MANAGEMENT’S DISCUSSION AND ANALYSIS

AND

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

(Expressed in US Dollars)

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF CAPSTONE COPPER CORP. FOR THE YEAR ENDED DECEMBER 31, 2023

Capstone Copper Corp. ("Capstone Copper" or the "Company" or "we") has prepared the following management's discussion and analysis (the "MD&A") as of February 21, 2024 and it should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2023. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") 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. Our Sustainable Development Strategy goals and strategies are based on a number of assumptions, including, but not limited to, the biodiversity and climate-change consequences; availability and effectiveness of technologies needed to achieve our sustainability goals and priorities; availability of land or other opportunities for conservation, rehabilitation or capacity building on commercially reasonable terms and our ability to obtain any required external approvals or consensus for such opportunities; the availability of clean energy sources and zero-emissions alternatives for transportation on reasonable terms; availability of resources to achieve the goals in a timely manner, our ability to successfully implement new technology; and the performance of new technologies in accordance with our expectations.

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

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Such factors include, amongst others, risks related to inherent hazards associated with mining operations and closure of mining projects, future prices of copper and other metals, compliance with financial covenants, inflation, surety bonding, our ability to raise capital, Capstone Copper’s ability to acquire properties for growth, counterparty risks associated with sales of our metals, use of financial derivative instruments and associated counterparty risks, foreign currency exchange rate fluctuations, market access restrictions or tariffs, changes in general economic conditions, availability and quality of water, accuracy of Mineral Resource and Mineral Reserve estimates, operating in foreign jurisdictions with risk of changes to governmental regulation, compliance with governmental regulations, compliance with environmental laws and regulations, reliance on approvals, licences and permits from governmental authorities and potential legal challenges to permit applications, contractual risks including but not limited to, our ability to meet the completion test requirements under the Cozamin Silver Stream Agreement with Wheaton Precious Metals Corp. ("Wheaton"), our ability to meet certain closing conditions under the Santo Domingo Gold Stream Agreement with Wheaton, acting as Indemnitor for Minto Metals Corp.’s surety bond obligations, impact of climate change and changes to climatic conditions at our operations and projects, changes in regulatory requirements and policy related to climate change and greenhouse gas ("GHG") emissions, land reclamation and mine closure obligations, introduction or increase in carbon or other "green" taxes, aboriginal title claims and rights to consultation and accommodation, risks relating to widespread epidemics or pandemic outbreaks; the impact of communicable disease outbreaks on our workforce, risks related to construction activities at our operations and development projects, suppliers and other essential resources and what effect those impacts, if they occur, would have on our business, including our ability to access goods and supplies, the ability to transport our products and impacts on employee productivity, the risks in connection with the operations, cash flow and results of Capstone Copper relating to the unknown duration and impact of the epidemics or pandemics, impacts of inflation, geopolitical events and the effects of global supply chain disruptions, uncertainties and risks related to the potential development of the Santo Domingo project, risks related to the Mantoverde Development Project, increased operating and capital costs, increased cost of reclamation, challenges to title to our mineral properties, increased taxes in jurisdictions the Company operates or is subject to tax, changes in tax regimes we are subject to and any changes in law or interpretation of law may be difficult to react to in an efficient manner, maintaining ongoing social licence to operate, seismicity and its effects on our operations and communities in which we operate, dependence on key management personnel, potential conflicts of interest involving our directors and officers, corruption and bribery, limitations inherent in our insurance coverage, labour relations, increasing input costs such as those related to sulphuric acid, electricity, fuel and supplies, increasing inflation rates, competition in the mining industry including but not limited to competition for skilled labour, risks associated with joint venture partners and non-controlling shareholders or associates, our ability to integrate new acquisitions and new technology into our operations, cybersecurity threats, legal proceedings, the volatility of the price of the common shares, the uncertainty of maintaining a liquid trading market for the common shares, risks related to dilution to existing shareholders if stock options or other convertible securities are exercised, the history of Capstone Copper with respect to not paying dividends and anticipation of not paying dividends in the foreseeable future and sales of common shares by existing shareholders can reduce trading prices, and other risks of the mining industry as well as those factors detailed from time to time in the Company’s interim and annual financial statements and MD&A of those statements and Annual Information Form, all of which are filed and available for review under the Company’s profile on SEDAR+ at www.sedarplus.ca. Although the Company has attempted to identify important factors that could cause our actual results, performance or achievements to differ materially from those described in our forward-looking statements, there may be other factors that cause our results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that our forward-looking statements will prove to be accurate, as our actual results, performance or achievements could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on our forward-looking statements.

1.0 BUSINESS OVERVIEW

Capstone Copper Corp. ("Capstone Copper" or "the Company") is an Americas-focused copper mining company headquartered in Vancouver, Canada. We own and operate the Pinto Valley copper mine located in Arizona, USA, the Cozamin copper-silver mine located in Zacatecas, Mexico, the Mantos Blancos copper-silver mine located in the Antofagasta region, Chile and 70% of the Mantoverde copper-gold mine located in the Atacama region, Chile. In addition, we own the fully permitted Santo Domingo copper-iron-gold project, located approximately 30 kilometers northeast of Mantoverde in the Atacama region, Chile as well as a portfolio of exploration properties in the Americas. The Company is listed on the Toronto Stock Exchange ("TSX"), and effective February 2, 2024, the Company was admitted to the official list of the Australian Securities Exchange ("ASX") as an ASX Foreign Exempt Listing.

2.0 Q4 2023 HIGHLIGHTS AND SIGNIFICANT ITEMS

Q4 2023 Financial and Operational Highlights

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

[1] These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".
[2] Production guidance as most recently disclosed in the Company's MD&A for the three and nine months ended September 30, 2023.

Operating Highlights

	Q4 2023	Q4 2022	2023	2022
Copper production (000s tonnes)				
Sulphide business				
Pinto Valley	**15.9**	15.0	**55.1**	56.8
Cozamin	**6.6**	5.8	**24.3**	24.5
Mantos Blancos	**9.7**	10.0	**38.0**	29.0
Total sulphides	**32.2**	30.8	**117.4**	110.3
Cathode business				
Mantos Blancos	**1.9**	4.2	**11.5**	12.2
Mantoverde[2]	**10.0**	10.5	**35.4**	36.3
Total cathodes	**11.9**	14.7	**46.9**	48.5
Consolidated	**44.1**	45.5	**164.3**	158.8
Copper sales				
Copper sold (000s tonnes)	**43.3**	44.7	**160.2**	159.9
Realized copper price[1] ($/pound)	**3.74**	3.74	**3.84**	3.76
C1 cash costs[1] ($/pound) produced				
Sulphide business				
Pinto Valley	**2.36**	2.48	**2.79**	2.63
Cozamin	**1.76**	1.40	**1.74**	1.24
Mantos Blancos	**2.58**	1.82	**2.74**	2.16
Total sulphides	**2.30**	2.07	**2.56**	2.20
Cathode business				
Mantos Blancos	**3.32**	2.69	**3.11**	3.41
Mantoverde	**3.68**	3.65	**3.83**	3.63
Total cathodes	**3.62**	3.37	**3.66**	3.58
Consolidated	**2.67**	2.50	**2.88**	2.63

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

Consolidated

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

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

2023 consolidated production of 164.3 thousand tonnes of copper was 3% higher than the 158.8 thousand tonnes in 2022.

2023 C1 cash costs[1] of $2.88/lb were 10% higher than $2.63/lb 2022 mainly on higher operational costs, partially offset by higher capitalized stripping, copper production and by-product credits.

[1] These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".

Consolidated Financial Highlights

($ millions, except per share data)[2]	Q4 2023	Q4 2022	2023	2022	2021
Revenue	**353.7**	362.1	**1,345.5**	1,296.0	794.8
Net (loss) income	**(19.5)**	(28.4)	**(124.7)**	136.1	252.9
Net (loss) income attributable to shareholders	**(12.3)**	(20.9)	**(101.7)**	122.2	226.8
Net (loss) income attributable to shareholders per common share - basic ($)	***(0.02)***	*(0.03)*	***(0.15)***	*0.20*	*0.56*
Net (loss) income attributable to shareholders per common share - diluted ($)	***(0.02)***	*(0.03)*	***(0.15)***	*0.19*	*0.55*
Operating cash flow before changes in working capital	**80.4**	76.1	**204.8**	184.8	556.3
Adjusted EBITDA[1]	**88.3**	81.3	**260.3**	356.7	437.3
Adjusted net income attributable to shareholders[1]	**10.8**	60.4	**0.3**	70.6	215.5
Adjusted net income attributable to shareholders per common share - basic	***0.02***	*0.09*	**—**	*0.11*	*0.53*
Adjusted net income attributable to shareholders per common share - diluted	***0.02***	*0.09*	**—**	*0.11*	*0.52*
Realized copper price[1] ($/pound)	**3.74**	3.74	**3.84**	3.76	4.42

	December 31, 2023	December 31, 2022	December 31, 2021
Net (debt) / cash[1]	**(927.2)**	(483.1)	264.4
Attributable net (debt) / cash[1]	**(776.6)**	(339.9)	264.4
Total assets	**5,873.9**	5,380.9	1,728.0
Total non-current financial liabilities	**1,205.3**	709.5	38.4

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

Mantoverde Development Project

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

[1] *These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".*

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

Key milestones during the commissioning and ramp-up include:

a. First ore to the primary crusher – completed in Q4 2023
b. First ore to the grinding circuit – on track for Q1 2024
c. First saleable concentrate – on track for Q2 2024
d. Achievement of nameplate operating rates – expected during Q3 2024

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

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

MVDP Optimized FS and Phase II

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

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

Santo Domingo Feasibility Study Update

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

Mantoverde - Santo Domingo Cobalt Study

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

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

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

PV District Growth Study

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

Chilean Tax Reform

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

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

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

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

Management and Board of Directors Additions

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

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

Effective August 1, 2023, James ("Jim") Whittaker was appointed as Senior Vice President, Head of Chile. Jim's most recent role was with BHP Chile as President of the Escondida copper mine. Prior to that he was Executive General Manager at OceanaGold where he led the operations and project development of the Haile Gold Mine in the southeastern U.S. He has also held the role of Executive General Manager with Barrick Gold where he led mining operations and project development in Peru and Argentina.

Minto Obligation

In May 2023, Minto Metals Corp. ("Minto") announced that they had ceased all operations at the Minto Mine located within the Selkirk First Nation's territory in the Yukon and that the Yukon Government had assumed care and control of the site.

