 2.78	$ 2.67
Provisional pricing changes to copper revenue	(0.17)	0.02	(0.03)	0.01
Realized copper price	**$ 3.13**	**$ 2.52**	**$ 2.75**	**$ 2.68**
Gross copper revenue - reconciliation to financials				
Gross copper revenue	124.9	78.7	297.7	300.7
Revenue from other metals	16.6	14.0	38.1	35.9
Treatment and selling	(11.0)	(9.8)	(30.2)	(31.5)
Revenue per financials	**130.5**	**82.9**	**305.6**	**305.1**
Payable copper sold (000s pounds)	**39,846**	**31,236**	**108,103**	**112,088**
LME average copper price	**$ 2.96**	**$ 2.63**	**$ 2.65**	**$ 2.74**

Q3 2020 gross copper revenue (excluding provisional pricing changes) of $3.30 per pound was higher than the LME average price of $2.96 per pound because of prior period sales being second invoiced or final settling in Q3 2020 at higher than previously invoiced prices.

The realized copper price in Q3 2020 of $3.13 per pound was higher than the LME average of $2.96 per pound due to the above, and eight provisionally priced shipments at September 30, 2020, which were priced at an average of $3.03 per pound.

Q3 2020 provisional pricing adjustments to copper revenue of $(6.6 million) were impacted by a combination of the reversal of the positive provisional pricing adjustment of $12.1 million at June 30, 2020,

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*
Certain prior period alternative performance measures have been restated to conform with current period classification.

driven by the increase in forward prices at June 30, 2020, and partially offset by positive provisional pricing adjustment of $5.5 million on open shipments at September 30, 2020, impacted by the increasing forward prices at September 30, 2020. Copper forward prices increased significantly from Q1 2020 ($2.25 per pound) to Q2 2020 ($2.72 per pound) in comparison to the change from Q2 2020 to Q3 2020 ($3.03 per pound). In addition, due to prior period sales being second invoiced during Q3 2020 at higher than previously invoiced prices, the provisional pricing adjustment on outstanding invoices at Q3 2020 was not as significant as in Q2 2020.

Consolidated Cash Flow Analysis

$ millions	Q3 2020	Q3 2019	2020 YTD	2019 YTD[2]
Operating cash flow before changes in working capital[1]	44.9	9.5	65.6	59.5
Changes in working capital	(22.2)	2.3	9.2	11.3
Change in current portion of contingent consideration receivable on sale of Minto	5.0	-	5.0	-
Total cash flows from operating activities	**27.7**	**11.8**	**79.8**	**70.8**
Cash flows used in investing activities	(25.4)	(21.3)	(66.8)	(42.1)
Cash flows from (used) in financing activities	(32.1)	5.2	1.5	(21.1)
Effect of foreign exchange rates on cash and cash equivalents	0.2	(0.3)	(0.9)	(0.1)
Net change in cash and cash equivalents	**(29.6)**	**(4.6)**	**13.6**	**7.5**
Opening cash and cash equivalents	83.1	46.0	39.9	33.9
Closing cash and cash equivalents	**53.5**	**41.4**	**53.5**	**41.4**

[2] The consolidated cash flow analysis includes amounts from Minto in the year to date comparative period. The Minto mine was sold in Q2 2019.

Changes in Cash Flows for the Three Months Ended September 30, 2020 and 2019

The net change in cash was ($29.6) million in Q3 2020 compared to ($4.6) million in Q3 2019. The change was primarily due to:

- Cash flow from operating activities before changes in working capital[1] was higher by $35.4 million primarily due to:
  - Revenue less production costs were significantly higher in Q3 2020 versus Q3 2019. Q3 2020 revenue of $130.5 million less production costs of $79.2 million compared to Q3 2019 revenue of $82.9 million less production costs of $63.5 million. The increase in revenue is primarily due to higher realized copper prices combined with an increase in copper volumes sold during the quarter.
- Changes in working capital was lower by $24.5 million, primarily due to Pinto Valley:
  - The customer advances recorded as contract liabilities of $26.7 million at June 30, 2020 have been fully settled by delivery of concentrates at market prices during Q3 2020.
  - Cash flows used in investing activities were $4.1 million higher in Q3 2020 primarily due to $25.1 million of mineral properties, plant and equipment additions compared to $23.4 million in Q3 2019. Additionally, in Q3 2020 there was ($0.2) million of purchases of short-term investments compared to proceeds of short-term investments of $2 million in Q3 2019.
- Cash flows used in investing activities were $4.1 million higher in Q3 2020 primarily due to $25.1 million of mineral properties, plant and equipment additions compared to $23.4 million in Q3 2019. Additionally, in Q3 2020 there was ($0.2) million of purchases of short-term investments compared to proceeds of short-term investments of $2 million in Q3 2019.
- Cash flows from financing activities were lower in Q3 2020 primarily due to $30 million of repayments on the RCF compared to $10 million of proceeds in Q3 2019.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*
Certain prior period alternative performance measures have been restated to conform with current period classification.

Changes in Cash Flows for the Nine Months Ended September 30, 2020 and 2019

The net change in cash was $13.6 million in 2020 YTD compared to $7.5 million in 2019 YTD. The change was primarily due to:

- Cash flow from operating activities before changes in working capital[1] was higher by $6.1 million primarily due to:
  - Taxes paid were $10 million higher in 2019 YTD compared to 2020 YTD due to timing of payments
  - Production costs in 2020 YTD were $8.2 million higher due to increases at Pinto Valley of $15.2 million as a result of higher operating costs and less deferred stripping, offset by a reduction in costs at Cozamin of $6.9 million in 2020 YTD.
- Cash flows used in investing activities were $24.7 million higher than 2019 YTD primarily due to $1.2 million in proceeds from short-term investments in 2020 YTD compared to $31.5 million in 2019 YTD. This was slightly offset by $5.3 million lower mineral properties, plant and equipment additions in 2020 YTD.
- Cash flows from financing activities were higher in 2020 YTD due to net $10 million of drawdowns on the RCF in 2020 YTD compared to $10 million of net repayments in 2019 YTD.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*
Certain prior period alternative performance measures have been restated to conform with current period classification.

Operational Results

Pinto Valley Mine – Miami, Arizona

Operating Statistics

	2020				2019				
	Q1	Q2	Q3	Total	Q1	Q2	Q3	Q4	Total
Production (contained metal and cathode) [2]									
Copper in Concentrate (000's pounds)	25,721	29,058	26,485	81,264	31,853	28,081	28,865	25,058	113,857
Cathode (000's pounds)	1,067	1,114	1,436	3,617	846	892	1,071	963	3,772
Total Copper (000's pounds)	26,788	30,172	27,921	84,881	32,699	28,973	29,936	26,021	117,629
Mining									
Waste (000s tonnes)	5,588	5,677	8,025	19,290	7,876	7,889	7,285	7,051	30,101
Ore (000s tonnes)	5,399	4,992	4,461	14,852	4,999	4,545	4,663	4,681	18,888
Total (000s tonnes)	10,987	10,669	12,486	34,142	12,875	12,434	11,948	11,732	48,989
Strip Ratio (Waste : Ore)	1.04	1.14	1.80	1.30	1.58	1.74	1.56	1.51	1.59
Milling									
Milled (000s tonnes)	4,996	4,902	4,517	14,415	4,933	4,470	4,658	4,604	18,665
Tonnes per day	54,899	53,864	49,104	52,609	54,811	49,121	50,630	50,043	51,137
Copper grade (%)	0.28	0.32	0.31	0.30	0.35	0.33	0.33	0.30	0.33
Recoveries									
Copper (%)	82.4	85.0	86.3	84.5	84.3	87.0	85.6	83.5	85.1
Concentrate Production									
Copper (dmt)	46,613	53,793	49,005	149,411	56,146	46,490	48,676	45,248	196,560
Copper (%)	25.0	24.5	24.5	24.7	25.7	27.4	26.9	25.1	26.3
Property costs [1,3] ($/t milled)	$10.87	$10.86	$13.08	$11.56	$9.94	$11.62	$11.91	$11.29	$11.17
Payable copper produced (000's pounds)	25,888	29,155	26,994	82,037	31,584	27,991	28,926	25,144	113,645
Copper C1 cash cost [1] ($/lb payable copper produced)	$2.41	$2.12	$2.38	$2.30	$1.79	$2.00	$2.13	$2.35	$2.05
Adjusted EBITDA [1,3] ($ millions)	$2.9	$4.1	$30.5	$37.5	$23.6	$23.2	$5.2	$9.9	$61.9

[2] *Adjustments based on final settlements will be made in future quarters*

[3] *Certain prior period amounts have been restated to conform with current period classification*

Operational and C1 Cash Costs[1] Update

Pinto Valley's Q3 2020 results reflect a quarter focused on advancing Phase 1 of PV3 Optimization, with planned downtime in July to install the first of two secondary crushers as well as install the first of two new ball mill shells. In addition, a planned annual outage scheduled for April was pushed to July due to COVID-19 affecting access to contractor resources. As a result of this, Ball Mill throughput for Q3 2020 was 3% lower than Q3 2019 (49,104 tpd versus. 50,630 tpd).

Copper production for the quarter was lower than in Q3 2019. The primary reason for this was due to 6% lower planned grades for Q3 2020 of 0.31% versus 0.33% for Q3 2019, as well as the scheduled downtime for PV3 optimization resulting in lower throughput for the quarter.

2020 YTD production was 7% lower than the same period last year due to planned head grade (2020 YTD– 0.30% vs 2019 YTD – 0.34%) affecting overall production. The reduction in grade is a function of mine plan sequence and the recovery was impacted by higher oxidization in the ore delivered to the mill. This reduction in grade was partially offset by higher throughput in Q1 2020 and Q2 2020 than in the same period in 2019.

C1 cash costs[1] of $2.38 per pound in Q3 2020 were higher than Q3 2019, primarily due to less copper production in Q3 2020 compared to Q3 2019 and higher costs as the mine took the opportunity to conduct additional maintenance work during the planned downtime. From a year-to-date perspective, C1 cash costs[1] increased primarily due to significantly lower deferred stripping adjustment ($11.4 million or $0.14/

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

per pound lower), as well as lower production related to planned lower grade and increases in contractor and maintenance spend.

Investing Activities

Sustaining capital in Q3 2020 of $12.0 million focused primarily on planned mining equipment component replacements and mine infrastructure. Expansionary capital in Q3 2020 of $4.4 million is part of Phase 1 of the PV3 Optimization aimed at increasing reliability and improve performance, included the ball mill shell replacement, as well as upgrades to the crushers, which resulted in improved throughput in August and September. Deferred stripping was lower in 2020 YTD due to adjustments made to the mine plan earlier in the year as a result of COVID-19 impacts. Deferred stripping increased in Q3 2020 relative to Q1 and Q2 2020 due to the decision to accelerate stripping activities.

($ millions)	**Q3 2020**	Q3 2019	**2020 YTD**	2019 YTD
Deferred stripping - cash	**5.1**	5.2	**6.1**	17.5
Deferred stripping - non cash	**1.4**	1.5	**1.6**	4.7
Deferred stripping as reported in the financials	**6.5**	6.7	**7.7**	22.2
Sustaining capital	**12.0**	5.7	**25.5**	17.8
Expansionary capital	**4.4**	1.0	**12.0**	2.4
Total	**22.9**	13.4	**45.2**	42.4

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

Cozamin Mine – Zacatecas, Mexico

Operating Statistics

	2020				2019				
	Q1	Q2	Q3	Total	Q1	Q2	Q3	Q4	Total
Production (contained metal) [2]									
Copper (000's pounds)	8,699	8,349	10,595	27,643	8,672	8,723	9,085	9,361	35,841
Zinc (000's pounds)	4,464	2,213	4,305	10,982	5,525	3,842	4,526	4,570	18,463
Silver (000s ounces)	298	248	336	882	326	323	352	365	1,366
Mining									
Ore (000s tonnes)	278	235	283	796	271	289	296	287	1,143
Milling									
Milled (000s tonnes)	276	235	284	795	273	284	295	294	1,146
Tonnes per day	3,032	2,583	3,090	2,903	3,038	3,121	3,204	3,195	3,140
Copper grade (%) [3]	1.51	1.68	1.77	1.65	1.53	1.48	1.48	1.53	1.50
Zinc grade (%) [3]	1.04	0.71	1.03	0.94	1.32	0.96	1.01	1.00	1.07
Silver grade (g/t) [3]	42.0	39.9	46.5	43.0	47.9	45.0	46.1	47.8	46.7
Recoveries [3]									
Copper (%)	94.5	95.8	95.6	95.3	94.2	94.1	94.5	94.6	94.4
Zinc (%)	70.8	60.1	66.5	66.8	69.3	64.2	68.8	70.2	68.2
Silver (%)	78.7	84.1	78.9	80.3	77.5	77.3	77.0	78.7	77.7
Concentrate Production									
Copper (dmt)	14,229	13,762	17,495	45,486	15,163	15,484	15,505	15,118	61,270
Copper (%)	27.7	27.5	27.5	27.6	25.9	25.6	26.6	28.1	26.5
Silver (g/t)	555	549	567	558	576	604	620	627	607
Zinc (dmt)	4,168	2,081	3,953	10,202	5,383	3,651	4,090	4,173	17,297
Zinc (%)	48.6	48.3	49.4	48.8	46.6	47.7	50.2	49.7	48.4
Property costs [1,4] ($/t milled)	$45.17	$43.38	$37.74	$41.99	$47.37	$47.57	$47.24	$51.71	$48.50
Payable copper produced (000's lb's	8,368	8,029	10,189	26,586	8,321	8,365	8,725	9,010	34,421
Copper C1 cash cost [1] ($/lb payable copper produced)	$0.95	$0.98	$0.36	$0.71	$0.70	$1.06	$0.94	$0.91	$0.90
Adjusted EBITDA [1,4] ($ millions)	$11.7	$11.7	$25.5	$48.9	$16.2	$10.9	$13.6	$10.6	$51.3

[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.*

[4] *Certain prior period amounts have been restated to conform with current period classification*

Operational and C1 Cash Costs[1] Update

Cozamin recorded their lowest quarterly C1 cash costs[1] of $0.36 per pound in Q3 2020. These costs were lower than Q3 2019 of $0.94 per pound, primarily due to less operating development meters (Q3 2020 – 1,273 meters versus Q3 2019 – 2,575 meters) as a result of improved long hole stoping productivity, as well as from an increase in copper production and higher by-product credits, primarily as a result of increased silver prices during the quarter.