In conjunction with Capstone's sale of the Minto Mine in 2019, Minto posted a surety bond of C$72 million to cover potential future reclamation liabilities. While this surety bond is outstanding, the Company remains an indemnitor to the surety bond provider. As Minto has defaulted on the surety bond, Capstone recognized a liability

[1] *These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".*

of approximately US$55 million (C$72 million) related to the Company's obligations to the issuer of the surety bond.

During Q4 2023, the Company received a reclamation plan from the Yukon government and made payments of US$10.4 million to the Yukon government for reclamation work performed. As at December 31, 2023, the total provision is US$41.2 million with US$23.9 million recorded in other current liabilities representing the amounts expected to be paid within the next year.

Corporate Exploration Update

Cozamin: Infill drilling at the Mala Noche Main Vein West Target resumed in Q4 2023 utilizing two underground rigs positioned from the newly completed Level 19.1 cross-cut. Limited additional infill drilling at Mala Noche Main Vein West Target will be conducted in Q1 2024 to support an updated mineral resource estimate in 2024.

Copper Cities, Arizona: On January 20, 2022, Capstone Mining announced that it had entered into an 18-month access agreement with BHP Copper Inc. ("BHP") to conduct drill and metallurgical test-work at BHP's Copper Cities project ("Copper Cities"), located approximately 10 km east of the Pinto Valley mine. An amendment to the agreement was completed in March 2023 extending the term by another six months. A second amendment to the agreement now extends the term further to September 2024. Drilling with two surface rigs twinning historical drill holes was completed in 2022 with metallurgical testing continuing in 2023. As explained in the PV District Growth Study section, district consolidation opportunities are being evaluated.

Mantoverde and Mantos Blancos Districts, Chile: During the second half of 2023, exploration activities focused on reviewing historic data, limited field work, IP surveys, and rock geochemistry to support additional targeting for near-mine and resource expansion opportunities.

2.1 2024 Guidance

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

	H1 2024		H2 2024		Full Year 2024 Guidance	
	Copper Production ('000s tonnes)	C1 Cash Costs[1] (US$ per payable lb Cu Produced)	Copper Production ('000s tonnes)	C1 Cash Costs[1] (US$ per payable lb Cu Produced)	Copper Production ('000s tonnes)	C1 Cash Costs[1] (US$ per payable lb Cu Produced)
Sulphides Business						
Pinto Valley	28 – 30	$2.60 – $2.80	30 – 34	$2.40 – $2.60	58 – 64	$2.50 – $2.70
Cozamin	11 – 12	$1.90 – $2.10	11 – 12	$1.85 – $2.05	22 – 24	$1.85 – $2.05
Mantoverde[2]	–[3]	–[3]	25 – 35	$1.45 – $1.75	25 – 35	$1.45 – $1.75
Mantos Blancos	20 – 24	$2.55 – $2.75	23 – 25	$1.90 – $2.10	43 – 49	$2.10 – $2.30
Total Sulphides	**59 – 66**	**$2.45 – $2.65**	**89 – 106**	**$2.00 – $2.20**	**148 – 172**	**$2.10 – $2.30**
Cathode Business						
Mantoverde[2]	18 – 20	$3.35 – $3.55	18 – 20	$3.10 – $3.30	36 – 40	$3.20 – $3.40
Mantos Blancos	3 – 4	$2.85 – $3.05	3 – 4	$2.10 – $2.30	6 – 8	$2.45 – $2.65
Total Cathodes	**21 – 24**	**$3.25 – $3.45**	**21 – 24**	**$2.90 – $3.10**	**42 – 48**	**$3.10 – $3.30**
Consolidated Copper Production	**80 – 90**	**$2.65 – $2.85**	**110 – 130**	**$2.10 – $2.30**	**190 – 220**	**$2.30 – $2.50**

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

Key C1 Cash costs input assumptions:

CLP/USD: 875:1 MXN/USD: 18:1 Silver: $23/oz Molybdenum: $18/lb Gold: $1,850/oz

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

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

** Mantoverde capital expenditures shown on a 100% basis.*

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

	Pinto Valley	Mantoverde*	Mantos Blancos	Total
Capital Expenditure ($ millions)	**40**	**75**	**65**	**180**

** Mantoverde capital expenditures shown on a 100% basis.*

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

[1] These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".

3.0 OPERATIONAL REVIEW

3.1 Pinto Valley Mine – Miami, Arizona

Operating Statistics

	2022					2023				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Production (contained)[2]										
Copper in Concentrate (tonnes)	13,716	12,778	13,428	14,300	54,222	12,246	11,878	12,968	15,286	52,378
Cathode (tonnes)	636	556	719	711	2,622	595	813	657	647	2,712
Total Copper (tonnes)	14,352	13,334	14,147	15,011	56,844	12,841	12,691	13,625	15,933	55,090
Mining										
Waste (000s tonnes)	5,572	6,082	6,208	4,499	22,361	3,197	3,239	4,428	4,930	15,794
Ore (000s tonnes)	4,859	3,638	3,863	4,163	16,523	4,419	3,887	3,733	4,191	16,230
Total (000s tonnes)	10,431	9,720	10,071	8,662	38,884	7,616	7,126	8,161	9,121	32,024
Strip Ratio (Waste:Ore)	1.15	1.67	1.61	1.08	1.35	0.72	0.83	1.19	1.18	0.97
Rehandled ore and stockpile (000s tonnes)	1,215	1,347	1,313	1,581	5,456	1,844	1,079	1,697	1,722	6,342
Total material moved (000s tonnes)	11,646	11,067	11,384	10,243	44,340	9,460	8,205	9,858	10,843	38,366
Processing										
Throughput (000s tonnes)	5,257	4,261	4,429	5,080	19,027	4,699	4,035	4,363	4,888	17,985
Tonnes per day	58,412	46,821	48,143	55,222	52,130	52,207	44,336	47,426	53,134	49,273
Grade (%)[3]	0.32	0.34	0.34	0.32	0.33	0.30	0.34	0.34	0.36	0.33
Recoveries (%)[3]	82.3	88.2	89.1	86.9	86.5	86.8	87.4	87.4	86.5	87.2
Payable copper produced (tonnes)	13,872	12,887	13,677	14,510	54,946	12,413	12,276	13,171	15,397	53,257
Copper C1 cash cost[1] ($/pound payable copper produced)	2.60	2.82	2.60	2.48	2.63	3.09	2.98	2.83	2.36	2.79
Adjusted EBITDA[1] ($ millions)	71.1	48.1	16.7	32.0	167.9	41.2	17.8	24.9	41.8	125.7

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

2023 versus 2022 Insights

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

2023 production was 3% lower than 2022 mainly due to 6% lower mill throughput (49,273 tpd in 2023 versus 52,130 tpd in 2022) driven by heavy rainfall, including flooding, which resulted in plugged chutes and screens, conveyor belt replacement/structural support rebuild, and unplanned maintenance on the secondary crusher and associated conveyors which caused the equivalent of twenty days of downtime, and unplanned equipment maintenance. Recoveries were higher than 2022 (87.2% 2023 versus 86.5% 2022) on lower mill throughput. The mill feed grade was consistent with the same period last year (0.33% in 2023 versus 0.33% in 2022).

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

[1] These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".

2023 C1 cash costs[1] of $2.79/lb were 6% higher compared to the same period last year of $2.63/lb primarily due to increased mining costs due to inflationary pressures on explosives and electricity cost, and higher spend on rental equipment, mining equipment tools and maintenance contractors ($0.27/lb) and lower production ($0.08/lb), partially offset by higher gold by-product credits and lower treatment costs (-$0.15/lb).

Capital Expenditures

Sustaining capital[1] in Q4 2023 of $2.5 million was spent primarily on investing in infrastructure upgrades that will increase water reclaim, the tailings buttress project and mining equipment component replacements. Capitalized stripping increased in Q4 2023 compared to the same period last year as waste removal from the northwest section of phase 3 was increased due to the lower ore demand and increased truck availability.

($ millions)	**Q4 2023**	**Q4 2022**	**2023**	**2022**
Capitalized stripping	**9.5**	5.6	**20.4**	22.7
Sustaining capital[1]	**2.5**	27.2	**52.8**	78.2
Expansionary capital[1]	**—**	1.7	**3.7**	10.8
Right of use assets	**3.5**	1.5	**26.4**	1.5
Pinto Valley mine additions	**15.5**	36.0	**103.3**	113.2

[1] *These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".*

3.2 Mantos Blancos – Antofagasta, Chile

Operating Statistics

	2022					2023				
	Q1[4]	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Production (contained metal and cathode)[2]										
Copper in Concentrate (tonnes)	704	8,685	9,593	9,975	28,957	10,847	8,358	9,133	9,664	38,002
Cathode (tonnes)	330	3,713	4,003	4,228	12,274	3,275	3,292	3,030	1,923	11,520
Total Copper (tonnes)	1,034	12,398	13,596	14,203	41,231	14,122	11,650	12,163	11,587	49,522
Mining										
Waste (000s tonnes)	—	11,671	10,837	17,112	39,620	12,906	13,545	13,945	14,876	55,272
Ore (000s tonnes)	—	8,409	8,559	4,713	21,681	7,443	6,374	4,674	3,383	21,874
Total (000s tonnes)	—	20,080	19,396	21,825	61,301	20,349	19,919	18,619	18,259	77,146
Strip Ratio (Waste:Ore)	—	1.39	1.27	3.63	1.83	1.73	2.13	2.98	4.40	2.53
Rehandled ore and stockpile (000s tonnes)	—	801	1,425	1,794	4,020	1,758	1,674	1,702	1,356	6,490
Total material moved (000s tonnes)	—	20,881	20,821	23,619	65,321	22,107	21,593	20,321	19,615	83,636
Mill operations										
Throughput (000s tonnes)	—	1,385	1,319	1,403	4,107	1,442	1,325	1,304	1,271	5,342
Tonnes per day	—	15,218	14,334	15,246	14,935	16,023	14,555	14,176	13,814	14,635
Grade (%)[3]	—	0.90	0.92	0.94	0.92	0.94	0.85	0.92	0.92	0.91
Recoveries (%)[3]	—	69.7	79.3	75.1	72.5	80.2	73.9	76.3	82.9	78.4
Dump operations										
Throughput (000s tonnes)	—	3,138	2,680	4,128	9,946	2,635	2,946	2,038	1,542	9,161
Grade (%)[3]	—	0.18	0.16	0.19	0.18	0.18	0.16	0.16	0.17	0.17
Silver										
Production contained (000s ounces)	22	314	263	312	911	365	245	245	251	1,106
Payable copper produced (tonnes)	1,011	12,129	13,270	13,864	40,274	13,753	11,365	11,852	11,258	48,228
Sulphides C1 cash cost[1] ($/pound payable copper produced)	—	2.49	2.17	1.82	2.16	2.46	3.18	2.85	2.58	2.74
Cathode C1 cash cost[1] ($/pound payable copper produced)	—	3.67	3.87	2.69	3.41	3.36	3.08	2.75	3.32	3.11
Combined C1 cash cost[1] ($/pound payable copper produced)	3.33	2.85	2.68	2.09	2.54	2.68	3.15	2.82	2.71	2.83
Adjusted EBITDA[1] ($ millions)	8.3	34.1	8.8	27.3	78.5	37.4	12.0	22.5	26.9	98.8

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

2023 versus 2022 Insights

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

2023 production of 49.5 thousand tonnes, composed of 38.0 thousand tonnes from sulphide operations and 11.5 thousand tonnes of cathode from oxide operations, was 20% higher than the same period last year due to full operational Q1 2023 compared to a nine-day stub period in Q1 2022.

Comparing like-for-like periods, Q2 2023 through Q4 2023 production was 35.4 thousand tonnes, composed of 27.2 thousand tonnes from sulphide operations and 8.2 thousand tonnes of cathode from oxide operations, which was 12% lower than the same period last year due to 3.7 thousand tonnes less oxide production primarily driven by lower dump throughput, grade and recoveries impacting cathode production. The lower sulphide production was impacted by mill downtime caused by unplanned repair and maintenance of a mill lubrication system, restricted throughputs caused by tailings dewatering challenges due to presence of clays in the top benches of Phase 20, and other challenges related to the integration of pre-existing and new equipment and planned repair and maintenance of the concentrator plant that lasted six days (liners and major components change) in Q2 2023.

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

Combined 2023 C1 cash costs[1] of $2.83/lb ($2.74/lb sulphides and $3.11/lb cathodes) were 11% higher compared to $2.54/lb in 2022 mainly due to lower production partially offset by lower acid prices.

Capital Expenditures

Sustaining capital[1] in Q4 2023 of $19.0 million was spent primarily on mining equipment component replacements, an environmental compliance program and the engineering study of the 20,000 tpd plan. Capitalized stripping in Q4 2023 was $23.4 million, consistent with the same period last year.

($ millions)	**Q4 2023**	**Q4 2022**	**2023**	**2022**
Capitalized stripping	**23.4**	23.5	**77.7**	57.7
Sustaining capital[1]	**19.0**	3.1	**32.5**	13.6
Expansionary capital[1]	**—**	—	**—**	28.0
Capitalized interest on construction in progress	**—**	—	**—**	4.2
Right of use assets	**—**	1.1	**1.2**	1.1
Mantos Blancos mine additions[2]	**42.4**	27.7	**111.4**	104.6

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

3.3 Mantoverde (70% ownership) – Atacama, Chile

Operating Statistics

	2022					2023				
	Q1[4]	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Production (contained)[2, 3]										
Cathode (tonnes)	1,208	13,050	11,581	10,462	36,301	8,532	8,290	8,560	10,019	35,401
Mining										
Waste (000s tonnes)	—	13,501	15,020	17,113	45,634	19,480	21,153	24,170	18,171	82,974
Ore (000s tonnes)	—	5,876	5,816	6,644	18,336	5,534	5,769	6,438	7,652	25,393
Total (000s tonnes)	—	19,377	20,836	23,757	63,970	25,014	26,922	30,608	25,823	108,367
Strip Ratio (Waste:Ore)	—	2.30	2.58	2.58	2.49	3.52	3.67	3.75	2.37	3.27
Rehandled Ore (000s tonnes)	—	3,366	3,041	3,508	9,915	4,926	5,604	4,386	3,073	17,989
Total material moved (000s tonnes)	—	22,743	23,877	27,265	73,885	29,940	32,526	34,994	28,896	126,356
Heap operations										
Throughput (000s tonnes)	—	2,763	2,475	2,847	8,085	2,754	2,657	2,684	2,831	10,926
Grade (%)	—	0.49	0.45	0.40	0.45	0.31	0.31	0.32	0.41	0.34
Recoveries (%)	—	75.7	86.7	77.0	77.2	69.0	73.4	66.5	64.6	68.0
Dump operations										
Throughput (000s tonnes)	—	2,644	3,788	3,046	9,478	3,895	3,707	2,756	4,277	14,635
Grade (%)	—	0.17	0.17	0.15	0.16	0.17	0.17	0.17	0.16	0.17
Recoveries (%)	—	41.9	40.1	37.7	39.8	39.9	37.4	59.4	37.7	42.4
Payable copper produced (tonnes)	1,208	13,050	11,581	10,462	36,301	8,532	8,290	8,560	10,019	35,401
Copper C1 cash cost[1] ($/pound payable copper produced)	3.63	3.40	3.87	3.65	3.63	4.02	3.92	3.74	3.68	3.83
Adjusted EBITDA[1] ($ millions)	7.2	5.8	(17.7)	(4.6)	(9.3)	(4.0)	(11.8)	1.2	(4.1)	(18.7)

[2] Adjustments based on final settlements will be made in future quarters
[3] Production shown on a 100% basis
[4] Represents nine days of production

2023 versus 2022 Insights

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

2023 production of 35.4 thousand tonnes was lower than the same period last year, despite of a full operational Q1 2023 compared to nine-day stub period in Q1 2022 due to lower heap grades as a result of mine sequence (0.34% YTD 2023 versus 0.45% YTD 2022) and lower recoveries due to lower solubility ratio of the processed mineral and lower grades.

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

2023 C1 cash costs[1] were $3.83/lb, 6% higher than $3.63/lb in 2022 mainly related to lower production which was partially offset by lower key consumable prices.

Capital Expenditures

Sustaining capital[1] in Q4 2023 of $6.0 million was spent primarily to enable a new leaching area (fourth level) and mining equipment component replacements. Expansionary capital[1] in Q4 2023 of $41.0 million related to MVDP.

($ millions)	Q4 2023	Q4 2022	2023	2022
Capitalized stripping	**25.2**	67.3	**119.4**	67.3
Sustaining capital[1]	**6.0**	14.0	**32.2**	27.7
Expansionary capital[1]	**41.0**	52.0	**275.3**	203.6
Capitalized interest and other on construction in progress	**22.3**	8.7	**72.2**	19.2
Right of use assets	**1.8**	7.1	**30.1**	31.8
Mantoverde mine additions[2]	**96.3**	149.1	**529.2**	349.6

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

[1] *These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".*

3.4 Cozamin Mine – Zacatecas, Mexico

Operating Statistics

	2022					2023				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Production (contained)[2]										
Copper (tonnes)	5,921	6,397	6,357	5,776	24,451	5,239	6,622	5,915	6,564	24,340
Silver (000s ounces)	271	439	353	313	1,376	282	367	330	370	1,349
Zinc (000s pounds)	798	271	525	103	1,697	68	156	—	—	224
Mining										
Ore (000s tonnes)	342	346	350	316	1,354	306	347	347	338	1,338
Processing										
Milled (000s tonnes)	333	352	352	316	1,353	307	345	328	348	1,328
Tonnes per day	3,704	3,874	3,829	3,430	3,803	3,410	3,792	3,567	3,786	3,639
Copper										
Grade (%)[3]	1.84	1.88	1.86	1.89	1.87	1.77	1.98	1.86	1.95	1.89
Recoveries (%)	96.6	96.7	96.8	96.8	96.7	96.6	96.9	96.8	96.8	96.8
Silver										
Grade (g/t)[3]	41.9	36.4	37.9	37.4	38.4	35.1	40.1	37.7	39.9	38.3
Recoveries (%)	82.6	82.0	82.1	82.3	82.3	81.3	82.5	82.4	82.6	82.3
Zinc										
Grade (%)[3]	0.43	0.33	0.36	0.32	0.36	0.26	0.31	—	—	0.29
Recoveries (%)	25.4	10.7	18.9	4.6	15.8	6.6	6.6	—	—	6.6
Payable copper produced (tonnes)	5,690	6,144	6,108	5,544	23,486	5,033	6,361	5,680	6,309	23,383
Copper C1 cash cost[1] ($/pound payable copper produced)	1.12	1.25	1.20	1.40	1.24	1.72	1.63	1.85	1.76	1.74
Adjusted EBITDA[1] ($ millions)	44.7	36.7	23.9	32.6	137.9	30.9	34.0	24.9	30.3	120.1

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.*

2023 versus 2022 Insights

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

2023 production was consistent with 2022. Lower mill throughput as a result of a change in mining method (from all long-hole to a mix of long-hole and cut-and-fill) in Q1 2023 and mill shutdown in Q3 2023 (3,639 tpd in 2023 versus 3,803 tpd in 2022) was offset by higher grades (1.89% in 2023 versus 1.87% in 2022). Recoveries were consistent with the same period last year.

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

2023 C1 cash costs[1] were 40% higher than the same period last year primarily due to the change in mining method which resulted in an increase in contractor utilization and higher spend on bolting, and unfavourable foreign exchange rate ($0.44/lb) and higher treatment costs ($0.05/lb).

Capital Expenditures

Sustaining capital[1] spending at Cozamin of $6.5 million for Q4 2023, mainly related to mine development and mine equipment.

The dry stack and pastefill plants were fully operational in Q3 2023.

Capitalized exploration expenditures totaled $1.1 million for Q4 2023. This was primarily spent on infill drilling at the Mala Noche Main Vein West Target.

($ millions)	Q4 2023	Q4 2022	2023	2022
Sustaining capital[1]	**6.5**	8.8	**27.6**	31.3
Expansionary capital[1]	**—**	11.0	**9.6**	38.7
Brownfield exploration	**1.1**	0.5	**2.4**	3.3
Right of use assets	**—**	—	**0.2**	0.3
Cozamin mine additions	**7.6**	20.3	**39.8**	73.6

[1] *These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".*

3.5 Santo Domingo Project – Chile (Copper and Iron)

Capital Expenditures

Project development costs related to work on the feasibility study, metallurgical testwork, sectorial permit activities as required by the original Environmental Permit and to assist with the ongoing Santo Domingo project optimization feasibility study and the update of the original Environmental Permit.