Q3 2020 contained copper production was up compared to the same period last year (10.6 million pounds versus 9.1 million pounds in Q3 2019) primarily due to increased head grade (1.77% versus 1.48% in Q3 2019) and recoveries (95.6% versus 94.5% in Q3 2019). The grade increased as a result of increased mining in copper rich areas in Q3 2020 from areas other than the San Rafael zinc zone (copper grade in areas from other than San Rafael was 2.06% versus 1.89% in Q3 2019). The tonnes mined from the San Rafael zinc zone decreased in Q3 2020 compared to Q3 2019 as well which contributed to the higher blended copper grade (54,014 tonnes mined versus 66,949 tonnes mined in Q3 2019).

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

On a year-to-date basis, production was up compared to the same period last year (27.6 million pounds versus 26.5 million pounds in 2019 YTD) due to higher head grades (1.65% versus 1.49% in 2019 YTD) as a result of mining more from the copper rich San Jose and Calicanto zones as opposed to the San Rafael zinc zone.

Investing Activities

Capital spending at Cozamin totaled $5.1 million for Q3 2020 related primarily to mine development and mine equipment. The one-way ramp development continues on schedule and on budget for completion in Q4 2020, resulting in a ramp-up to 1.35 million tonnes milled per annum rate by Q2 2021. Average production for the three years post expansion (2021-2023) is expected to increase to 61.4 million pounds copper and 1.75 million ounces silver. This represents an increase to copper and silver production from expected full year 2020 levels of approximately 25 to 30 million pounds of copper and 0.5 million ounces of silver.

Capitalized exploration expenditures totaled $1.4 million for Q3 2020. This was spent primarily on Mineral Resource drilling of the MNFWZ, associated with infilling or stepping out from regions of Inferred Mineral Resource category of the Mineral Resource estimate with three surface rigs and one underground rig.

Santo Domingo Project – Chile (Copper and Iron)

Investing Activities

During 2019, Capstone updated the Technical Report on Santo Domingo which included a mine life of 18 years, production of 259 million pounds of copper per year for the first five years plus 3.3 million tonnes of iron with an after-tax net present value (8% discount rate) of $1 billion and 22% internal rate of return. In Q1 2020, a positive update to this report was published which includes a higher level of operating and capital cost certainty, stronger copper and gold recovery algorithms, receipt of additional key permits, and the development of a Preliminary Economic Assessment with respect to cobalt production. Refer to the Company's news release dated February 19, 2020 for more information.

($ millions)	**Q3 2020**	Q3 2019	**2020 YTD**	2019 YTD
Capitalized project costs (100%) per financials	**2.8**	4.6	**6.9**	14.1
Capstone's share (70%)	**2.0**	3.2	**4.8**	9.9

2020 project development costs related to permitting, basic and detailed engineering, land tenure costs, EIA required early works and further metallurgical testing. Project development costs incurred since Q4 2018 are capitalized within mineral properties.

The Santo Domingo project is now "shovel-ready" as Capstone has obtained all permits and approvals for the start of construction from the Chilean authorities including an approved Mine Closure Plan.

During Q3 2020, Santo Domingo started a limited series of early works, including flora and fauna rescue and site entrance and access roads, in order to preserve the existing Environmental Impact Permit (RCA). These opening works are prescribed in the environmental permit and serve to maintain the validity of the permit.

On September 16, 2020, Capstone announced its 70% owned subsidiary Minera Santo Domingo ("MSD") entered a memorandum of understanding ("MOU") with Puerto Abierto S.A. ("PASA"), a wholly owned subsidiary of Puerto Ventanas S.A. ("Puerto Ventanas") (subsidiary of Sigdo Koppers S.A.), for the Santo Domingo project (the "Project"). During a 90 day period, both MSD and PASA will together explore mutual synergies and regional benefits for the proposed port component of the Project, Puerto Santo Domingo (the "Port"). The Port is fully permitted and located 100 kms from the Project site. The Port will be one of only two Cape-size vessel ports in the region, making it an attractive site for bulk shipments and a key asset allowing for broad resource development in Region III of Chile. The MOU also gives PASA 90 days to evaluate the replacement of the 110 km magnetite concentrate pipeline with a railway as part of its rail business, Ferrocarril del Pacifico S.A. (FEPASA).

The Santo Domingo project infrastructure that is under consideration in this MOU represents approximately $400 million of the capital expenditure identified in the most recent NI 43-101 Technical Report and includes marine works including pier, iron concentrate pipeline from Santo Domingo Mine to Port, magnetite filter plant and stockpile building, copper storage building and ship loading and support facilities. For full details, please refer to the Company's news release of September 16, 2020.

The strategic process to right-size the Project for Capstone or for a development partner to reduce operational risk actively continues with strong interest, with ongoing and progressing discussions and negotiations.

Minto – Discontinued Operations Reporting

On June 3, 2019, Capstone completed the sale of its 100% interest in the Minto mine, previously classified as an asset held for sale, to Pembridge Resources PLC (“Pembridge”) for up to $20 million in cash in staged payments, based on certain milestones (“contingent consideration”).

In conjunction with sale of Minto, Pembridge has posted a surety bond to cover potential future reclamation liabilities. In addition, Pembridge is required to post C$10 million in cash collateral over time against the bond and conduct prescribed progressive reclamation activities to reduce the overall future closure cost. While this surety bond is outstanding, Capstone will act as an indemnitor to the surety bond provider and for certain other obligations, and Pembridge will indemnify Capstone for environmental liabilities at the mine. If Pembridge defaults on the surety bond, Capstone may be required to recognize a liability related to Minto’s asset retirement obligation.

On June 3, 2019, the fair value of the contingent consideration was $8.4 million, which is marked-to-market at the end of each reporting period with the change recorded in other income (expense). As at September 30, 2020, the fair value of the contingent consideration was $11.5 million.

Exploration

($millions)	**Q3 2020**	Q3 2019	**2020 YTD**	2019 YTD
Greenfield exploration	**0.4**	1.7	**1.2**	4.5
Brownfield exploration (capitalized to mineral properties) – Refer to Cozamin section	**1.4**	1.4	**4.2**	3.9
Total exploration	**1.8**	3.1	**5.4**	8.4

Capstone’s greenfield exploration is predominantly focused on early-stage project generation in the Americas. Active projects include an Option Agreement with Kootenay Silver Inc. for the Amapa Prospect (Sonora, Mexico), an Option Agreement with Lara Exploration Ltd. for the Planalto Prospect (Carajas Region, Brazil), and a portfolio of newly staked 100% Capstone claims located in Sonora, Mexico. South American exploration is actively searching for new early-stage projects predominantly in Chile and Peru. Field work has recommenced in Mexico and Brazil with COVID-19 precautions in place.

[1] *These are alternative performance measures. Refer to the MD&A section entitled “Alternative Performance Measures”. Certain prior period alternative performance measures have been restated to conform with current period classification.*

Liquidity and Financial Position Review

Working Capital

Working capital was $74.1 million at September 30, 2020 compared with $68.0 million at December 31, 2019, as follows:

(millions)		Sep. 30, 2020		Dec. 31, 2019
Current assets				
Cash and cash equivalents	$	53.5	$	39.9
Short-term investments		3.3		4.5
Receivables		24.6		28.6
Inventories		50.2		47.9
Other assets		10.5		2.5
Total current assets	$	142.1	$	123.4
Current liabilities				
Accounts payable and accrued liabilities	$	58.3	$	52.5
Other liabilities		9.7		2.9
Total current liabilities	$	68.0	$	55.4
Working capital	$	74.1	$	68.0

Cash and cash equivalents and short-term investments combined, increased by $12.4 million from December 31, 2019 to September 30, 2020. Refer to the Statement of Cash Flows within the Company's condensed interim consolidated financial statements for further details surrounding the movement in the cash balance.

As at September 30, 2020, the Company held $3.3 million of highly liquid short-term investments in exchange traded funds. Given their highly liquid nature, management liquidates these short-term investments to meet cash demands on an as-needed basis.

Receivables decreased by $4.0 million primarily due to timing of cash receipts on shipments at Pinto Valley, as well as a reduction of income and mining tax receivable at Cozamin due to timing of payments.

Inventories increased by $2.3 million primarily related to Pinto Valley, due to higher volumes of concentrates, partially offset by lower volume of concentrates at Cozamin.

Other assets increased by $8.0 million primarily due to the re-classification of the contingent consideration on sale of Minto of $5.0 million to current assets.

Other liabilities increased by $6.8 million primarily driven by higher income taxes payable at Cozamin, due to a higher net income as a result of a stronger copper prices, the financial hedges on commodity prices entered into during Q3 2020 (see interim condensed consolidated financial statements for three and nine months ended September 30, 2020 for details), as well as the changes in share-based payment obligations due to an increase in Capstone's share price. The contract liabilities of $26.7 million at June 30, 2020 for cash advances from customers have been fully settled as at September 20, 2020 by delivery of copper concentrate during Q3 2020.

Credit Facilities

On July 25, 2019, Capstone amended its corporate revolving credit facility ("RCF") which now matures on July 25, 2022 and has a credit limit of $300 million. The facility pricing grid, starting at LIBOR plus 2.5% and increasing to LIBOR plus 3.5% based on the total leverage ratio, will remain in effect until maturity.

The interest rate at September 30, 2020 was US LIBOR plus 3.5% (2019 - US LIBOR plus 2.75%) with a standby fee of 0.79% (2019 – 0.62%) payable on the undrawn balance (adjustable in certain circumstances). The total leverage ratio dropped from 2.54x to 1.62x from June 30, 2020 to September 30, 2020. As a result, the interest rate and stand-by charges reduce in the fourth quarter of 2020 to 2.75% and 0.62%, respectively.

During the three and nine months ended September 30, 2020, a total of $0.3 million and $0.9 million of previously capitalized fees (2019 – $0.3 million and $0.9 million) respectively were amortized and recorded in other interest expense.

In April 2020, the Company entered into an interest rate swap exchanging the floating LIBOR rate for a fixed monthly LIBOR rate of 0.355% on an amortizing notional principal as follows:

- $150M to December 31, 2020
- $125M to December 31, 2021
- $100M to July 25, 2022

Any balance drawn on the RCF above the notional principal of the swap will be charged interest at the prevailing market rate. Effectively the interest rate on these notional amounts is 0.355% plus 2.5% to 0.355% plus 3.5% based on the total leverage ratio.

The RCF is secured against the present and future real and personal property, assets and undertakings of Capstone (excluding certain assets, which include Acquisition Co., Far West, Santo Domingo, and Far West Exploration S.A., and subject to certain exclusions for Capstone Mining Chile SpA). The credit facility requires the Company to maintain certain financial ratios relating to debt and interest coverage. Capstone was in compliance with these covenants as at September 30, 2020.

Provisions

Provisions of $125.5 million at September 30, 2020 includes the following:

- $110.9 million for reclamation and closure cost obligations at Capstone's operating mines;
- $3.0 million related to other long-term provisions at the Cozamin mine; and
- $11.6 million for the long-term portion of the share-based payment obligations associated with the Deferred Share Units ("DSUs"), Restricted Share Units ("RSUs") and Performance Share Units ("PSUs").