In Q4 2023, Santo Domingo commenced payments on a substation access agreement which resulted in the recognition of a right-of use asset.

($ millions)	Q4 2023	Q4 2022	2023	2022
Capitalized project costs	**4.2**	3.7	**21.1**	27.3
Right of use assets	**15.1**	—	**15.1**	—
Total project	**19.3**	3.7	**36.2**	27.3

3.6 Exploration

($ millions)	Q4 2023	Q4 2022	2023	2022
Greenfield exploration (expensed to income statement)	**0.3**	2.5	**5.0**	9.6
Brownfield exploration (capitalized to mineral properties) - Cozamin	**1.1**	0.5	**2.4**	3.3
Total exploration[2]	**1.4**	3.0	**7.4**	12.9

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

Capstone Copper's exploration team is predominantly focused on organic growth opportunities to expand mineral resources and mineral reserves at all four mines and the Santo Domingo development project. Capstone also has a portfolio of 100% owned claims acquired by staking in Sonora, Mexico and in Northern Chile.

On November 3rd, 2023, Capstone and Lara Exploration Ltd. ("Lara") signed the definitive relinquishment of the Planalto Option Agreement. Consequently, Capstone has forfeited its ownership options on the Planalto Project (Carajas, Brazil).

At Mantoverde and Mantos Blancos during the second half of 2023, exploration activities focused on reviewing historic data, limited field work, IP surveys, and rock geochemistry to support additional targeting for near-mine and resource expansion opportunities.

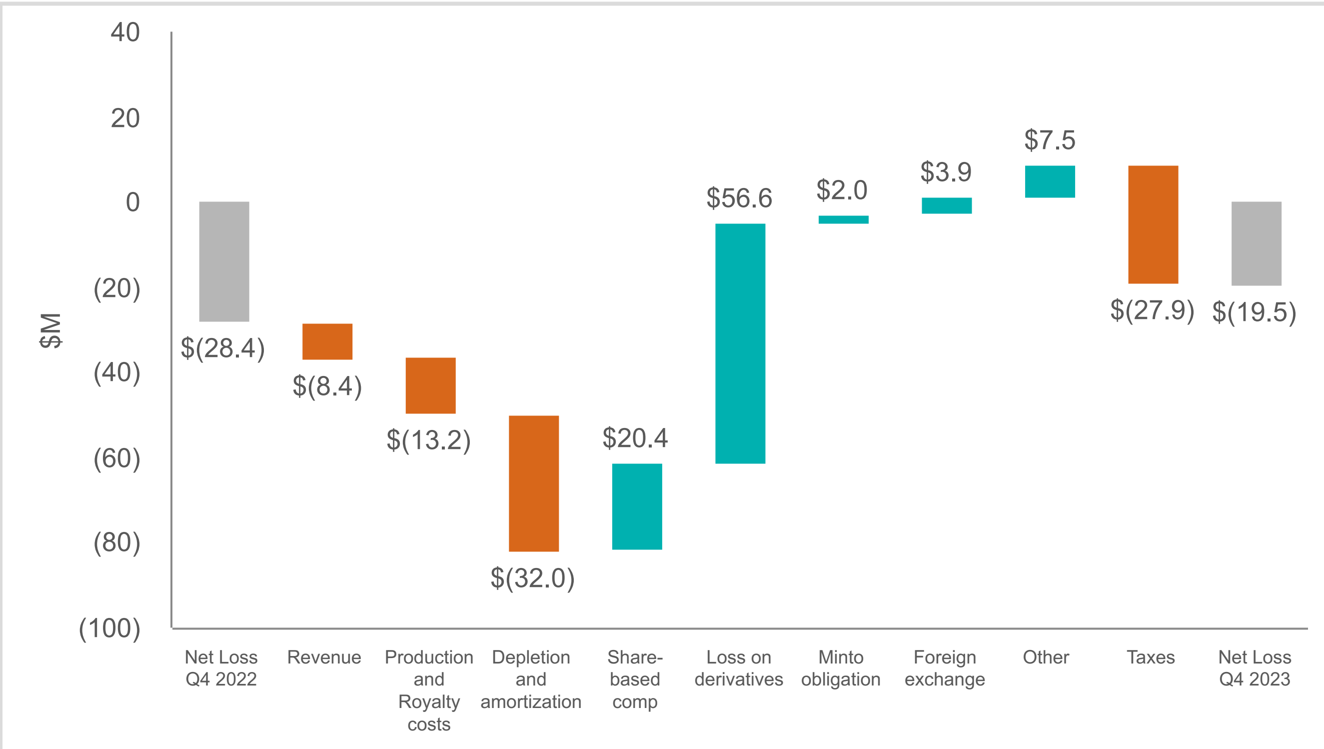
4.0 FINANCIAL REVIEW

4.1 Consolidated Results

Consolidated Net (Loss) Income Analysis

Net Loss for the Three Months Ended December 31, 2023 and 2022

The Company recorded net loss of $19.5 million for the three months ended December 31, 2023 compared with net loss of $28.4 million in Q4 2022. The major differences are outlined below:



The difference quarter-over-quarter was driven by:

- Revenue: $8.4 million or 2% of the decrease was driven by lower copper volumes sold (Q4 2023 – 43.3 thousand tonnes, Q4 2022 – 44.7 thousand tonnes) on lower production (Q4 2023 – 44.1 million tonnes, Q4 2022 – 45.5 million tonnes). The realized copper prices[1] were on par quarter-over-quarter (Q4 2023 - $3.74 per pound, Q4 2022 - $3.74 per pound),
- Production and Royalty costs: $13.2 million increase primarily driven by:
  - Pinto Valley recorded $9.8 million higher production costs in Q4 2023 compared to Q4 2022 as a result of higher contractor spend and mechanical parts costs, unplanned downtime and maintenance, and higher copper volumes sold (Q4 2023 – 15.7 thousand tonnes, Q4 2022 – 13.5 thousand tonnes).
  - Cozamin recorded $5.6 million higher production costs in Q4 2023 compared to Q4 2022 as a result of inflationary increase in costs, unfavourable foreign exchange rate, and higher copper volumes sold (Q4 2023 – 6.1 thousand tonnes, Q4 2022 – 5.9 thousand tonnes).
  - Mantos Blancos recorded $4.0 million higher production costs in Q4 2023 compared to Q4 2022 due to plant maintenance and spare parts spend, and higher contractor spend and labour costs driven by unfavourable foreign exchange rate and inflation impact.
  - Mantoverde recorded $5.8 million lower production costs in Q4 2023 compared to Q4 2022 as a result of lower copper volumes sold (Q4 2023 – 9.3 thousand tonnes, Q4 2022 – 14.2 thousand tonnes), and lower key consumable prices.
- Depletion and amortization: $32.0 million increase primarily due to an increase in depreciable capital assets, commercial production being declared on the Mantos Blancos Concentrator Debottlenecking Project ("MB-CDP") and depreciation beginning January 2023.
- Share-based compensation expense: $20.4 million decrease quarter-over-quarter as a result of mark to market adjustments on share unit liabilities reflecting the lower increase in the share price during Q4 2023

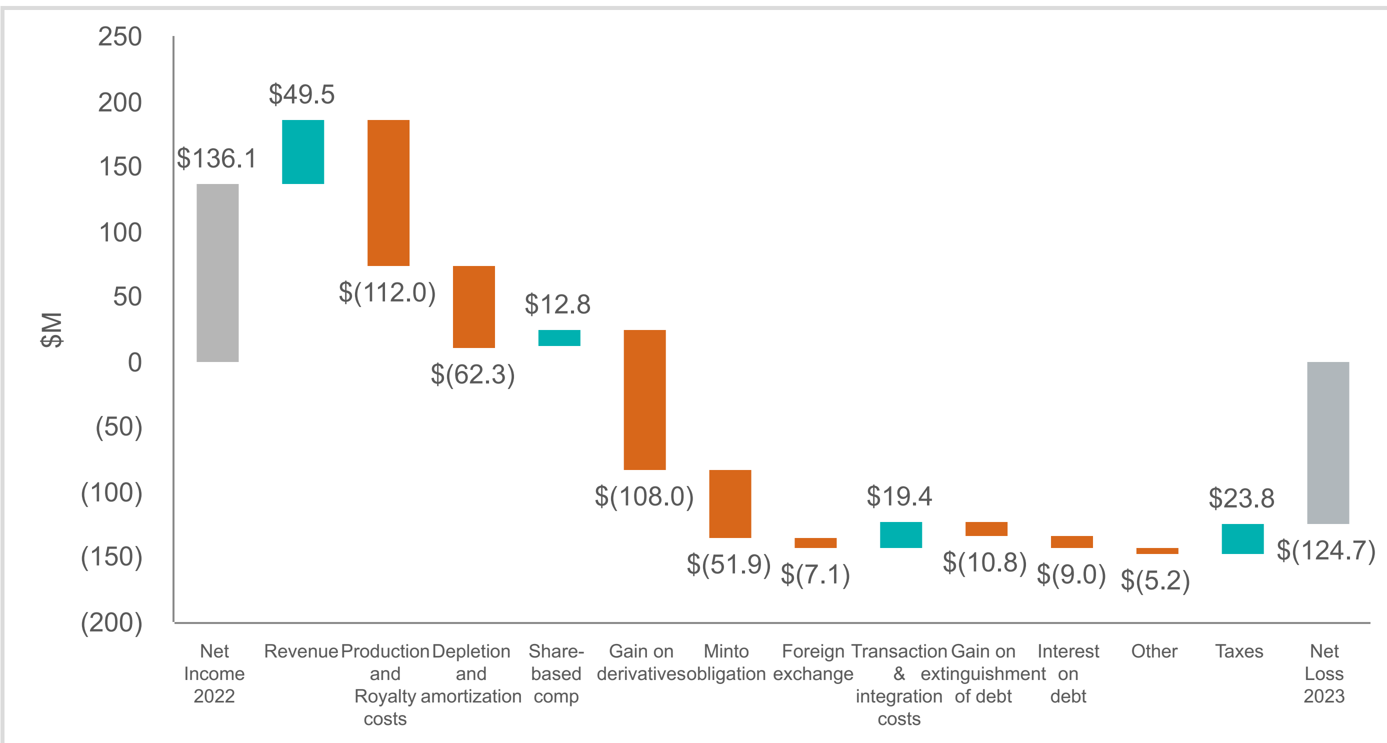
[1] *These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".*

vs. Q4 2022 (C$5.76 opening price as at September 30, 2023 to C$6.45 closing price as at December 31, 2023 vs. C$3.26 opening price as at September 30, 2022 to C$4.94 closing price as at December 31, 2022), and lower number of stock options and share units outstanding at Q4 2023 vs. Q4 2022.