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 and Cozamin mines generating positive cash flow and available liquidity[1]. Based on reasonable expectations for our operating performance and actions taken on capital, exploration and operating cost reductions and additional liquidity options available, we believe we have the financial capacity to manage our liquidity for the foreseeable future, even with a continuation of the challenged market conditions of 2020.

The Company is compliant with debt covenants as at September 30, 2020. A significant reduction in production or other COVID-19 related impacts, including but not limited to, low copper prices or an extended disruption of operations could cause us to breach our covenants under our Revolving Credit Facility. In the absence of a covenant waiver or facility amendment, the lenders have the option to call for our debt to be repaid.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

Refer to the Risks and Uncertainties section for more details surrounding risks to future covenant compliance.

Capital Management

Capstone'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.

Risks and Uncertainties

For full details on the risks and uncertainties affecting the Company, please refer to the Company's Annual Information Form ("AIF") (see section entitled "Risk Factors") for the year ended December 31, 2019. These documents are available for viewing on the Company's website at www.capstonemining.com or on the Company's profile on the SEDAR website at www.sedar.com.

Coronavirus (COVID-19) Pandemic Risk

The global effects of the outbreak of the COVID-19 virus are still evolving and could have a material effect on Capstone'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. A material spread of COVID-19 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. A reduction in production or other COVID-19 related impacts, including but not limited to, low copper prices could cause us to breach our covenants under our Revolving Credit Facility. In the absence of a covenant waiver or facility amendment, this could result in our lenders calling for our debt to be repaid. An outbreak of the COVID-19 virus at our operations could cause reputational harm and negatively impact our social license to operate. This could negatively impact our share price. An outbreak in jurisdictions we operate 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 surety providers to cancel our bonds or call for alternative security including the Minto Mine for which Capstone is an Indemnitor. 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 the 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.

Capstone is 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's properties and Capstone's ability to sustain operations is dependent on, amongst other things, the market price of copper, zinc, lead, gold, silver. Depending on the expected price for any minerals produced, Capstone may determine that it is impractical to continue commercial production at the Pinto Valley Mine or the Cozamin Mine, or to develop the Santo Domingo Project. A reduction in the market price of copper, zinc, lead, gold, silver, or iron may prevent Capstone'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, lead, gold, silver, and iron is volatile and is impacted by numerous factors beyond Capstone'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, lead, gold, or silver would affect the profitability of the Pinto Valley Mine and the Cozamin Mine and could affect Capstone's ability to finance the exploration and development of our other properties, which would have a material adverse effect on Capstone'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. 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.

Surety bonding risks

Capstone secures its obligations for reclamation and closure costs with surety bonds provided by leading global insurance companies in favour of regulatory authorities in Arizona. The regulators could increase Capstone's bonding obligations for reclamation and closure activities. Further, these surety bonds include the right of the surety bond provider to terminate the relationship with Capstone 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 failed to deliver alternative security satisfactory to the regulator.

Capstone remains as an Indemnitor for Minto Explorations Ltd.'s surety bond obligations in the Yukon and could be liable for the bonded obligations in the event Minto Explorations Ltd. does not satisfy those obligations or in the event the Surety requires additional or alternative security and Minto Explorations is unable to satisfy the new requirements.

Fluctuations in foreign currency exchange rates could have an adverse effect on Capstone's business, financial condition, results of operations and prospects.
Fluctuations in the Mexican 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 as all of Capstone's revenue is received in US dollars but a portion of the Company's operating and capital costs are incurred in Mexican pesos. Also, Capstone is 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's profitability and affect its ability to finance its operations.

Mineral rights or surface rights 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'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 or transfer on any of Capstone's properties, especially where Mineral Reserves have been located, could result in Capstone losing a commercially viable property. Even if a claim is unsuccessful, it may potentially affect Capstone's current operations due to the high costs of defending against the claim and its impact on Capstone's resources. Title insurance is generally not available for mineral properties and Capstone's ability to ensure that Capstone 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 to cease operations if the property represented all or a significant portion of our Mineral Reserves at the time of the loss.

Transactions with Related Parties

As described in the Nature of Business section, Capstone has related party relationships, as defined by IFRS, with its key management personnel and with KORES, which owns 30% of Acquisition Co. Acquisition Co., through its subsidiaries, owns the Santo Domingo copper-iron project in Chile. Related party transactions and balances are disclosed in the annual consolidated financial statements.

Off Balance Sheet Arrangements

At September 30, 2020, the Company had no off-balance-sheet arrangements other than the following:

- those disclosed under Contractual Obligations in the 2019 audited financial statements;
- the indemnification referred to in the Minto – Discontinued Operations Reporting section;
- Four surety bonds totaling $124.2 million; and
- Letters of credit for $0.3 million.

Accounting Changes

In 2019, the Company retrospectively adopted IFRS 16, Leases, effective January 1, 2019. Refer to the consolidated financial statements for the year ended December 31, 2019 for more information.

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.

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 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 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 Corporate general and administrative costs.

Net Debt
Net debt is a performance measure used by the Company to assess its financial position.

Available liquidity
Available liquidity is a performance measure used by the Company to assess its financial position.

Operating Cash Flow before Working Capital Changes per Common Share
Operating Cash Flow before working capital changes 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 (Loss)
Adjusted net income (loss) is net income (loss) 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 (loss) 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 Company's RCF agreement in the determination of EBITDA for covenant calculation purposes.

The adjustments made to Adjusted net income (loss) 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.

Breakdown of C1 Cash Costs and All-in Sustaining Cost Per Pound of Payable Copper Produced

Three Months Ended September 30, 2020 and 2019

	Q3 2020			Q3 2019		
	Pinto Valley	Cozamin	Total	Pinto Valley	Cozamin	Total
Payable copper produced (000s lbs)	26,994	10,189	37,183	28,926	8,725	37,651
Production costs of metal produced (per financials, $M)	$ 67.6	$ 11.7	$ 79.3	$ 46.4	$ 17.1	$ 63.5
Transportation cost to point of sale ($M)	(5.4)	(0.9)	$ (6.3)	(4.5)	(0.8)	(5.3)
Inventory (write-down) reversal ($M)	0.1	-	0.1	(0.9)		(0.9)
Inventory working capital adjustments ($M)	(4.8)	(0.0)	(4.8)	11.0	(2.3)	8.7
Cash production costs of metal produced ($M)	$ 57.5	$ 10.7	$ 68.2	$ 52.0	$ 14.0	$ 66.0
Production costs ($/lb)						
Mining	$ 0.58	$ 0.62	$ 0.59	$ 0.49	$ 0.98	$ 0.60
Milling/Processing	1.32	0.26	1.03	1.12	0.39	0.95
G&A	0.23	0.17	0.22	0.19	0.23	0.20
C1P sub-total	2.13	1.05	1.84	1.80	1.60	1.75
By-product credits ($/lb)	(0.18)	(0.97)	(0.41)	(0.08)	(1.02)	(0.30)
Treatment and selling costs ($/lb)	0.43	0.28	0.39	0.41	0.36	0.40
C1 cash cost ($/lb PRODUCED)	**$ 2.38**	**$ 0.36**	**$ 1.82**	**$ 2.13**	**$ 0.94**	**$ 1.85**
NSR royalties	-	0.11	0.03	-	0.11	0.03
Production-phase capitalized stripping	0.19	-	0.14	0.18	-	0.14
Sustaining capital	0.22	0.50	0.30	0.19	0.62	0.29
Sustaining leases	0.04	-	0.03	-	-	-
Accretion of reclamation obligation	0.01	0.01	0.01	0.01	0.01	0.01
Amortization of reclamation asset	0.01	0.03	0.01	-	0.05	0.01
Corporate G&A, excluding depreciation			0.10			0.10
All-in sustaining cost adjustments	0.47	0.65	0.62	0.38	0.79	0.58
All-in sustaining cost ($/lb PRODUCED)	**$ 2.85**	**$ 1.01**	**$ 2.44**	**$ 2.51**	**$ 1.73**	**$ 2.43**

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*
Certain prior period alternative performance measures have been restated to conform with current period classification.

Nine Months Ended September 30, 2020 and 2019

	2020 YTD			2019 YTD		
	Pinto Valley	Cozamin	Total	Pinto Valley	Cozamin	Total
Payable copper produced (000s lbs)	82,037	26,587	108,624	88,500	25,412	113,912
Production costs of metal produced (per financials, $M)	$ 179.9	$ 36.7	$ 216.6	$ 164.7	$ 43.6	$ 208.3
Transportation cost to point of sale ($M)	(16.0)	(2.1)	$ (18.1)	(16.1)	(2.4)	$ (18.5)
Inventory write-down ($M)	1.0	-	1.0	(0.9)		(0.9)
Inventory working capital adjustments ($M)	1.1	(1.3)	(0.2)	(3.1)	(0.7)	(3.8)
Cash production costs of metal produced ($M)	$ 166.0	$ 33.3	$ 199.3	$ 144.6	$ 40.5	$ 185.1
Production costs ($/lb)						
Mining	$ 0.61	$ 0.75	$ 0.65	$ 0.46	$ 0.99	$ 0.59
Milling/Processing	1.19	0.29	0.97	0.98	0.37	0.84
G&A	0.22	0.21	0.22	0.19	0.23	0.19
C1P sub-total	2.02	1.25	1.84	1.63	1.59	1.62
By-product credits ($/lb)	(0.16)	(0.80)	(0.32)	(0.08)	(1.06)	(0.30)
Treatment and selling costs ($/lb)	0.44	0.26	0.39	0.42	0.37	0.41
C1 cash cost ($/lb PRODUCED)	**$ 2.30**	**$ 0.71**	**$ 1.91**	**$ 1.97**	**$ 0.90**	**$ 1.73**
NSR royalties	-	0.09	0.02	-	0.10	0.02
Production-phase capitalized stripping	0.07	-	0.06	0.20	-	0.15
Sustaining capital	0.23	0.54	0.31	0.19	0.79	0.33
Sustaining leases	0.01	0.01	0.01	-	-	-
Accretion of reclamation obligation	0.02	0.01	0.01	0.02	0.01	0.02
Amortization of reclamation asset	0.01	0.03	0.01	-	0.05	0.01
Corporate G&A, excluding depreciation			0.09			0.10
All-in sustaining cost adjustments	0.34	0.68	0.51	0.41	0.95	0.63
All-in sustaining cost ($/lb PRODUCED)	**$ 2.64**	**$ 1.39**	**$ 2.42**	**$ 2.38**	**$ 1.85**	**$ 2.36**

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*
Certain prior period alternative performance measures have been restated to conform with current period classification.

Reconciliation of Net Debt

	30-Sep-20	31-Dec-19
Long term debt (per financials, $M), excl. deferred financing costs of $2.0M and $2.8M	$ 219.9	$ 209.9
Less:		
Cash and cash equivalents (per financials, $M)	(53.5)	(39.9)
Short term investments (per financials, $M)	(3.3)	(4.5)
Net debt	**$ 163.1**	**$ 165.5**

Reconciliation of Available Liquidity

	30-Sep-20	31-Dec-19
Revolving credit facility capacity	$ 300.0	$ 300.0
Long term debt (per financials, $M), excl. deferred financing costs of $2.0M and $2.8M	(219.9)	(209.9)
	80.1	90.1
Cash and cash equivalents (per financials, $M)	53.5	39.9
Short term investments (per financials, $M)	3.3	4.5
Available liquidity	**$ 136.9**	**$ 134.5**

Reconciliation of Cash Flow from Operating Activities per Common Share

($ millions, except share and per share amounts)	Q3 2020	Q3 2019	2020 YTD	2019 YTD
Cash flow from operating activities (per financials)	$ 27.7	$ 11.8	$ 79.8	$ 70.8
Weighted average common shares - basic (per financials	393,546,258	391,225,231	392,916,485	391,223,443
Cash flow from operating activities per share	**$ 0.07**	**$ 0.03**	**$ 0.20**	**$ 0.18**

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

($ millions, except share and per share amounts)	Q3 2020	Q3 2019	2020 YTD	2019 YTD
Operating cash flow (per financials)	$ 27.7	$ 11.8	$ 79.8	$ 70.8
Adjustment for changes in working capital (per financials)	22.2	(2.3)	(9.2)	(11.3)
Change in current portion of contingent consideration receivable on sale of Minto	(5.0)	-	(5.0)	-
Operating cash flow before working capital changes	**$ 44.9**	**$ 9.5**	**$ 65.6**	**$ 59.5**
Weighted average common shares - basic (per financials)	393,546,258	391,225,231	392,916,485	391,223,443
Operating cash flow before working capital changes per share	**$ 0.11**	**$ 0.02**	**$ 0.17**	**$ 0.15**

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*
Certain prior period alternative performance measures have been restated to conform with current period classification.