- Loss on derivatives: $56.6 million decrease primarily due to a lower net loss on copper commodity contracts (Q4 2023 – $5.5 million, Q4 2022 – $77.2 million). Copper forward curve prices increased from $3.75/lb as at September 30, 2023 to $3.88/lb as at December 31, 2023, compared with a more significant increase from $3.43/lb at September 30, 2022 to $3.80/lb at December 31, 2022 resulting in a larger unrealized derivatives loss in Q4 2022.
- Minto obligation: $2.0 million decrease as a result of a revision in the Company's obligation.
- Net other expenses: $7.5 million decrease primarily due to the union bonus at Mantoverde expensed during Q4 2022, and restructuring and integration costs not present in Q4 2023, partially offset by the $7.1 million expense recognized related to the gold stream obligation.
- Income taxes recovery: $27.9 million decrease as a result of the above changes.

Net (Loss) Income for the Years Ended December 31, 2023 and 2022

The Company recorded a net loss of $124.7 million for the year ended December 31, 2023 compared with net income of $136.1 million in 2022. The major differences are outlined below:



The difference year-over-year was driven by:

- Revenue: $49.5 million or 4% of the increase was driven by higher realized copper prices[1] (2023 - $3.84 per pound, 2022 - $3.76 per pound), a full quarter of results in Q1 2023 versus nine days in Q1 2022 from Mantos Blancos and Mantoverde, and higher by-product gold sales.
- Production and Royalty costs: $112.0 million increase primarily driven by:
  - Pinto Valley recorded $17.5 million higher production costs in 2023 compared to 2022 as a result of inflationary increases in costs and unplanned downtime and maintenance, and partially offset by lower copper volumes sold (2023 – 53.1 thousand tonnes, 2022 – 56.8 thousand tonnes).
  - Cozamin recorded $20.7 million higher production costs in 2023 compared to 2022 as a result of changing in mining method to include cut and fill mining, unfavourable foreign exchange rate, and partially offset by lower copper volumes sold (2023 – 22.6 thousand tonnes, 2022 – 23.1 thousand tonnes).
  - Mantos Blancos recorded $85.6 million higher production costs in 2023 compared to 2022 as a result of higher copper volumes sold (2023 – 49.3 thousand tonnes, 2022 – 40.6 thousand

tonnes), and increased spend on plant maintenance and spare parts, and higher contractor and labour costs driven by unfavourable foreign exchange rate and inflation impact.
  - Mantoverde recorded $12.9 million lower production costs in 2023 compared to 2022 primarily as a result of lower copper volumes sold (2023 - 35.2 thousand tonnes vs. 2022 - 39.3 thousand tonnes), and lower acid prices (2023 - $164.1/t vs. 2022 - $253.8/t).
- Depletion and amortization: $62.3 million increase primarily due to a full quarter of results in Q1 2023 versus nine days in Q1 2022 from Mantos Blancos and Mantoverde (increase of $13.4 million), higher volumes sold, commercial production being declared on MB-CDP and depreciation beginning January 2023, and start of paste plant operations at Cozamin.
- Share-based compensation: $12.8 million decrease primarily due to lower number of stock options and share units outstanding at December 31, 2023 versus at December 31, 2022.
- Gain on derivatives: $108.0 million decrease primarily due to a lower net change on copper commodity contracts (2023 – $6.4 million loss, 2022 – $92.9 million gain). Copper forward curve prices increased from $3.80/lb as at December 31, 2022 to $3.88/lb as at December 31, 2023, vs. a decrease from $4.41/lb at December 31, 2021 to $3.80/lb at December 31, 2022.
- Minto obligation: $51.9 million one-off expense as a result of the Company's obligations in relation to Minto ceasing operations during Q2 2023.
- Foreign exchange: $7.1 million change primarily due to foreign exchange impacts from Mantos Blancos and Mantoverde as a result of a stronger Chilean Peso in 2023 vs. 2022, in addition to the impacts of the strengthening Mexican Peso at Cozamin.
- Transaction & Integration costs: $19.4 million decrease due to the Mantos transactions costs that were incurred in Q1 2022.
- Gain on extinguishment of debt: $10.8 million decrease as result of expensing the $2.7 million in previously capitalized financing fees due to the Revolving Credit Facility ("RCF") amendment in Q3 2023 vs.the $8.0 million gain from the full repayment on the Mantos Blancos CDP loan from Glencore during Q3 2022.
- Interest on long-term debt and surety bonds: $9.0 million increase primarily due to higher interest expense incurred on RCF draw downs.
- Net other expenses: $5.2 million increase primarily due to the $7.1 million expense recognized related to the gold stream obligation.
- Income taxes expense: $23.8 million decrease due to a net loss in 2023 compared to a net income in 2022, and partially offset by the deferred income tax expense impact from the Chilean tax reform of $31.5 million in Q3 2023.

4.2 Revenue Analysis

Revenue decreased quarter-on-quarter ($353.7 million versus $362.1 million in Q4 2022) primarily due to lower copper volumes sold (43.3 thousand tonnes versus 44.7 thousand tonnes in Q4 2022). The realized copper price[1] was on par quarter-on-quarter ($3.74 per pound versus $3.74 per pound in Q4 2022).

YTD revenue increased year-on-year ($1,345.5 million versus $1,296.0 million in 2022) due to a higher realized copper price[1] ($3.84 per pound versus $3.76 per pound in 2022), and slightly higher copper volumes sold (160.2 thousand tonnes versus 159.9 thousand tonnes in 2022). 2023 includes a full quarter of sales volumes in Q1 2023 versus the nine days stub period in Q1 2022 from Mantos Blancos and Mantoverde.

Revenue by Mine

($ millions)	**Q4 2023[2]**		Q4 2022[2]		**2023[2]**		2022[2]	
Pinto Valley	**126.3**	**35.7 %**	122.5	33.8 %	**443.9**	**33.0 %**	473.6	36.5 %
Mantos Blancos	**98.9**	**28.0 %**	115.0	31.8 %	**407.2**	**30.3 %**	307.3	23.7 %
Mantoverde	**72.2**	**20.4 %**	87.8	24.2 %	**286.1**	**21.3 %**	315.4	24.3 %
Cozamin	**56.6**	**16.0 %**	54.6	15.1 %	**213.9**	**15.9 %**	217.0	16.7 %
Corporate[3]	**(0.3)**	**(0.1)%**	(17.8)	(4.9)%	**(5.6)**	**(0.5)%**	(17.3)	(1.2)%
Total revenue	**353.7**	**100.0 %**	362.1	100.0 %	**1,345.5**	**100.0 %**	1,296.0	100.0 %

[2] The current and subsequent periods may include final settlement quantity and/or price adjustments from prior shipments.
[3] The Corporate revenue is related to the net changes on quotational period hedges.

Provisionally Priced Copper

Gross revenue for the year ended December 31, 2023 includes 46.6 thousand tonnes of copper sold subject to final settlement. Of this, the prices for 21.9 thousand tonnes are final at a weighted average price of $3.74 per pound. The remaining 24.7 thousand tonnes are subject to price change upon final settlement at the end of the applicable quotational period, as follows:

						($/pound)
Quotational Period	**Pinto Valley**	**Mantos Blancos**	**Mantoverde**	**Cozamin**	**Total**	**Provisional Price**
Jan-2024	2.6	3.1	1.9	1.7	9.3	3.86
Feb-2024	2.8	4.4	—	—	7.2	3.87
Mar-2024	—	2.8	—	—	2.8	3.88
Apr-2024	5.4	—	—	—	5.4	3.89
Total	10.8	10.3	1.9	1.7	24.7	3.87

Provisional pricing is a term in copper concentrate and copper cathode sales agreements that provides for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average LME copper price for specific future periods, normally ranging from one to four months after delivery to the customer. The difference between provisional invoice price and final invoice price is recognized in net earnings. In order to mitigate the impact of these adjustments on net earnings, in August 2022, the Company initiated a quotational period ("QP") hedging program to mitigate the impact of the difference between provisional invoice prices and the final price. The provisional pricing gains or losses and the offsetting derivative gains or losses are recognized in pricing and volume adjustments in revenue.

Of the 24.7 thousand tonnes subject to price change upon final settlement, 8.9 thousand tonnes have been hedged as at December 31, 2023, and 8.9 thousand tonnes of December 2023 sales have been hedged in January 2024. The remaining 6.9 thousand tonnes are not hedged as these volumes have a declared quotational period of January 2024, which the QP hedging program is designed to achieve average LME price of the month after month of shipment.

Reconciliation of Realized Copper Price[1]

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

	Q4 2023	Q4 2022	2023	2022
Gross copper revenue				
Gross copper revenue on new shipments	**356.0**	357.7	**1,350.2**	1,383.4
Realized pricing and volume adjustments on copper revenue	**(3.9)**	(17.8)	**(0.6)**	(60.0)
Unrealized pricing and volume adjustments on copper revenue	**4.6**	29.0	**6.5**	1.3
Gross copper revenue including pricing and volume adjustments	**356.7**	368.9	**1,356.1**	1,324.7
Gross copper revenue on new shipments ($/pound)	**3.73**	3.63	**3.82**	3.93
Realized pricing and volume adjustments on copper revenue ($/pound)	**(0.04)**	(0.18)	**—**	(0.18)
Unrealized pricing and volume adjustments on copper revenue ($/pound)	**0.05**	0.29	**0.02**	0.01
Realized copper price[1] ($/pound)	**3.74**	3.74	**3.84**	3.76
LME average copper price ($)	**3.70**	3.63	**3.85**	4.00
LME close price ($)	**3.84**	3.74	**3.84**	3.74
Gross copper revenue - reconciliation to financials				
Gross copper revenue including pricing and volume adjustments	**356.7**	368.9	**1,356.1**	1,324.7
Revenue from other metals	**17.9**	12.5	**58.8**	43.5
Treatment and selling	**(20.9)**	(19.3)	**(69.4)**	(72.2)
Revenue per financials	**353.7**	362.1	**1,345.5**	1,296.0
Payable copper sold (tonnes)	**43,283**	44,698	**160,194**	159,863

[1] *These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".*

4.3 Consolidated Cash Flow Analysis[2]

($ millions)	Q4 2023	Q4 2022	2023	2022
Operating cash flow before changes in working capital	**80.4**	76.1	**204.8**	184.8
Changes in non-cash working capital	**(50.5)**	(49.7)	**(90.6)**	(93.8)
Other non-cash changes	**30.5**	(2.0)	**2.6**	(3.6)
Total cash flow from operating activities	**60.4**	24.4	**116.8**	87.4
Total cash flow used in investing activities	**(146.0)**	(159.8)	**(673.3)**	(370.7)
Total cash flow from financing activities	**83.2**	110.2	**508.5**	192.1
Effect of foreign exchange rates on cash and cash equivalents	**0.4**	1.1	**3.7**	(0.6)
Net change in cash and cash equivalents	**(2.0)**	(24.1)	**(44.3)**	(91.8)
Opening cash and cash equivalents	**128.0**	194.4	**170.3**	262.1
Closing cash and cash equivalents	**126.0**	170.3	**126.0**	170.3

[2] *Certain of prior period comparative figures have been reclassified to conform with the current year's presentation. Refer to Note 2 in December 31, 2023 consolidated financial statements.*

Changes in Cash Flows for the Three Months Ended December 31, 2023 and 2022

The net change in cash was $(2.0) million in Q4 2023 compared to $(24.1) million in Q4 2022. The change was primarily due to:

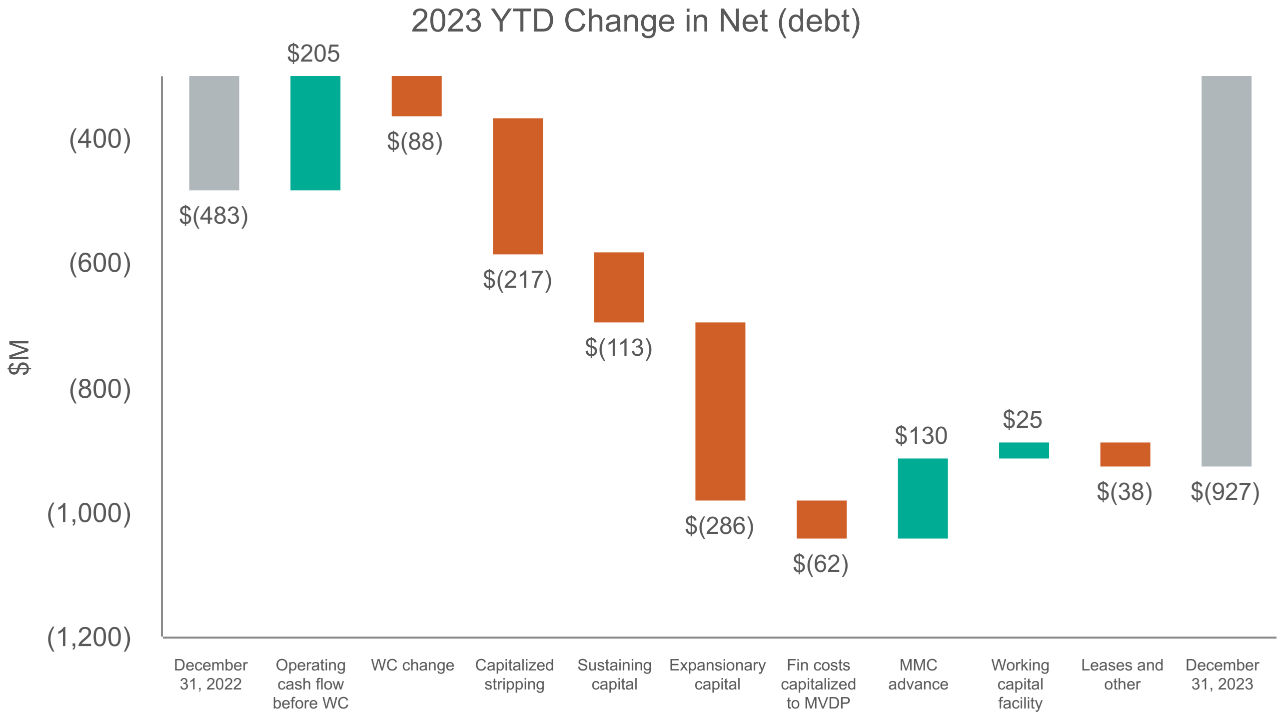
- Cash flow from operating activities before changes in working capital was higher by $4.3 million. Revenue less production costs were lower in Q4 2023 versus Q4 2022 by $22.1 million (Q4 2023 revenue of $353.7 million less production costs of $254.5 million compared to Q4 2022 revenue of $362.1 million less production costs of $240.8 million) which was offset by lower taxes paid.
- Changes in non-cash working capital in Q4 2023 were consistent with the comparative period.
- Cash flow used in investing activities was $13.8 million lower in Q4 2023 mainly due to the timing of payments related to capital expenditures.
- Cash flow from financing activities was $27.0 million lower in Q4 2023 primarily due to $69.0 million net proceeds from the RCF and $27.9 million from related party shareholder loan from Mitsubishi Materials Corporation ("MMC") compared to $90.0 million net proceeds from the RCF and $37.1 million from related party shareholders loan from MMC in the comparative period. In addition, lease payments were $5.7 million higher in Q4 2023 versus Q4 2022 and receipts on derivative contracts settled in Q4 2023 were $6.5 million higher versus Q4 2022.

Changes in Cash Flows for the Years Ended December 31, 2023 and 2022

The net change in cash was $(44.3) million in 2023 compared to $(91.8) million in 2022. The change was primarily due to:

- Operating cash flow before changes in working capital was higher by $20.0 million. Revenue less production costs were lower in 2023 versus 2022 by $61.4 million (2023 revenue of $1,345.5 million less production costs of $1,014.0 million compared to 2022 revenue of $1,296.0 million less production costs of $903.1 million) which was partially offset by $44.3 million lower income tax paid.
- Changes in non-cash working capital was higher by $3.2 million primarily due to a decrease in accounts receivable and inventory, partially offset by a decrease in accounts payable.
- Cash flow used in investing activities was $302.6 million higher in 2023 mainly on higher capital spend due to addition of Mantos Blancos and Mantoverde mines full Q1 2023 versus nine days in Q1 2022. Also, 2022 cash used in investing activities included a positive offset of $219.2 million of cash and cash equivalents assumed on the Transaction.
- Cash flow from financing activities was $316.4 million higher in 2023 primarily due to net proceeds of $399.0 million from RCF, $25.0 million from Working Capital Facility, and $129.9 million from related party shareholder loan from MMC versus net proceeds of $240.3 million from RCF and $60.0 million related party advance from MMC under the COF, $3.2 million net receipts from derivative contracts settlements in 2023 versus $39.4 million net payments in 2022, partially offset by a $34.7 million payment to KORES under the Share Purchase Agreement in 2022 and higher incremental lease payments in 2023 as a result of an increase in leases.

4.4 Liquidity and Financial Position



The increase in Net (debt)[1] as at December 31, 2023, compared to December 31, 2022, is primarily attributable to the capital spend on the MVDP and other capital projects including capitalized stripping.

Credit Facilities

Mantoverde Development Project Facility

In order to fund the construction of MVDP, the Company secured a senior secured amortizing project debt facility in an aggregate amount of $520 million (the "MVDP Facility", comprising the “Covered Facility” $250 million, the “Uncovered Facility” $210 million, and the “ECA Direct Facility” $60 million). These project finance facilities are subject to affirmative, financial and restrictive covenants that include obligations to maintain the security interests in favour of the lenders over substantially all of the Mantoverde assets, insurance coverage, maintenance of off-take agreements, environmental and social compliance, restrictions on new financial indebtedness, distributions and dispositions, and compliance with certain financial ratios. As at December 31, 2023, the Company was in compliance with these covenants.

At December 31, 2023, $520 million was drawn on the MVDP Facility with $6.6 million recognized as an adjustment to record the debt at its fair value as required as part of the accounting for the business combination with Mantos (December 31, 2022 - $520 million and $7.5 million). This fair value adjustment amortizes down to its historical cost over the duration of the MVDP Facility.

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

Interest on borrowings under the MVDP Facility is payable quarterly. As a result of Interest Rate Benchmark Reform, the Company has completed the transition from LIBOR to an adjusted SOFR for its MVDP debt financing facility. The transition resulted in a variable rate of SOFR compounded daily to a 3-month period plus 0.2616% per annum, with margins unchanged (i.e., 1.65% for the Covered Facility and, with respect to the Uncovered Facility, a rate of 3.75% and with respect to the ECA Direct Facility, a rate of 4.00% pre-completion of the MVDP, and decreasing to 3.50% and 3.75% respectively post-completion of the MVDP). Pursuant to the Covered Facility, an

[1] *These are non-GAAP performance measures. Refer to the MD&A section titled “Non-GAAP and Other Performance Measures”.*

export credit agency guaranteed premium of 2.05% per annum is also payable quarterly and calculated over amounts outstanding under the Covered Facility. The MVDP Facility is secured by a comprehensive security package covering substantially all of the Mantoverde assets. The MVDP Facility amortizes from the earlier of September 30, 2024 and 180 days after project completion until December 2030 for the Uncovered Facility and December 2032 for the Covered Facility and ECA Direct Facility.

To mitigate the risk of movements in interest rates, and in compliance with a covenant in the MVDP Facility, a subsidiary of the Company entered into a fixed-for-floating SOFR swap at 1.015% with floating rate of daily SOFR, compounded to a quarterly rate, plus 0.2616% adjustment. The fixed-for-floating swap notional represents the notional amount as of the reporting period. The derivative instruments are a series of quarterly contracts, with notional amounts in line with planned quarterly balances based on expected project finance debt drawdown and expected amortization.