Reconciliation of Adjusted Net Income (Loss)

($ millions, except share and per share amounts)	Q3 2020	Q3 2019[2]	2020 YTD	2019[2] YTD
Net income (loss)(per financials)	$ 2.3	$ (10.7)	$ (15.3)	$ (29.6)
Inventory write-down (reversal) - production costs	(0.1)	0.9	(1.0)	0.9
Unrealized loss on derivative contracts	0.4	-	0.4	-
Share based compensation	7.5	1.0	10.7	2.8
Unrealized foreign exhange (gain)/loss	0.9	0.8	(3.4)	1.0
Change in fair value of contingent receivable (RE: Minto)	(1.4)	0.7	(1.7)	0.2
Changes in deferred revenue	-	-	-	1.3
G&A - care and maintenance	0.1	-	0.5	-
Insurance proceeds received	-	-	(0.8)	-
Other one time Minto costs	-	0.6	-	0.6
Loss on sale of Minto	-	-	-	24.5
Minto restructuring costs	-	-	-	0.3
Tax effect on the above adjustments	(0.2)	(0.4)	1.9	(0.9)
Adjusted net income (loss)	**$ 9.5**	**$ (7.1)**	**$ (8.7)**	**$ 1.1**
Adjusted net income (loss) attributable to:				
Shareholders of Capstone Mining Corp.	$ 9.5	$ (7.0)	$ (8.5)	$ 1.2
Non-controlling interests	-	(0.1)	(0.2)	(0.1)
	$ 9.5	**$ (7.1)**	**$ (8.7)**	**$ 1.1**
Weighted average common shares - basic (per financials)	393,546,258	391,225,231	392,916,485	391,223,443
Adjusted net income (loss) attributable to shareholders of Capstone Mining Corp. per common share - basic	**$ 0.02**	**$ (0.02)**	**$ (0.02)**	**$ -**
Weighted average common shares - diluted (per financials)	402,492,634	391,225,231	392,916,485	391,223,443
Adjusted net income (loss) attributable to shareholders of Capstone Mining Corp. per common share - diluted	**$ 0.02**	**$ (0.02)**	**$ (0.02)**	**$ -**

[2] *Certain prior period amounts have been restated to conform with current period classification.*

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

Reconciliation of Adjusted EBITDA

($ millions)	Q3 2020	Q3 2019[2]	2020 YTD	2019 YTD[2]
Net income from continuing operations (per financials)[3]	$ 2.3	$ (10.0)	$ (15.3)	$ (2.6)
Net finance costs	3.9	4.1	11.6	12.3
Taxes	9.3	(1.1)	9.0	5.9
Depletion and amortization	21.7	18.8	62.4	59.2
EBITDA - from continuing operations	**37.2**	**11.8**	**67.7**	**74.8**
Share-based compensation expense (recovery)	7.5	1.0	10.7	2.8
Inventory write-down (reversal) - production costs	(0.1)	0.9	(1.0)	0.9
Unrealized gain on derivative instruments	0.4		0.4	-
Loss on disposal of mineral properties, plant and equipment	-	-	-	0.3
Unrealized foreign exchange (gain)/ loss	0.9	0.8	(3.4)	1.0
Unrealized revenue adjustment	7.0	(0.6)	3.4	-
G&A - care and maintenance	0.1	-	0.5	-
Insurance proceeds received	-	-	(0.8)	-
Change in fair value of contingent receivable (RE: Minto)	(1.4)	0.7	(1.8)	0.2
Adjusted EBITDA - from continuing operations	**$ 51.6**	**$ 14.6**	**$ 75.7**	**$ 80.0**
Adjusted EBITDA by mine				
Pinto Valley	30.5	5.2	37.5	51.9
Cozamin	25.5	13.6	48.9	41.0
Other	(4.4)	(4.2)	(10.7)	(12.9)
Adjusted EBITDA - from continuing operations	**$ 51.6**	**$ 14.6**	**$ 75.7**	**$ 80.0**

[2] *Certain prior period amounts have been restated to conform with current period classification.*
[3] *Net income from continuing operations has been utilized for the calculation of EBITDA due to the Minto mine being classified as a discontinued operation in the comparative period until the point of its sale on June 3, 2019.*

Unrealized revenue adjustments from provisional pricing arrangements have been adjusted for, starting Q1 2020, to align with how EBITDA is determined for the Company's RCF covenant calculations. Provisional pricing is a non-cash revenue adjustment for mark to market that may or may not be realized in future periods. 2019 amounts have been restated accordingly.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

Property Cost per Tonne Milled

	Q3 2020		Q3 2019		2020 YTD		2019 YTD	
	Pinto Valley	Cozamin	Pinto Valley	Cozamin	Pinto Valley	Cozamin	Pinto Valley	Cozamin
Tonnes of mill feed (000s)	4,518	284	4,658	295	14,415	795	14,061	852
Production costs of metal produced (per financials, $M)	$ 67.6	$ 11.7	$ 46.4	$ 17.0	$ 179.9	$ 36.7	$ 164.7	$ 43.6
Transportation cost to point of sale ($M)	(5.4)	(0.9)	(4.5)	(0.8)	(16.0)	(2.1)	(16.1)	(2.4)
Inventory write-down(reversal) ($M)	0.1	-	(0.9)		1.0	-	(0.9)	-
Inventory working capital adjustments ($M)	(4.8)	(0.0)	11.0	(2.4)	1.1	(1.3)	(3.1)	(0.7)
Cash production costs of metal produced ($M)	$ 57.5	$ 10.7	$ 52.0	$ 13.9	$ 166.0	$ 33.4	$ 144.6	$ 40.4
Deferred Stripping costs ($M)	5.1	-	5.3	-	6.1	-	17.5	-
Cathode costs ($M)	(2.4)	-	(2.1)	-	(6.1)	-	(5.8)	-
Stockpile movement ($M)	(1.1)	-	0.3	-	0.4	-	0.1	-
Total property costs ($M)	59.1	10.7	55.5	13.9	166.6	33.4	156.4	40.4
Property cost per tonne milled ($)	**$ 13.08**	**$ 37.74**	**$ 11.91**	**$ 47.24**	**$ 11.56**	**$ 41.99**	**$ 11.13**	**$ 47.39**

Starting Q1 2020, we have presented Property cost per tonne milled, replacing the previous disclosure of Site operating cost per tonne milled. This is considered a more meaningful metric because it excludes variation due to changes in the amount of capitalized stripping. 2019 amounts have been restated accordingly.

Additional Information and Reconciliations

Sales from Continuing Operations[2]

	2020				2019				
	Q1	Q2	Q3	Total	Q1	Q2	Q3	Q4	Total
Copper (000 lbs)									
Pinto Valley	21,407	29,884	29,859	81,150	27,574	37,297	21,791	32.050	118,712
Cozamin	8,978	7,987	9,986	26,951	7,732	8,249	9,446	8,215	33,642
Total	30,385	37,871	39,845	108,101	35,306	45,546	31,237	40,265	152,354
Zinc (000 lbs)									
Cozamin	3,013	2,318	3,400	8,731	4,261	1,611	5,402	4,264	15,538
Lead (000 lbs)									
Cozamin	1,193	74	326	1,593	1,358	393	341	917	3,009
Molybdenum (tonnes)									
Pinto Valley	16	12	-	28	45	2	26	33	106
Silver (000s ounces)									
Cozamin	291	248	302	841	273	280	333	294	1,180
Pinto Valley	56	74	67	197	54	82	48	81	265
Total	347	322	369	1,038	327	362	381	375	1,445
Gold (ounces)									
Pinto Valley*	1,001	1,942	1,575	4,518	(98)	784	489	912	2,087
Cozamin	4	-	2	6	29	12	40	46	127
Total	1,005	1,942	1,577	4,524	(69)	796	529	958	2,214

* Pinto Valley gold production reaches payable levels from time to time. Any payable gold production will be reported in the period revenue is received.

[2] *Sales from continuing operations has been utilized due to the Minto mine being classified as a discontinued operation in the comparative period until the point of its sale on June 3, 2019.*

Continuity Schedule of Concentrate and Cathode Inventories

	Pinto Valley*			Cozamin		
	Copper (dmt)	**Cathode** (tonnes)	**Molybdenum** (dmt)	**Copper** (dmt)	**Zinc** (dmt)	**Lead** (dmt)
Dec. 31, 2018	20,329	165	9	2,186	893	298
Production	54,236	384	38	15,163	5,383	801
Sales	(49,883)	(422)	(45)	(14,366)	(5,330)	(1,010)
Mar. 31, 2019	24,682	127	2	2,983	946	89
Production	48,442	405	21	15,484	3,651	268
Sales	(66,752)	(282)	-	(15,442)	(1,782)	(357)
Jun. 30, 2019	6,372	250	23	3,025	2,815	0
Production	46,715	486	22	15,505	4,090	386
Sales	(37,199)	(404)	(26)	(17,336)	(6,206)	(302)
Sep. 30, 2019	15,888	332	19	1,194	699	84
Production	45,166	437	23	15,118	4,174	911
Sales	(57,372)	(564)	(33)	(13,997)	(4,701)	(670)
Dec. 31, 2019	3,682	205	9	2,315	172	325
Production	45,526	484	16	14,229	4,168	545
Sales	(39,362)	(342)	(15)	(15,407)	(3,407)	(869)
Mar. 31, 2020	9,846	347	10	1,137	933	1
Production	57,232	505	2	13,761	2,081	86
Sales	(54,815)	(644)	(12)	(14,148)	(2,717)	(82)
Jun. 30, 2020	12,263	208	- 0	750	297	5
Production	49,402	652	-	17,495	3,954	262
Sales	(54,881)	(646)	-	(17,326)	(3,919)	- 258
Sep. 30, 2020	6,784	214	-	919	332	9

** 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's mining operations at Pinto Valley and Cozamin 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.

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures". Certain prior period alternative performance measures have been restated to conform with current period classification.*

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 October 27, 2020:

Issued and outstanding	403,069,719
Share options outstanding at a weighted average exercise price of $0.77	20,038,548
Fully diluted	423,108,267

Management's Report on Internal Controls

Disclosure Controls and Procedures ("DC&P")

Capstone's management, with the participation of its President & Chief Executive Officer and Senior Vice President & Chief Financial Officer, has designed DC&P which provide reasonable assurance that material information related to Capstone is identified and communicated in a timely manner.

Internal Control Over Financial Reporting ("ICFR")

Capstone's management, with the participation of its President & Chief Executive Officer 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. Capstone's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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. Although this continued through the financial close period, there were no changes in the Company's ICFR that materially affected, or are reasonably likely to materially affect, ICFR during the three-months ended September 30, 2020.

Other Information

Approval

The Board of Directors of Capstone 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.

Additional Information

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

National Instrument 43-101 Compliance

Unless otherwise indicated, Capstone has prepared the technical information in this MD&A ("Technical Information") based on information contained in the technical reports, Annual Information Form and news releases (collectively the "Disclosure Documents") available under Capstone Mining Corp.'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").

[1] *These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".*
Certain prior period alternative performance measures have been restated to conform with current period classification.

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 23, 2020, "Pinto Valley Mine Life Extension – Phase 3 (PV3) Pre-Feasibility Study" effective January 1, 2016 and "Santo Domingo Project, Region III, Chile, NI 43-101 Technical Report" effective February 19, 2020.

The disclosure of scientific and Technical Information in this MD&A was reviewed and approved by Brad Mercer, P. Geol., Senior Vice President, Operations and Exploration (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 and Mineral Resources at Pinto Valley), Tucker Jensen, Superintendent Mine Operations, P.Eng (technical information related to Mineral Reserves at Cozamin) and Albert Garcia III, PE, Vice President, Projects (technical information related to project updates at Santo Domingo) all Qualified Persons under NI 43-101.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

September 30, 2020

(Expressed in United States ("US") Dollars)

Capstone Mining Corp.
Condensed Interim Consolidated Statements of Financial Position
(unaudited)
(expressed in thousands of US dollars)

ASSETS	**September 30, 2020**	December 31, 2019
Current		
Cash and cash equivalents	**$ 53,526**	$ 39,939
Short-term investments *(Note 4)*	**3,328**	4,549
Receivables *(Note 5)*	**24,647**	28,554
Inventories *(Note 6)*	**50,197**	47,888
Other assets *(Note 10)*	**10,451**	2,451
	142,149	123,381
Mineral properties, plant and equipment *(Note 7)*	**1,138,401**	1,132,164
Promissory note receivable *(Note 9)*	**30,033**	31,594
Deferred income tax asset	**23,199**	24,655
Other assets *(Note 10)*	**16,406**	19,586
Total assets	**$ 1,350,188**	$ 1,331,380
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 58,274**	$ 52,493
Other liabilities *(Note 11)*	**9,697**	2,899
	67,971	55,392
Long term debt *(Note 13)*	**217,943**	207,093
Provisions	**125,505**	120,180
Deferred income tax liabilities	**62,433**	64,021
Other liabilities *(Note 11)*	**10,095**	8,136
Lease liabilities *(Note 12)*	**8,434**	5,170
Total liabilities	**$ 492,381**	$ 459,992
EQUITY		
Share capital	**$ 839,442**	$ 838,523
Other reserves	**33,416**	32,386
Accumulated deficit	**(125,138)**	(109,806)
Total equity attributable to equity holders of the Company	**747,720**	761,103
Non-controlling interest	**110,087**	110,285
Total equity	**857,807**	871,388
Total liabilities and equity	**$ 1,350,188**	$ 1,331,380

See accompanying notes to these condensed interim consolidated financial statements.

Capstone Mining Corp.

Condensed Interim Consolidated Statements of Income (Loss)
Three and Nine Months Ended September 30, 2020 and 2019
(unaudited)
(expressed in thousands of US dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Revenue *(Note 16)*	**$ 130,545**	$ 82,921	**$ 305,636**	$ 305,069
Operating costs				
Production costs	**(79,228)**	(63,521)	**(216,605)**	(208,251)
Royalties	**(1,187)**	(958)	**(2,523)**	(2,629)
Depletion and amortization	**(21,486)**	(18,322)	**(61,474)**	(57,714)
Earnings from mining operations	**28,644**	120	**25,034**	36,475
General and administrative expenses *(Note 19)*	**(3,646)**	(3,630)	**(10,162)**	(11,669)
Exploration expenses *(Note 7)*	**(412)**	(1,653)	**(1,158)**	(4,476)
Care and maintenance expense *(Note 7)*	**(257)**	(249)	**(846)**	(748)
Share-based compensation expense *(Note 15)*	**(7,498)**	(1,037)	**(10,705)**	(2,835)
Earnings (loss) from operations	**16,831**	(6,449)	**2,163**	16,747
Other income (expense)				
Foreign exchange (loss) gain	**(1,283)**	488	**2,214**	(79)
Other income (expense) *(Note 20)*	**2**	(1,022)	**939**	(1,020)
Income (loss) before finance costs and income taxes	**15,550**	(6,983)	**5,316**	15,648
Interest on long term debt	**(3,082)**	(3,338)	**(8,907)**	(10,164)
Other interest expense	**(819)**	(777)	**(2,637)**	(2,160)
Income (loss) from continuing operations before income taxes	**11,649**	(11,098)	**(6,228)**	3,324
Income tax (expense) recovery *(Note 14)*	**(9,338)**	1,126	**(9,037)**	(5,883)
Net income (loss) from continuing operations	**$ 2,311**	$ (9,972)	**$ (15,265)**	$ (2,559)
Net loss from discontinued operations *(Note 8)*	**-**	(696)	**-**	(27,056)
Net income (loss)	**$ 2,311**	$ (10,668)	**$ (15,265)**	$ (29,615)
Net income (loss) from continuing operations attributable to:				
Shareholders of Capstone Mining Corp.	**$ 2,350**	$ (9,876)	**$ (15,067)**	$ (2,419)
Non-controlling interest	**(39)**	(96)	**(198)**	(140)
	$ 2,311	$ (9,972)	**$ (15,265)**	$ (2,559)
Net income (loss) attributable to:				
Shareholders of Capstone Mining Corp.	**$ 2,350**	$ (10,572)	**$ (15,067)**	$ (29,475)
Non-controlling interest	**(39)**	(96)	**(198)**	(140)
	$ 2,311	$ (10,668)	**$ (15,265)**	$ (29,615)
Net income (loss) per share from continuing operations				
Income (loss) per share - basic	**$ 0.01**	$ (0.03)	**$ (0.04)**	$ (0.01)
Weighted average number of shares - basic *(Note 17)*	**393,546,258**	391,225,231	**392,916,485**	391,223,443
Income (loss) per share - diluted	**$ 0.01**	$ (0.03)	**$ (0.04)**	$ (0.01)
Weighted average number of shares - diluted *(Note 17)*	**402,492,634**	391,225,231	**392,916,485**	391,223,443
Net (loss) income per share				
Income (loss) per share - basic *(Note 17)*	**$ 0.01**	$ (0.03)	**$ (0.04)**	$ (0.08)
Weighted average number of shares - basic *(Note 17)*	**393,546,258**	391,225,231	**392,916,485**	391,223,443
Income (loss) per share - diluted *(Note 17)*	**$ 0.01**	$ (0.03)	**$ (0.04)**	$ (0.08)
Weighted average number of shares - diluted *(Note 17)*	**402,492,634**	391,225,231	**392,916,485**	391,223,443

See accompanying notes to these condensed interim consolidated financial statements.

Capstone Mining Corp.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

Three and Nine Months Ended September 30, 2020 and 2019

(unaudited)

(expressed in thousands of US dollars)

	Three months ended September 30,		Nine months ended September 30	
	2020	2019	**2020**	2019
Net income (loss)	**$ 2,311**	$ (10,668)	**$ (15,265)**	$ (29,615)
Other comprehensive income (loss)				
Items that will not be reclassfied subsequently to profit or loss				
Change in fair value of marketable securities, net of tax of $nil	**739**	99	**106**	(708)
	739	99	**106**	(708)
Items that may be reclassfied subsequently to profit or loss				
Foreign currency translation adjustment	**174**	(189)	**(220)**	480
	174	(189)	**(220)**	480
Items that were reclassified to profit or loss				
Reclassification of accumulated foreign currency translation	**-**	-	**-**	30,362
	-	-	**-**	30,362
Total other comprehensive income (loss) for the period	**913**	(90)	**(114)**	30,134
Total comprehensive income (loss)	**$ 3,224**	$ (10,758)	**$ (15,379)**	$ 519
Total comprehensive income (loss) attributable to:				
Shareholders of Capstone Mining Corp.	**$ 3,263**	$ (10,662)	**$ (15,181)**	$ 659
Non-controlling interest	**(39)**	(96)	**(198)**	(140)
	$ 3,224	$ (10,758)	**$ (15,379)**	$ 519

See accompanying notes to these condensed interim consolidated financial statements.

Capstone Mining Corp.

Condensed Interim Consolidated Statements of Cash Flows
Three and Nine Months Ended September 30, 2020 and 2019
(unaudited)
(expressed in thousands of US dollars)

	Three months ended September 30, **2020**	Three months ended September 30, 2019	Nine months ended September 30, **2020**	Nine months ended September 30, 2019
Cash provided by (used in):				
Operating activities				
Net income (loss)	**$ 2,311**	$ (10,668)	**$ (15,265)**	$ (29,615)
Adjustments for:				
Depletion and amortization	**21,824**	18,784	**62,730**	59,209
Income and mining tax expense (recovery)	**9,338**	(1,150)	**9,037**	6,093
Inventory (reversal of write-down) write-down	**(87)**	909	**(994)**	915
Loss on sale of Minto *(Note 8)*	**-**	24	**-**	24,489
Share-based compensation expense	**7,498**	1,037	**10,705**	2,835
Net finance costs	**3,901**	4,116	**11,544**	13,677
Unrealized loss (gain) on foreign exchange	**1,067**	(2,156)	**(7,913)**	(3,055)
Loss on derivatives	**601**	2	**601**	5
(Gain) loss on disposal of assets and other	**(22)**	16	**79**	(264)
Changes in deferred revenue	**-**	-	**-**	597
Changes in contingent consideration	**(1,436)**	740	**(1,880)**	228
Income taxes paid	**(1,671)**	(2,082)	**(5,953)**	(15,117)
Income taxes received	**1,268**	14	**2,012**	21
Other receipts (payments)	**5**	(47)	**74**	(350)
Changes in other assets	**4,772**	(43)	**4,697**	(212)
Changes in other liabilities	**598**	-	**1,145**	-
Changes in non-cash working capital *(Note 18)*	**(22,238)**	2,257	**9,166**	11,308
	27,729	11,753	**79,785**	70,764
Investing activities				
Purchase of investments	**-**	-	**-**	(148)
Mineral properties, plant and equipment additions	**(25,099)**	(23,375)	**(68,078)**	(73,404)
(Purchase) proceeds of short-term investments	**(228)**	2,027	**1,221**	31,527
Proceeds on disposal of assets	**-**	46	**83**	575
Other assets	**(72)**	(20)	**(56)**	(652)
	(25,399)	(21,322)	**(66,830)**	(42,102)
Financing activities				
Proceeds from bank borrowings *(Note 13)*	**-**	10,000	**45,000**	10,000
Repayment of bank borrowings *(Note 13)*	**(30,000)**	-	**(35,000)**	(20,000)
KORES payment against promissory note *(Note 9)*	**1,160**	340	**1,160**	2,515
Repayment of lease obligations	**(446)**	(262)	**(967)**	(782)
Proceeds from issuance of share capital	**540**	-	**604**	4
Payments for settlement of financial derivatives	**(236)**	-	**(214)**	-
Financing fees *(Note 13)*	**-**	(1,077)	**-**	(1,077)
Interest paid	**(3,074)**	(3,743)	**(9,096)**	(11,739)
	(32,056)	5,258	**1,487**	(21,079)
Effect of exchange rate changes on cash and cash equivalents	**166**	(301)	**(855)**	(53)
(Decrease) increase in cash and cash equivalents	**(29,560)**	(4,612)	**13,587**	7,530
Cash and cash equivalents - beginning of period	**83,086**	46,027	**39,939**	33,885
Cash and cash equivalents - end of period	**$ 53,526**	$ 41,415	**$ 53,526**	$ 41,415

Supplemental cash flow information *(Note 18)*
See accompanying notes to these condensed interim consolidated financial statements.

Capstone Mining Corp.

Condensed Interim Consolidated Statements of Changes in Equity
Three and Nine Months Ended September 30, 2020 and 2019
(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	Accumulated (deficit) earnings	Total - attributable to equity holders	Non-controlling interest	Total equity
January 1, 2020	400,045,604	$ 838,523	$ 53,971	$ 2,478	$ (16,758)	$ (7,305)	$ (109,806)	$ 761,103	$ 110,285	$ 871,388
Shares issued on exercise of options *(Note 15)*	2,352,026	879	(275)	-	-	-	-	604	-	604
Share-based compensation *(Note 15)*	-	-	750	-	-	-	-	750	-	750
Settlement of share units	-	-	-	-	-	669	(265)	404	-	404
Shares issued as compensation	137,196	40	-	-	-		-	40	-	40
Change in fair value of marketable securities	-	-	-	106	-	-	-	106	-	106
Net loss	-	-	-	-	-	-	(15,067)	(15,067)	(198)	(15,265)
Foreign currency translation	-	-	-	-	(220)	-	-	(220)	-	(220)
September 30, 2020	402,534,826	$ 839,442	$ 54,446	$ 2,584	$ (16,978)	$ (6,636)	$ (125,138)	$ 747,720	$ 110,087	$ 857,807
January 1, 2019	399,580,329	$ 838,351	$ 52,541	$ 2,581	$ (47,958)	$ (10,705)	$ (92,236)	$ 742,574	$ 110,442	$ 853,016
Shares issued on exercise of options *(Note 15)*	17,436	6	(2)	-	-	-	-	4	-	4
Share-based compensation *(Note 15)*	-	-	1,205	-	-	-	-	1,205	-	1,205
Settlement of share units	-	-	-	-	-	3,385	(1,519)	1,866	-	1,866
Change in fair value of marketable securities	-	-	-	(708)	-	-	-	(708)	-	(708)
Reclassification of foreign currency translation adjustment to earnings on sale of Minto *(Note 8)*	-	-	-	-	30,362	-	-	30,362	-	30,362
Net loss	-	-	-	-	-	-	(29,475)	(29,475)	(140)	(29,615)
Foreign currency translation	-	-	-	-	480	-	-	480	-	480
September 30, 2019	399,597,765	$ 838,357	$ 53,744	$ 1,873	$ (17,116)	$ (7,320)	$ (123,230)	$ 746,308	$ 110,302	$ 856,610

See accompanying notes to these condensed interim consolidated financial statements.

1. Nature of Operations

Capstone Mining Corp. ("Capstone" or the "Company"), a Canadian mining company publicly listed on the Toronto Stock Exchange, is engaged in the production of and exploration for base metals in the United States ("US"), Mexico, and Chile, with a focus on copper. Pinto Valley Mining Corp., a wholly owned US subsidiary, owns and operates the copper 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 polymetallic Cozamin Mine located in Zacatecas, Mexico, and has a portfolio of exploration properties in Mexico. In June 2019, Capstone sold its 100% interest in Minto Explorations Ltd. ("Minto"), which owns the copper Minto Mine located in Yukon, Canada (*Note 8*). Capstone Mining Chile SpA, a wholly owned Chilean subsidiary, is performing exploration for base metal deposits in Chile. 0908113 B.C. Ltd. ("Acquisition Co.") is a 70% owned subsidiary of Capstone and 30% owned by Korea Resources Corporation ("KORES"). Through Acquisition Co.'s wholly-owned Canadian subsidiary, Far West Mining Ltd. ("Far West"), Acquisition Co is engaged in the exploration and development of base metals primarily in Chile. Minera Santo Domingo SCM ("Santo Domingo"), a 100% owned subsidiary of Far West, holds the Santo Domingo copper-iron project in Chile.