Mantoverde Cost Overrun Facility ("COF")
MMC agreed to provide a $60 million COF in exchange for additional off-take of copper concentrate production under a 10-year contract. The COF initially carried an interest rate of 3-month US$ LIBOR plus 1.70% and amortizing over 37 quarters from the earlier of September 30, 2024 or three quarters after project completion. As at December 31, 2023, the COF was fully drawn. Mantoverde SA was required to draw on the COF to fund any increases in capital over the original estimate of $785 million regardless of operating cash flow balance. As a result of Interest Rate Benchmark Reform, the Company completed the transition from LIBOR to an adjusted SOFR with MMC. The transition resulted in a variable rate of SOFR compounded daily to a 3-month period plus 0.2616% per annum, with margins unchanged.

Revolving Credit Facility
On September 22, 2023, Capstone amended its RCF to increase the aggregate commitments from $600 million to $700 million and extended the maturity from May 2026 to September 2027. The Amended RCF bears interest on a sliding scale of adjusted term SOFR plus a margin of 2.000% to 2.875%. This amendment was treated as an extinguishment of the previous debt facility, resulting in $2.7 million of deferred financing fees being written off during the year ended December 31, 2023.

The interest rate at December 31, 2023 was one-month adjusted term SOFR of 5.46% plus 2.125% (2022 - US LIBOR plus 1.88%) with a standby fee of 0.48% (2022 – 0.42%) payable on the undrawn balance (adjustable in certain circumstances).

The RCF is secured against the present and future real and personal property, assets and undertakings of Capstone Copper other than defined excluded entities which comprise the Mantoverde mine property and the Santo Domingo development property.

The RCF requires Capstone to maintain certain financial ratios relating to debt and interest coverage. Capstone was in compliance with these covenants as at December 31, 2023. As at December 31, 2023, the balance of the RCF was $474.0 million (December 31, 2022 - $75.0 million), excluding deferred financing fees of $1.9 million (December 31, 2022 - $3.4 million).

Working Capital Facility
During Q2 2023, one of the Company's Chilean subsidiaries entered into a short-term export credit facility with a local Chilean Bank with an interest rate of 6.41%. As at December 31, 2023 the balance of the facility was $25.6 million, including interest of $0.6 million. The Working Capital Facility is included in Current - Other Liabilities on the consolidated statement of financial position.

As at December 31, 2023, Capstone Copper was in a net (debt)[1] position of $927.2 million with $994.0 million long-term debt drawn in total, and $60.0 million drawn on the COF with MMC which is noted in Due to Related Party. As at December 31, 2023, the $994.0 million of long term debt consists of $520.0 million drawn on the MVDP facility and $474.0 million was drawn on the RCF. The current portion of the MVDP facility is $28.4 million.

Hedging

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

[1] *These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".*

- The Company has entered into zero costs collars ("ZCCs") whereby it sold a series of call option contracts and purchased a series of put option contracts for nil cash premium. The contracts were for 14,000 tonnes of copper covering the period from January 2024 through June 2024, and have weighted average floor and ceiling price of $3.69/lb and $4.33/lb, respectively. The Company also entered into fixed-for-floating swaps for 6,000 tonnes of copper covering the period from January 2024 to June 2024, and have a weighted average forward price of $3.79/lb; The intent is to ensure balance sheet protection and sufficient liquidity during the ramp up of MVDP in 2024. There was a realized loss of $17.2 million for year ended December 31, 2023 in respect of the ZCCs.

- In October 2023, Financial hedges were executed on foreign exchange rates to protect approximately 75% of the Company's Mexican Peso exposure from January through to December 2024, through Mexican Peso to US dollar exchange rate zero cost collars (being purchased puts and sold calls with offsetting values at inception). There was no realized gain or loss on these Mexican Peso zero cost collars for the year ended December 31, 2023.

- Financial hedges were executed on foreign exchange rates to protect approximately 75% of the Company's attributable Chilean Peso exposure on operating costs at Mantoverde and Mantos Blancos from October 2023 through to December 2024 all through Chilean Peso to US dollar exchange rate zero cost collars (being purchased puts and sold calls with offsetting values at inception). There was no realized gain or loss on the Chilean Peso zero cost collars for the year ended December 31, 2023.

- Financial hedges were executed on foreign exchange rates to protect the Company's CAD dollar exposure. The Company entered into ZCCs through to December 2024 whereby it sold a series of call option contracts and purchased a series of put option contracts for nil cash premium. There was a realized loss of $0.1 million on the CAD financial hedges for the year ended December 31, 2023.

- As a condition of the project financing for the MVDP, Mantoverde was required to effect certain hedging strategies as follows:
  - Fixed-for-floating copper swaps covering 65% of copper cathode production at an average price per tonne at inception of $7,698 (~$3.49/lb) through to June 30, 2024;
  - Fixed-for-floating SOFR swaps at 1.015% for 10-years, with a 0% floor on the adjusted SOFR rate within the first five years (expiring in September 2025);
  - CLP:US$ foreign exchange rate forwards at an average price of 727.7 and notional amount of approximately $104 million that mature in March 2024 to hedge 100% of the forecasted EPC contract costs denominated in CLP; and
  - CLF:US$ foreign exchange rate forwards at an average price of 41.7 and notional amount of approximately $321 million that mature in May 2024 to hedge 100% of the forecasted EPC contract costs denominated in CLF.
- The realized movements on Mantoverde's derivative portfolio was a $3.2 million gain for the year ended December 31, 2023.

- Pinto Valley contracted for fixed diesel prices with a supplier on its expected 2023 diesel consumption at $3.46/gallon for Q1 2023 and at $3.39/gallon for the remaining three quarters, and on its expected 2024 diesel consumption at $3.32/gallon from February to December 2024. The contracted diesel prices have resulted in cost savings of $4.2 million during the year ended December 31, 2023.

Financial Capability

The Company's ability to service its ongoing obligations and cover anticipated corporate, exploration and development costs associated with its existing operations is dependent on the Pinto Valley, Mantos Blancos, Mantoverde, and Cozamin mines generating positive cash flow and available liquidity[1]. We have reasonable expectations for our operating performance, additional liquidity options available such as capital market access, the recently amended and extended Corporate RCF of $700 million, $226 million of which is undrawn, and the hedging programs described above, which all provide both protection from further weakening of copper prices in 2024 and significant available liquidity as the Company completes the Mantoverde Development Project.

Our available liquidity[1] as at December 31, 2023 was $352.8 million, which included $126.8 million of cash and cash equivalents and short-term investments, and $226 million of undrawn amounts on our $700 million RCF.

Refer to additional details in the Subsequent Event section.

Capital Management

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

4.5 Commitments

Royalty Agreements

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

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

Agreement with Osisko Bermuda Limited ("Osisko")

Pursuant to a long-term streaming agreement made in 2015, that covers the life of mine, the Company delivers 100% of the payable silver sold by Mantos Blancos to Osisko Bermuda Limited ("Osisko"). Osisko pays a cash price of 8% of the spot price at the time of each delivery, in addition to an upfront acquisition price previously paid. After 19.3 million ounces of silver have been delivered under the agreement, the stream will be reduced to one-third. Mantos Blancos has delivered 5.6 million silver ounces since contract inception until December 31, 2023.

Agreement with Jetti Resources, LLC ("Jetti")

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

Off-take agreements

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

The Company has sales commitments equal to 100% of its copper cathode production at Mantoverde and Mantos Blancos under off-take agreements with Anglo American Marketing Limited ("AAML") and expect to deliver into the commitments by the end of 2024.

The Company has concentrate off-take agreements with third parties whereby they will purchase 100% of the copper concentrate produced by the Cozamin mine up to the end of December 2024.

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

The Company entered into an off-take agreement with Boliden Commercial AB ("Boliden") for 75,000 tonnes of copper concentrates in each contract year. The off-take agreement expires ten years after the commencement of commercial production at the MVDP, subject to potential extension if less than 750 thousand tonnes of copper concentrates have been delivered at the contract term and subject to termination if commercial production does not commence by December 31, 2024.
MMC agreed to provide a $60 million COF in exchange for additional off-take of copper concentrate production under a 10-year contract. The off-take agreement includes Mantoverde agreeing to sell 30% of its annual copper production per year delivered for its equivalent in copper concentrates, plus an additional amount of 30,000

tonnes of copper concentrate as a result of fully utilizing the COF that was provided by MMC in connection with the MVDP. The agreement between MMC and Mantoverde to sell 30% of its annual copper production is for the duration of the Mantoverde commercial mine life. The amount payable for copper is based on average LME prices, subject to certain terms.

Construction and other operating contracts
The Company entered into the EPC with Ausenco Chile Limitada for an estimated aggregate cost of $525 million. As at December 31, 2023, capital expenditures committed for all the companies mine sites, but not yet incurred, were $32.9 million.

The Company has contractual agreements extending until 2026 and 2033 to purchase water for operations at Mantoverde and Mantos Blancos, respectively.

The Company has contractual agreements for the purchase of power for operations at Mantos Blancos and Mantoverde, extending until 2038 and 2039, respectively. The Company also entered into a contractual agreement for access to a power transmission plant for the Santo Domingo project, for a period of 12 years from the date the transmission facility construction was completed, in Q4 2023.

The Company has contractual arrangements at Mantos Blancos and Mantoverde for the purchase of 420,000 tonnes of acid in 2024. Additionally, the Company has committed to purchase 100,000 tonnes of acid in both 2025 and 2026.

Other
The Company has provided a guarantee to the Chilean Internal Revenue Service that $13.3 million of all value added taxes previously refunded, plus interest, will be repaid if construction of the Santo Domingo development project is not completed by August 31, 2026. The Company may request an extension to the date that aligns with a future Santo Domingo construction decision.

Contractual Obligations and Commitments
The following table summarizes certain contractual obligations for the periods specified as at December 31, 2023:

	Total	2024	2025	2026	2027	After 2027
Accounts payable and accrued liabilities*	$ 272,277	$ 272,277	$ —	$ —	$ —	$ —
Long term debt[2]	$ 994,000	28,398	85,748	88,640	504,353	286,861
Leases and other contracts	$ 127,715	35,746	25,147	20,507	15,861	30,454
Water supply contracts	$ 201,342	20,620	22,160	22,631	18,516	117,415
Working capital facility	$ 25,618	25,618	—	—	—	—
Due to related party	$ 60,000	3,243	6,486	6,486	6,486	37,299
	$ 1,680,952	$ 385,902	$ 139,541	$ 138,264	$ 545,216	$ 472,029

** Amounts above do not include payments related to the Company's reclamation and closure cost obligations, other long-term provisions and other liabilities without contractual maturities.*
[2] Excluding deferred financing costs and purchase price accounting fair value adjustments

Provisions
Provisions of $268.1 million at December 31, 2023 includes the following:

- $214.2 million for reclamation and closure cost obligations at Capstone Copper's operating mines;
- $35.4 million related to other long-term obligations at the Cozamin and Chilean mines; and
- $1.3 million for the long-term portion of the share-based payment obligations associated with the Share Unit Plan. The current portion of the share-based payment obligations of $8.5 million is recorded in other liabilities.
- $17.2 million for the long-term portion of the Minto obligation as Minto ceased operations during Q2 2023 (see below).