On March 31, 2020, Capstone took steps to safely and systematically reduce mining and processing activities temporarily at its Cozamin Mine to comply with a government-mandated suspension of all non-essential activities, in response to the COVID-19 pandemic. On May 12, 2020 the Mexican Federal Government announced that mining is an essential industry. Subsequent to this announcement, Capstone safely started ramping up operational activities at its Cozamin Mine. Since then, all mining and processing activities have been resumed and the mine was producing copper at normal levels through the period ended September 30, 2020.

The 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 consolidated financial statements were approved by the Board of Directors and authorized for issuance on October 27, 2020.

2. Significant Accounting Policies

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 the Company for the year ended December 31, 2019, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), except as noted below. Accordingly, certain information and footnote disclosure normally included in annual financial statements have been omitted or condensed.

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 those estimates as the estimation process is inherently uncertain.

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

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 and nine months ended September 30, 2020, the Company applied the critical judgements and estimates disclosed in Note 2 of its consolidated financial statements for the year ended December 31, 2019.

These condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2019.

The Company has made a change in its application of accounting policy for depletion and amortization of mineral properties, plant and equipment. Until December 31, 2019, the Company depleted the carrying amounts of its mining properties over estimated recoverable tonnes of permitted proven and probable Mineral Reserves. Effective January 1, 2020, the Company depletes the carrying amounts of its mining properties over estimated recoverable tonnes of permitted proven and probable Mineral Reserves and a portion of permitted Mineral Resources considered to be highly probable to be economically extracted over the life of mine. This change in estimate better reflects the pattern in which the asset's future economic benefits are expected to be consumed based on the current mine plans. This change in accounting estimate did not have a material impact on depletion during the three and nine months ended September 30, 2020, and is not expected to have a material impact on depletion in future periods.

3. Financial Instruments

Fair value of financial instruments

IFRS 13 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – Fair values measured using unadjusted quoted prices in active markets for identical instruments
Level 2 – Fair values measured using directly or indirectly observable inputs, other than those included in level 1
Level 3 – Fair values measured using inputs that are not based on observable market data

As of September 30, 2020, the Company's classification of financial instruments within the fair value hierarchy are summarized below:

	Level 1	Level 2	Level 3	Total
Short-term investments *(Note 4)*	$ 3,328	$ -	$ -	$ 3,328
Concentrate receivables *(Note 5)*	-	18,276	-	18,276
Promissory note receivable *(Note 9)*	-	-	34,227	34,227
Derivative assets - current *(Note 10)*	-	1,282	-	1,282
Investment in marketable securities *(Note 10)*	1,688	-	-	1,688
Contingent consideration on sale of Minto *(Note 8)*	-	-	11,491	11,491
	$ 5,016	$ 19,558	$ 45,718	$ 70,292
Commodity derivative liabilities *(Note 11)*	$ -	$ 1,034	$ -	1,034
Interest rate swap derivative liabilities *(Note 11)*	-	499	-	499
	$ -	$ 1,533	$ -	$ 1,533

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 and nine months ended September 30, 2020.

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

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

	September 30, 2020			
	Fair value through profit or loss	**Fair value through OCI**	**Amortized cost**	**Total**
Cash and cash equivalents	**$ -**	**$ -**	**$ 53,526**	**$ 53,526**
Short-term investments ***(Note 4)***	**3,328**	**-**	**-**	**3,328**
Concentrate receivables ***(Note 5)***	**18,276**	**-**	**-**	**18,276**
Other receivables ***(Note 5)***	**-**	**-**	**1,149**	**1,149**
Promissory note receivable ***(Note 9)***	**34,227**	**-**	**-**	**34,227**
Derivative asset - current ***(Note 10)***	**1,282**	**-**	**-**	**1,282**
Investments in marketable securities ***(Note 10)***	**-**	**1,688**	**-**	**1,688**
Contingent consideration on sale of Minto ***(Note 8)***	**11,491**	**-**	**-**	**11,491**
	$ 68,604	**$ 1,688**	**$ 54,675**	**$ 124,967**

	December 31, 2019			
	Fair value through profit or loss	Fair value through OCI	Amortized cost	Total
Cash and cash equivalents	$ -	$ -	$ 39,939	$ 39,939
Short-term investments *(Note 4)*	4,549	-	-	4,549
Concentrate receivables *(Note 5)*	19,946	-	-	19,946
Other receivables *(Note 5)*	-	-	1,102	1,102
Promissory note receivable *(Note 9)*	35,387	-	-	35,387
Derivative asset - current *(Note 10)*	147	-	-	147
Investments in marketable securities *(Note 10)*	-	1,679	-	1,679
Contingent consideration on sale of Minto (*Note 8)*	9,611	-	-	9,611
	$ 69,640	$ 1,679	$ 41,041	$ 112,360

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

	September 30, 2020		
	Fair value through profit or loss	**Amortized cost**	**Total**
Accounts payable and accrued liabilities	**$ -**	**$ 58,274**	**$ 58,274**
Commodity derivative liabilities ***(Note 11)***	**1,034**	**$ -**	**1,034**
Long term debt ***(Note 13)***	**-**	**217,943**	**217,943**
Interest rate swap derivative liabilities (***Note 11)***	**499**	**-**	**499**
	$ 1,533	**$ 276,217**	**$ 277,750**

	December 31, 2019		
	Fair value through profit or loss	Amortized cost	Total
Accounts payable and accrued liabilities	$ -	$ 52,493	$ 52,493
Long term debt *(Note 13)*	-	207,093	207,093
	$ -	$ 259,586	$ 259,586

There have been no changes during the three and nine months ended September 30, 2020 as to how the Company categorizes its financial assets and liabilities by fair value through profit or loss, fair value through OCI, and amortized cost.

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

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 and nine months ended September 30, 2020.

Derivative instruments

As at September 30, 2020, the Company's derivative financial instruments are comprised of copper commodity swaps, zero cost collar foreign currency contracts, interest rate swaps and warrants. The Company entered into the derivative financial instruments to mitigate risk of exposure to fluctuating interest rates, foreign currency exchange rates and copper commodity prices.

During the three month period ended September 30, 2020, the Company entered into copper commodity swap contracts. The floating copper price was exchanged for fixed copper prices at an average of $2.93 per pound on 26.0 million pounds, of which contracts for 11.0 million pounds matured during the three month period ended September 30, 2020, and a contract for 5.0 million pounds was early settled in October 2020. The contracts for the remaining 10.0 million pounds will mature before December 31, 2020. At September 30, 2020 the fair value of these derivatives is $(1.0) million (2019 - $nil) *(Note 11).*

In June 2020, the Company entered into a zero cost collar Mexican Peso to US dollar foreign exchange option contract 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 purchased put contracts have a floor Mexican Peso to US Dollar exchange rate ranging from 23.0 to 23.5. The sold call contracts have strike exchange rates ranging from 29.25 to 30.0. The contracts are for a total of 500 million Mexican Pesos ($20.0 million) covering the period from August 2020 to December 2021, representing approximately 50% of the expected Mexican Peso costs of the Cozamin mine during this period. At September 30, 2020 the fair value of these derivatives is $1.3 million (2019 - $0.1 million) *(Note 10).*

In April 2020, the Company entered into interest rate swap contracts, exchanging floating for fixed LIBOR on approximately half of the revolving credit facility balance (RCF) at 0.355% through to July 2022 *(Note 13).* At September 30, 2020 the fair value of these derivatives is $(0.5) million (2019 - $nil) *(Note 11).*

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Unrealized gain (loss) on derivative financial instruments:				
Commodity swap contracts	**$ (1,033)**	$ -	**$ (1,033)**	$ -
Foreign currency swap contracts	**94**	-	**1,178**	-
Interest rate swap contracts	**515**	-	**(499)**	-
Realized gain (loss) on derivative financial instruments:				
Commodity swap contracts	**(880)**	-	**(880)**	-
Foreign currency swap contracts	**36**	-	**36**	-
Interest rate swap contracts	**(16)**	-	**6**	-
	$ (1,284)	$ -	**$ (1,192)**	$ -
Unrealized gain (loss) on warrants	**$ 58**	$ (2)	**$ (33)**	$ (5)
Total unrealized and realized loss on derivative financial intruments *(Note 20)*	**$ (1,226)**	$ (2)	**$ (1,225)**	$ (5)

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

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. As at September 30, 2020, the Company's exposure to these financial risks have not been significantly impacted by the COVID-19 crisis.

4. Short-Term Investments

Details are as follows:

	September 30, 2020	December 31, 2019
Exchange traded funds	**$ 3,328**	$ 4,541
Money market funds	**-**	8
Total short-term investments	**$ 3,328**	$ 4,549

Short-term investments are investments in highly liquid, bankruptcy remote, AAA rated funds.

5. Receivables

Details are as follows:

	September 30, 2020	December 31, 2019
Concentrates	**$ 18,276**	$ 19,946
Value added taxes and other taxes receivable	**198**	186
Income taxes receivable	**498**	3,201
Other	**1,149**	1,102
Current portion of finance lease receivable	**332**	326
Current portion of KORES promissory note *(Note 9)*	**4,194**	3,793
Total receivables	**$ 24,647**	$ 28,554

6. Inventories

Details are as follows:

	September 30, 2020	December 31, 2019
Consumable parts and supplies	**$ 33,698**	$ 32,543
Ore stockpiles	**2,717**	1,594
Concentrate	**12,903**	12,791
Cathode	**879**	960
Total inventories	**$ 50,197**	$ 47,888

During the three and nine months ended September 30, 2020, concentrate and cathode inventories recognized as production costs, including depletion and amortization, amounted to $100.7 million and $278.1 million (2019 – $81.8 million and $266.0 million), respectively.

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

During the three and nine months ended September 30, 2020, the Company recorded a reversal of previous net write-downs of $(0.1) million and $(1.0) million, respectively, related to Pinto Valley's concentrate and ore-stockpile. Of the $(0.1) million reversal of net write-downs during the three months ended September 30, 2020, $(0.1) million and $nil was recorded as production costs and depletion and amortization, respectively. Of the $(1.0) million reversal of net write-downs during the nine months ended September 30, 2020, $(1.0) million and $nil was recorded as production costs and depletion and amortization, respectively.

During the three and nine months ended September 30, 2019, the Company recorded net write-downs of $0.9 million related to Pinto Valley's concentrate and ore-stockpile. Of the $0.9 million of net write-downs during the three and nine months ended September 30, 2019, $0.9 million and $nil was recorded as production costs and depletion and amortization, respectively.

7. Mineral Properties, Plant and Equipment

Details are as follows:

	Mineral properties			Plant and equipment			
	Depletable		Non-depletable	Subject to amortization			
	Producing mineral properties	Deferred stripping	Mineral exploration and development properties	Plant & equipment	Right of use assets	Construction in progress	Total
At January 1, 2020, net	$ 399,769	$ 112,644	$ 289,486	$ 290,479	$ 3,521	$ 36,265	1,132,164
Additions	-	7,762	20,699	184	6,186	37,294	72,125
Disposals	-	-	-	13	-	-	13
Reclassifications	28,869	-	(28,654)	35,997	-	(36,212)	-
Depletion and amortization	(20,104)	(16,223)	-	(28,960)	(614)	-	(65,901)
At September 30, 2020, net	$ 408,534	$ 104,183	$ 281,531	$ 297,713	$ 9,093	$ 37,347	$ 1,138,401
At September 30, 2020:							
Cost	$ 697,872	$ 149,799	$ 281,531	$ 557,891	10,321	$ 37,347	$ 1,734,761
Accumulated amortization	(289,338)	(45,616)	-	(260,178)	(1,228)	-	(596,360)
Net carrying amount	$ 408,534	$ 104,183	$ 281,531	$ 297,713	$ 9,093	$ 37,347	$ 1,138,401

The Company's exploration costs were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Exploration capitalized to mineral properties	**$ 1,404**	$ 1,426	**$ 4,171**	$ 3,896
Greenfield exploration expensed to the statement of income (loss)	**412**	1,653	**1,158**	4,476
Total exploration costs	**$ 1,816**	$ 3,079	**$ 5,329**	$ 8,372

Exploration capitalized to mineral properties in 2020 relates primarily to brownfield exploration at the Cozamin mine. Greenfield exploration expenses in 2020 relates to exploration efforts in Mexico and Brazil.

The Company's care and maintenance costs incurred during the three and nine month period ended September 30, 2020 related to San Manuel Arizona Railroad Company and totalled $0.3 million and $0.8 million, respectively (2019 - $0.2 million and $0.7 million).

At September 30, 2020 and 2019, construction in progress relates to capital costs incurred in connection with sustaining capital at the Pinto Valley and Cozamin mines and the exploration and development project at Minera Santo Domingo.

As at September 30, 2020, bank borrowings *(Note 13)* were secured by mineral properties, plant and equipment with a net carrying value of $872.5 million (December 31, 2019 – $874.3 million).

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

8. Disposal of Assets Classified as Held for Sale

On June 3, 2019, Capstone completed the sale of its 100% interest in the Minto Mine, previously classified as an asset held for sale, to Pembridge Resources PLC ("Pembridge"). Under the terms of the agreement, Capstone will receive up to $20 million in cash in staged payments ("contingent consideration"), as follows:

- $5 million within 60 days of the later of reaching commercial production, or January 31, 2021;
- $5 million within 90 days, following two consecutive quarters of commercial production in which the average London Metals Exchange Cash Copper Bid Price ("Average LME Price") is greater than $3.00 per pound within the three years following commercial production; and
- $10 million, within 90 days following two consecutive quarters of commercial production in which the Average LME Price is greater than $3.50 per pound within the three years following commercial production.

On June 3, 2019, the contingent consideration had a fair value of $8.4 million. As at September 30, 2020 the contingent consideration had a fair value of $11.5 million (December 31, 2019 - $9.6 million) *(Note 10)*, with a mark-to-market change of $1.9 million recorded in other income for the nine months ended September 30, 2020 (2019 - $0.3 million).

In conjunction with completion of the sale, Pembridge has posted a surety bond to cover potential future reclamation liabilities. While this surety bond is outstanding, Capstone will act as an indemnitor to the surety bond provider and for certain other obligations. If Pembridge defaults on the surety bond, Capstone may be required to recognize a liability related to Minto's asset retirement obligation. As at September 30, 2020, no liability has been recorded.

The Company recognized a loss on disposal of Minto of $24.5 million calculated as follows:

		June 3, 2019
Consideration		
Contingent consideration	$	8,371
Transaction costs		(142)
Total consideration	$	8,229
Net assets sold and derecognized:		
Cash	$	1
Inventory		2,394
Mineral properties, plant & equipment		35,861
Other assets		2,442
Total assets		40,698
Deferred income tax liabilities		1,663
Deferred revenue		11,530
Reclamation and closure cost obligations		24,846
Other liabilities		303
Total liabilities		38,342
Net assets	$	2,356
Cumulative foreign currency translation adjustments related to Minto re-classified to net income (loss)	$	30,362
Loss on disposition	$	(24,489)

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

The results of the discontinued operations included in net (loss) income for the period are set out below.

Loss for the period from discontinued operations:

	Three months ended Sept 30, 2019	Nine months ended Sept 30, 2019
Revenue	$ -	$ 8,674
Production costs	-	(5,603)
Royalties	-	(848)
Depletion and amortization	-	(13)
Earnings (loss) from mining operations	-	2,210
Care & maintenance	(696)	(4,726)
Restructuring recovery	-	551
Income (loss) from operations	(696)	(1,965)
Other income	-	961
Net finance costs	-	(1,353)
Loss on disposition	(24)	(24,489)
Loss before income taxes	(720)	(26,846)
Income tax expense	24	(210)
Net loss from discontinued operations (attributable to shareholders of Capstone)	$ (696)	$ (27,056)

The results of cash flows from discontinued operations for the three and nine month period ended September 30, 2019 are set out below.

Cash flows from discontinued operations:

	Three months ended Sept 30, 2019	Nine months ended Sept 30, 2019
Net cash outflows from operating activities	$ -	$ (3,414)
Net cash (ouflows) inflows from investing activities	-	167
Net cash outflows from financing activities	-	(746)
Net cash outflows	$ -	$ (3,993)

9. KORES Promissory Note

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

Balance, December 31, 2019	**$ 35,387**
Cash calls against the promissory note	**(1,160)**
Balance, September 30, 2020	**$ 34,227**

	September 30, 2020	December 31, 2019
KORES promissory note	**$ 34,227**	$ 35,387
Less: current portion *(Note 5)*	**(4,194)**	(3,793)
Long-term portion	**$ 30,033**	$ 31,594

The current portion of the promissory note represents management's best estimate of the portion of the note that will be repaid within 12 months of the condensed interim consolidated statement of financial position date.

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

10. Other Assets

Details are as follows:

		September 30, 2020		December 31, 2019
Current:				
Prepaids and other	**$**	**4,169**	$	2,304
Derivative assets *(Note 3)*		**1,282**		147
Contingent consideration on sale of Minto *(Note 8)*		**5,000**		-
Total other assets - current	**$**	**10,451**	$	2,451
Non-current:				
Contingent consideration on sale of Minto *(Note 8)*	**$**	**6,491**	$	9,611
Taxes receivable		**6,152**		5,864
Investments in marketable securities		**1,688**		1,679
Finance lease receivable		**1,262**		1,553
Deposits		**813**		879
Total other assets - non-current	**$**	**16,406**	$	19,586

11. Other Liabilities

Details are as follows:

		September 30, 2020		December 31, 2019
Current:				
Income taxes payable	**$**	**4,315**	$	1,257
Commodity derivative liabilities *(Note 3)*		**1,034**		-
Current portion of lease liabilities *(Note 12)*		**1,585**		769
Current portion of share-based payment obligation		**2,763**		873
Total other liabilities - current	**$**	**9,697**	$	2,899
Non-current:				
Interest rate swap derivative liabilities *(Note 13)*	**$**	**499**	$	-
Retirement benefit liabilities		**5,211**		4,771
Other		**4,385**		3,365
Total other liabilities - non-current	**$**	**10,095**	$	8,136

12. Lease Liabilities

Details are as follows:

		September 30, 2020		December 31, 2019
Lease liabilities	**$**	**10,019**	$	5,939
Less: current portion *(Note 11)*		**(1,585)**		(769)
Long-term portion	**$**	**8,434**	$	5,170

Undiscounted lease payments:

		September 30, 2020
Not later than 1 year	$	2,019
Later than 1 year and not later than 5 years		6,356
Later than 5 years		3,258
	$	11,633

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

13. Long Term Debt

Details are as follows:

	September 30, 2020	December 31, 2019
Long term debt	**$ 219,925**	$ 209,925
Deferred financing fees	**(1,982)**	(2,832)
Total long term debt	**$ 217,943**	$ 207,093

Details of the changes in long-term debt, including both cash and non-cash changes are as follows:

Balance, December 31, 2019	**$ 207,093**
Repayments	**(35,000)**
Drawdowns	**45,000**
Amortization of deferred financing fees	**850**
Balance, September 30, 2020	**$ 217,943**

On July 25, 2019, Capstone amended its corporate revolving credit facility ("RCF") which now matures on July 25, 2022 and has a credit limit of $300 million. The facility pricing grid, starting at LIBOR plus 2.5% and increasing to LIBOR plus 3.5% based on the total leverage ratio, will remain in effect until maturity.
In 2019, $1.1 million of fees associated with the RCF amendment were capitalized and are being amortized to the consolidated statement of loss over the term of the facility. During the three and nine months ended September 30, 2020, a total of $0.3 million and $0.9 million (2019 – $0.3 million and $0.9 million) respectively, was amortized and recorded in other interest expense.

The interest rate at September 30, 2020 was US LIBOR plus 3.50% (2019 - US LIBOR plus 2.75%) with a standby fee of 0.79% (2019 – 0.62%) payable on the undrawn balance (adjustable in certain circumstances).

In April 2020, the Company entered into an interest rate swap exchanging the floating LIBOR rate for a fixed monthly LIBOR rate of 0.355% on an amortizing notional principal balance as follows *(Note 3)*:

- $150M to December 31, 2020
- $125M to December 31, 2021
- $100M to July 25, 2022

Any balance drawn on the RCF above the notional principal of the swap will be charged interest at the prevailing market rate. Effectively the interest rate on these notional amounts is 0.355% plus 2.5% to 0.355% plus 3.5% based on the total leverage ratio. At September 30, 2020, the fair value of the derivative liability is $0.5 million (2019 - $nil) *(Note 11).*

The RCF is secured against the present and future real and personal property, assets and undertakings of Capstone (excluding certain assets, which include Acquisition Co., Far West, Santo Domingo, and Far West Exploration S.A., and subject to certain exclusions for Capstone Mining Chile SpA). The credit facility requires the Company to maintain certain financial ratios relating to debt and interest coverage. Capstone was in compliance with these covenants as at September 30, 2020.

At September 30, 2020, there were four Surety Bonds totaling $124.2 million to support various reclamation obligation bonding requirements. This comprises $118.6 million securing reclamation obligations at Pinto Valley, $4.0 million provided as security as part of a power supply agreement at Pinto Valley, and $1.6 million related to the construction of a port for Santo Domingo in Chile. In addition, the Company has a letter of credit with Scotiabank for $0.3 million.

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

14. Income Taxes

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

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Income (loss) from continuing operations before income taxes	**$ 11,649**	$ (11,098)	**$ (6,228)**	$ 3,324
Canadian federal and provincial income tax rates	**27.00%**	27.00%	**27.00%**	27.00%
Income tax expense (recovery) based on the above rates	**3,145**	(2,996)	**(1,682)**	897
Increase (decrease) due to:				
Non-deductible expenditures	**2,220**	901	**3,169**	2,411
Effects of different statutory tax rates	**666**	1,237	**3,325**	(62)
Mexican mining royalty tax	**1,025**	952	**1,803**	2,426
Impact of losses (gains) for which no deferred tax assets were recognized	**195**	(929)	**514**	(467)
Recognition of tax assets which were previously unrecognized	**(336)**	-	**(1,649)**	-
Non-taxable portion of capital gains	**(255)**	-	**(247)**	-
Foreign exchange and other translation adjustments	**235**	546	**1,653**	761
Withholding taxes	**921**	-	**1,184**	526
Adjustment to tax estimates in prior years	**1,505**	(1)	**933**	171
Other	**17**	(836)	**34**	(780)
Income tax expense (recovery)	**$ 9,338**	$ (1,126)	**$ 9,037**	$ 5,883
Current income and mining tax expense	**$ 5,357**	$ 2,522	**$ 9,170**	$ 7,768
Deferred income tax expense (recovery)	**3,981**	(3,648)	**(133)**	(1,885)
Income tax expense (recovery)	**$ 9,338**	$ (1,126)	**$ 9,037**	$ 5,883

15. 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, employees and consultants of the Company. Options granted under the plan have a term not to exceed 5 years and vesting periods that range from 1 to 3 years. 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, 2019	23,309,912	$ 0.93
Granted	5,325,528	0.70
Exercised	(2,352,026)	0.34
Expired	(5,709,973)	1.51
Forfeited	-	-
Outstanding, September 30, 2020	20,573,441	$ 0.77

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

As at September 30, 2020, 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)
$0.33	5,487,665	$ 0.33	0.3	5,487,665	$ 0.33	0.3
$0.54 - $0.91	10,184,830	0.64	3.9	1,464,204	0.58	3.4
$1.20 - $1.68	4,900,946	1.54	2.0	3,967,181	1.56	1.9
	20,573,441	$ 0.77	2.5	10,919,050	$ 0.81	1.3

During the nine months ended September 30, 2020, the fair value of options granted was $1.0 million (2019 – $0.9 million) and had a weighted average grant-date fair value of C$0.29 (2019 – C$0.29) per option. There were no options granted for the three months ended September 30, 2020 and 2019.

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

	Nine months ended September 30,	
	2020	2019
Risk-free interest rate	**1.38%**	1.81%
Expected dividend yield	**nil**	nil
Expected share price volatility	**58%**	67%
Expected forfeiture rate	**6.42%**	5.01%
Expected life	**3.8 years**	3.8 years

Other share-based compensation plans
The Company has other share-based compensation plans in the form of Deferred Share Units ("DSUs"), Restricted Share Units ("RSUs") and Performance Share Units ("PSUs"). DSUs granted to directors vest upon issuance but are not settled until cessation of service on the board and PSUs granted to executives vest after the three year performance period. RSUs granted to executives prior to 2020 vest after three years, and RSUs granted in 2020 and onwards vest 1/3 per year over their three year term.

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

	DSUs	RSUs	PSUs
Outstanding, December 31, 2019	3,551,366	7,848,890	5,268,600
Granted	792,858	5,434,234	3,335,447
Forfeited	-	(754,168)	-
Settled	-	(890,606)	(1,020,537)
Outstanding, September 30, 2020	4,344,224	11,638,350	7,583,510

During the three and nine months ended September 30, 2020, the fair value of DSUs, RSUs, and PSUs granted during the year was $nil and $5.1 million, respectively (2019 – $nil and $4.2 million) and had a weighted average grant-date fair value of C$nil and C$0.70 (2019 – C$nil and C$0.62) per unit, respectively.

RSU and PSU obligations, under the Share Unit Plan, 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 Deferred Share Unit Plan, are redeemed in cash. No Capstone shares were purchased during the three and nine months ended September 30, 2020 and 2019.

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

Share-based compensation expense:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Share-based compensation expense related to stock options	**$ 265**	$ 244	**$ 750**	$ 1,205
Share-based compensation expense related to DSUs, RSUs, and PSUs	**7,233**	793	**9,955**	1,630
Total share-based compensation expense	**$ 7,498**	$ 1,037	**$ 10,705**	$ 2,835

16. Revenue

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Copper	**$ 124,901**	$ 78,711	**$ 297,661**	$ 300,719
Silver	**9,633**	6,701	**20,875**	17,197
Zinc	**3,753**	5,573	**7,778**	13,327
Gold	**2,988**	758	**7,845**	1,759
Lead	**277**	334	**1,240**	1,915
Molybdenum	**(15)**	586	**418**	1,709
Total gross revenue	**141,537**	92,663	**335,817**	336,626
Less: treatment and selling costs	**(10,992)**	(9,742)	**(30,181)**	(31,557)
Revenue	**$ 130,545**	$ 82,921	**$ 305,636**	$ 305,069

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Copper	**$ (6,586)**	$ 479	**$ (2,792)**	$ 900
Silver	**(237)**	(12)	**(254)**	(196)
Zinc	**(70)**	109	**241**	(30)
Gold	**(80)**	(29)	**(609)**	(665)
Lead	**(14)**	11	**26**	17
Molybdenum	**9**	(2)	**4**	(2)
Revenue adjustments from provisional pricing arrangements	**$ (6,978)**	$ 556	**$ (3,384)**	$ 24

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

17. Earnings (Loss) Per Share

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Income (loss) per share				
Basic and diluted	**$ 0.01**	$ (0.03)	**$ (0.04)**	$ (0.08)
Net income (loss) available to common shareholders - basic and diluted	**$ 2,350**	$ (10,572)	**$ (15,067)**	$ (29,475)
Weighted average shares outstanding - basic	**393,546,258**	391,225,231	**392,916,485**	391,223,443
Dillutive securities				
Stock options	**8,946,376**	-	**-**	-
Weighted average shares outstanding - diluted	**402,492,634**	391,225,231	**392,916,485**	391,223,443
Weighted average shares excluded (as anti-dilutive)				
Stock options	**11,627,065**	23,575,545	**20,573,441**	23,575,545

18. Supplemental Cash Flow Information

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Receivables	**$ (446)**	$ 3,398	**$ 4,831**	$ 17,361
Inventories	**6,810**	(6,868)	**(44)**	8,226
Other assets	**(4,574)**	2,343	**(6,908)**	(8,712)
Accounts payable and accrued liabilities	**2,699**	3,387	**11,287**	(5,598)
Other liabilities	**(26,727)**	(3)	**-**	31
Net change in non-cash working capital	**$ (22,238)**	$ 2,257	**$ 9,166**	$ 11,308

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
(Increase) decrease in accounts payable and accrued liabilities related to mineral properties, plant & equipment	**$ (208)**	$ (616)	**$ 2,751**	$ (2,186)
Depreciation of mining equipment capitalized to deferred stripping assets	**$ 1,351**	$ 1,527	**$ 1,629**	$ 4,674
Fair value of stock options allocated to share capital upon exercise	**$ 245**	$ -	**$ 275**	$ 2

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

19. General & Administrative Expenses

Details are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
General & administrative	**$ 3,492**	$ 3,345	**$ 9,400**	$ 10,695
Corporate depreciation	**154**	285	**762**	974
	$ 3,646	$ 3,630	**$ 10,162**	$ 11,669

20. Other Income (Expense)

Details are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Mark-to-market gain (loss) on contingent consideration *(Note 8)*	**$ 1,436**	$ (740)	**$ 1,880**	$ (228)
Unrealized and realized loss on derivative financial instruments *(Note 3)*	**(1,226)**	(2)	**(1,225)**	(5)
Other expense	**(208)**	(282)	**284**	(792)
	$ 2	$ (1,022)	**$ 939**	$ (1,020)

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

21. Segmented information

The Company is engaged in mining, exploration and development of mineral properties, and has operating mines in the US and Mexico. The Company has four reportable segments as identified by the individual mining operations of Pinto Valley (US), Cozamin (Mexico), as well as the Santo Domingo development project (Chile) and Other. Segments are operations reviewed by the CEO, who is considered to be the chief operating decision maker. Minto operations have been classified as a discontinued operation.

Operating segment details are as follows:

	Three months ended September 30, 2020				
	Pinto Valley	Cozamin	Santo Domingo	Other	Total
Revenue					
Copper	$ 94,173	$ 30,728	$ -	$ -	$ 124,901
Silver	1,806	7,827	-	-	9,633
Zinc	-	3,753	-	-	3,753
Gold	2,984	4	-	-	2,988
Lead	-	277	-	-	277
Molybdenum	(15)	-	-	-	(15)
Treatment and selling costs	(7,571)	(3,421)	-	-	(10,992)
Net revenue	91,377	39,168	-	-	130,545
Production costs	(67,576)	(11,652)	-	-	(79,228)
Royalties	(39)	(1,148)	-	-	(1,187)
Depletion and amortization	(16,987)	(4,499)	-	-	(21,486)
Earnings (loss) from mining operations	6,775	21,869	-	-	28,644
General and administrative expenses	(80)	(75)	(7)	(3,484)	(3,646)
Exploration expenses	-	(116)	(10)	(286)	(412)
Care and maintenance	(257)	-	-	-	(257)
Share-based compensation expense	-	-	-	(7,498)	(7,498)
Earnings (loss) from operations	6,438	21,678	(17)	(11,268)	16,831
Other (expense) income	(252)	(1,005)	37	(61)	(1,281)
Earnings (loss) before finance costs and income taxes	6,186	20,673	20	(11,329)	15,550
Net finance costs	(1,147)	(102)	(1)	(2,651)	(3,901)
Earnings (loss) before income taxes	5,039	20,571	19	(13,980)	11,649
Income tax recovery (expense)	(591)	(6,630)	-	(2,117)	(9,338)
Total net income (loss)	$ 4,448	$ 13,941	$ 19	$ (16,097)	$ 2,311
Mineral properties, plant & equipment additions	$ 22,881	$ 6,514	$ 2,792	$ 6	$ 32,193

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

	Three months ended September 30, 2019				
	Pinto Valley	Cozamin	Santo Domingo	Other	Total
Revenue					
Copper	$ 54,308	$ 24,403	$ -	$ -	$ 78,711
Silver	875	5,826	-	-	6,701
Zinc	-	5,573	-	-	5,573
Gold	698	60	-	-	758
Lead	-	334	-	-	334
Molybdenum	586	-	-	-	586
Treatment and selling costs	(5,812)	(3,930)	-	-	(9,742)
Net revenue	50,655	32,266	-	-	82,921
Production costs	(46,421)	(17,100)	-	-	(63,521)
Royalties	-	(958)	-	-	(958)
Depletion and amortization	(11,096)	(7,226)	-	-	(18,322)
(Loss) earnings from mining operations	(6,862)	6,982	-	-	120
General and administrative expenses	(89)	(107)	-	(3,434)	(3,630)
Exploration expenses	-	(1,010)	9	(652)	(1,653)
Care and maintenance	(249)	-	-	-	(249)
Share-based compensation	-	-	-	(1,037)	(1,037)
(Loss) earnings from operations	(7,200)	5,865	9	(5,123)	(6,449)
Other income (expense)	98	519	(233)	(918)	(534)
(Loss) earnings before finance costs and income taxes	(7,102)	6,384	(224)	(6,041)	(6,983)
Net finance costs	(971)	(97)	(3)	(3,044)	(4,115)
(Loss) earnings before income taxes	(8,073)	6,287	(227)	(9,085)	(11,098)
Income tax recovery (expense)	3,583	(2,451)	-	(6)	1,126
Net (loss) income from continuing operations	$ (4,490)	$ 3,836	$ (227)	$ (9,091)	$ (9,972)
Net loss from discontinued operations *(Note 8)*	-	-	-	-	(696)
Total net (loss) income	$ (4,490)	$ 3,836	$ (227)	$ (9,091)	$ (10,668)
Mineral properties, plant & equipment additions	$ 13,439	$ 8,755	$ 4,587	$ 1,744	$ 28,525

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

	Nine months ended September 30, 2020				
	Pinto Valley	Cozamin	Santo Domingo	Other	Total
Revenue					
Copper	$ 224,636	$ 73,025	$ -	$ -	$ 297,661
Silver	4,020	16,855	-	-	20,875
Zinc	-	7,778	-	-	7,778
Gold	7,834	11	-	-	7,845
Lead	-	1,240	-	-	1,240
Molybdenum	418	-	-	-	418
Treatment and selling costs	(20,968)	(9,213)	-	-	(30,181)
Net revenue	215,940	89,696	-	-	305,636
Production costs	(179,916)	(36,689)	-	-	(216,605)
Royalties	(39)	(2,484)	-	-	(2,523)
Depletion and amortization	(47,936)	(13,538)	-	-	(61,474)
(Loss) earnings from mining operations	(11,951)	36,985	-	-	25,034
General and administrative expenses	(394)	(219)	(14)	(9,535)	(10,162)
Exploration expenses	-	(285)	(30)	(843)	(1,158)
Care and maintenance	(846)	-	-	-	(846)
Share-based compensation	-	-	-	(10,705)	(10,705)
(Loss) earnings from operations	(13,191)	36,481	(44)	(21,083)	2,163
Other (expense) income	(269)	2,374	(187)	1,235	3,153
(Loss) earnings before finance costs and income taxes	(13,460)	38,855	(231)	(19,848)	5,316
Net finance costs	(2,812)	(299)	(5)	(8,428)	(11,544)
(Loss) earnings before income taxes	(16,272)	38,556	(236)	(28,276)	(6,228)
Income tax recovery (expense)	6,681	(13,161)	-	(2,557)	(9,037)
Total net (loss) income	$ (9,591)	$ 25,395	$ (236)	$ (30,833)	$ (15,265)
Mineral properties, plant & equipment additions	$ 45,242	$ 19,873	$ 6,896	$ 114	$ 72,125

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

	Nine months ended September 30, 2019				
	Pinto Valley	Cozamin	Santo Domingo	Other	Total
Revenue					
Copper	$ 231,709	$ 69,010	$ -	$ -	$ 300,719
Silver	2,948	14,249	-	-	17,197
Zinc	-	13,327	-	-	13,327
Gold	1,646	113	-	-	1,759
Lead	-	1,915	-	-	1,915
Molybdenum	1,709	-	-	-	1,709
Treatment and selling costs	(21,784)	(9,773)	-	-	(31,557)
Net revenue	216,228	88,841	-	-	305,069
Production costs	(164,676)	(43,575)	-	-	(208,251)
Royalties	-	(2,629)	-	-	(2,629)
Depletion and amortization	(39,158)	(18,556)	-	-	(57,714)
Earnings from mining operations	12,394	24,081	-	-	36,475
General and administrative expenses	(278)	(407)	-	(10,984)	(11,669)
Exploration expenses	-	(1,767)	(43)	(2,666)	(4,476)
Care and maintenance	(748)	-	-	-	(748)
Share-based compensation	-	-	-	(2,835)	(2,835)
Earnings (loss) from operations	11,368	21,907	(43)	(16,485)	16,747
Other (expense) income	(170)	(73)	(69)	(787)	(1,099)
Earnings (loss) before finance costs and income taxes	11,198	21,834	(112)	(17,272)	15,648
Net finance costs	(2,801)	(168)	(12)	(9,343)	(12,324)
Earnings (loss) before income taxes	8,397	21,666	(124)	(26,615)	3,324
Income tax recovery (expense)	1,949	(7,299)	-	(533)	(5,883)
Net income (loss) from continuing operations	$ 10,346	$ 14,367	$ (124)	$ (27,148)	$ (2,559)
Net loss from discontinued operations *(Note 8)*	-	-	-	-	(27,056)
Total net income (loss)	$ 10,346	$ 14,367	$ (124)	$ (27,148)	$ (29,615)
Mineral properties, plant & equipment additions	$ 42,427	$ 25,875	$ 14,147	$ 1,905	$ 84,354

	As at September 30, 2020				
	Pinto Valley	**Cozamin**	**Santo Domingo**	**Other**	**Total**
Mineral properties, plant and equipment	**$ 713,637**	**$ 156,852**	**$ 265,852**	**$ 2,060**	**$ 1,138,401**
Total assets	**$ 793,692**	**$ 196,398**	**$ 273,033**	**$ 87,065**	**$ 1,350,188**
Total liabilities	**$ 164,475**	**$ 82,488**	**$ 4,203**	**$ 241,215**	**$ 492,381**

	As at September 30, 2019				
	Pinto Valley	Cozamin	Santo Domingo	Other	Total
Mineral properties, plant and equipment	$ 708,602	$ 139,388	$ 254,937	$ 3,108	$ 1,106,035
Total assets	$ 788,861	$ 173,293	$ 262,012	$ 66,159	$ 1,290,325
Total liabilities	$ 139,147	$ 71,448	$ 5,508	$ 217,612	$ 433,715