Minto Obligation

On June 3, 2019, the Company completed the sale of its 100% interest in the Minto Mine and in conjunction with completion of the sale, Minto had posted a surety bond to cover potential future reclamation liabilities. The Company remains an indemnitor for Minto's C$72 million surety bond obligation in the Yukon. During Q2 2023, Minto ceased operations and the Yukon Government took over all reclamation activities. As Minto defaulted on the surety bond in Q2 2023, Capstone has recognized a provision of approximately $51.9 million for the period ended December 31, 2023 related to the Company's obligations towards the issuer of the surety bond. During Q4 2023, the Company made payments of $10.4 million to the Yukon Government for reclamation work performed. As at December 31, 2023, the total remaining provision is $41.2 million, and $23.9 million recorded in other current liabilities represents the current portion.

As part of the Company's sale of Minto in 2019, the Company was to receive up to $20 million in staged payments. The final $5 million, which was due in series of payments to collected by mid-2024, was outstanding at the time Minto ceased operations and the Company had recorded a provision against it in Q2 2023 which is included in Other Expense.

Precious Metal Streams

Cozamin Silver Stream

On February 19, 2021, Capstone Mining entered into a precious metals purchase arrangement with Wheaton Precious Metals Corp. ("Wheaton") whereby the Company received upfront cash consideration of $150 million against delivery of 50% of the silver production from the Company's Cozamin mine until 10 million ounces have been delivered, thereafter dropping to 33% of silver production for the remaining life of the mine. Cozamin has delivered 1.9 million silver ounces since contract inception until December 31, 2023. The agreement with Wheaton includes a completion test, which requires the completion of the paste backfill plant by December 31, 2023, and production of at least 105,000 cubic meters of suitable past backfill for use in the underground operations at Cozamin over a consecutive 90-day period. Failure to achieve the completion requirements will result in a refund being owed to Wheaton up to a maximum amount of $13 million based on the ratio of paste backfill that was used in the underground operations compared to the target of 105,000 tonnes.

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

The Company recorded the upfront cash consideration received as deferred revenue and recognizes amounts in revenue as silver is delivered under the arrangement. For the period ended December 31, 2023, the amount of the deferred revenue liability recognized as revenue was $19.0 million.

Santo Domingo Gold Stream

On April 21, 2021, Capstone Mining received an early deposit of $30 million in relation to the precious metals purchase arrangement with Wheaton effective March 24, 2021. If completion has not been achieved on or before the third anniversary date of receiving the early deposit, an early deposit delay payment will be triggered that would require the company to sell and deliver 104 ounces of refined gold per month until the earlier of: the month completion is achieved, the month in which the early deposit is repaid to Wheaton or the month which refined gold is first required to be sold and delivery to Wheaton. Additional deposits of $260 million are to be received over the Santo Domingo construction period, subject to sufficient financing having been obtained to cover total expected capital expenditures and other customary conditions, for total consideration of $290 million ("Deposit"). Wheaton will receive 100% of the gold production from the Company's Santo Domingo development project until 285,000 ounces have been delivered, thereafter dropping to 67% of the gold production.

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

The Company recorded the upfront early deposit of $30 million received as deferred revenue and will recognize amounts in revenue as gold is delivered under the arrangement. For the period ended December 31, 2023, there was no amortization of the deferred revenue liability recognized as revenue.

Purchase of Non-Controlling Interest from KORES

At December 31, 2023, a liability of $42.4 million has been recognized in other non-current liabilities equal to the discounted amount of the remaining $45.0 million to be paid to KORES on March 24, 2025 as part of the agreement to purchase its 30% share of Acquisition Co. The discounted amount of the remaining $45.0 million will be accreted up to its face value at 5% per year. During the year ended December 31, 2023, $2.0 million of accretion was recorded in other non-cash interest expense in the consolidated statements of (loss) income.

Off Balance Sheet Arrangements

As at December 31, 2023, the Company had no off-balance-sheet arrangements other than the following:

- those disclosed under Commitments in the consolidated financial statements for the year ended December 31, 2023;
- capital expenditure commitments totaling $32.9 million;
- seven surety bonds totaling $236.3 million.

4.6 Transactions with Related Parties

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

Related party transactions and balances are disclosed in the consolidated financial statements for the year ended December 31, 2023, except the following:

- Total funds advanced by MMC as at December 31, 2023 was $189.9 million (December 31, 2022 - $60.0 million), which comprises of $60.0 million for the COF and $129.9 million in shareholder loans. $6.0 million has been accrued as interest on the shareholder loan.
- Orion was Mantos' largest shareholder and on completion of the Transaction held approximately 32% shareholder interest in Capstone Copper. On March 31, 2023, Capstone and Orion closed a secondary bought offering of common shares of Capstone, whereby Orion sold an aggregate of 57,500,000 common shares of Capstone at a price of C$5.60 per common share, for aggregate gross proceeds to Orion of C$327.8 million. Subsequent to completion of the offering, Orion held 23.75% interest in Capstone Copper.
- Subsequent to year-end, on February 8, 2024, Capstone and Orion closed a bought deal offering of common shares of Capstone, whereby the underwriters purchased on a bought deal basis from the Company and Orion, a total of 68,448,000 Common Shares at a price of C$6.30 per common share, which included the exercise in full of the underwriters' over-allotment option of 8,928,000 common shares from the Company, for aggregate gross proceeds of C$431.2 million. In connection with the offering, 56,548,000 Common Shares were issued by the Company for gross proceeds of C$356.2 million and 11,900,000 were sold by Orion for gross proceeds of C$74.9 million. Following the closing of the offering, Orion holds approximately 20.3% of the outstanding common shares, on a non-diluted basis.

4.7 Accounting Changes

Changes in Accounting Policies and Material Accounting Estimates and Judgments

Accounting policies as well as any changes in accounting policies are discussed in Note 3 "Material Accounting Policy Information, Estimates and Judgements" of the December 31, 2023 consolidated financial statements.

New IFRS Pronouncements

New IFRS Pronouncements are discussed in Note 3 "Material Accounting Policy Information, Estimates and Judgements" of the December 31, 2023 consolidated financial statements.

4.8 Subsequent Event

On February 1, 2024, the Company and Orion Fund JV Limited, Orion Mine Finance Fund II LP and Orion Mine Finance (Master) Fund I-A LP (collectively, “Orion”) jointly announced that they entered into an agreement with a syndicate of underwriters led by RBC Capital Markets, as Lead Bookrunner and including National Bank Financial and Scotiabank as Joint Bookrunners (collectively, the “Underwriters”) pursuant to which the Underwriters agreed to purchase, on a bought deal basis from the Company and Orion, a total of 59,520,000 common shares of Capstone (“Common Shares”) at a price of C$6.30 per Common Share (the “Offering Price”), for aggregate gross proceeds of C$375.0 million (the “Offering”). The Company granted the Underwriters an option, exercisable in whole or in part at any time up to 30 days after the closing of the Offering, to purchase up to an additional 8,928,000 Common Shares from the Company at the Offering Price (the “Over-Allotment Option”) which, if exercised in full, would increase the aggregate gross proceeds of the Offering to C$431.2 million. The Offering closed on February 8, 2024.

In connection with the Offering, 56,548,000 Common Shares were issued by the Company for gross proceeds to the Company of C$356.3 million and 11,900,000 were sold by Orion for gross proceeds of C$75.0 million. The Company did not receive any proceeds from the secondary sale, which have been paid directly to Orion.

5.0 NON-GAAP AND OTHER PERFORMANCE MEASURES

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

Some of these 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.

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

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

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

Three Months Ended December 31, 2023

	Q4 2023				
	Pinto Valley	**Mantos Blancos**	**Mantoverde**	**Cozamin**	**Total**
Payable copper produced (000s pounds)	**33,945**	**24,821**	**22,088**	**13,910**	**94,764**
($ millions)					
Production costs of metal produced (per financials)	**82.1**	**69.6**	**78.2**	**24.6**	**254.5**
Transportation cost to point of sale	**(6.9)**	**(3.4)**	**(0.3)**	**(1.3)**	**(11.9)**
Inventory reversal (write-down)	**0.4**	**—**	**0.6**	**—**	**1.0**
Inventory working capital adjustments	**(4.7)**	**(4.9)**	**1.9**	**0.7**	**(7.0)**
Cash production costs of metal produced	**70.9**	**61.3**	**80.4**	**24.0**	**236.6**
($/pound)					
Production costs					
Mining	**0.57**	**0.58**	**1.01**	**1.06**	**0.75**
Milling/Processing	**1.27**	**1.65**	**2.35**	**0.39**	**1.49**
G&A	**0.25**	**0.24**	**0.27**	**0.27**	**0.25**
C1P sub-total	**2.09**	**2.47**	**3.63**	**1.72**	**2.49**
By-product credits	**(0.22)**	**(0.01)**	**—**	**(0.31)**	**(0.13)**
Treatment and selling costs	**0.49**	**0.25**	**0.05**	**0.35**	**0.31**
C1 cash cost ($/pound produced)	**2.36**	**2.71**	**3.68**	**1.76**	**2.67**
($/pound)					
Royalties	**0.01**	**0.06**	**—**	**0.07**	**0.03**
Production-phase capitalized stripping / Mineralized drift	**—**	**0.94**	**0.28**	**0.03**	**0.32**
Sustaining capital	**0.48**	**0.61**	**0.17**	**0.44**	**0.43**
Sustaining leases	**0.05**	**0.10**	**0.06**	**—**	**0.06**
Accretion of reclamation obligation	**0.01**	**0.03**	**0.03**	**0.03**	**0.02**
Amortization of reclamation asset	**—**	**0.01**	**0.01**	**0.03**	**0.01**
Corporate G&A, excluding depreciation					**0.09**
All-in sustaining cost adjustments	**0.55**	**1.75**	**0.55**	**0.60**	**0.96**
All-in sustaining cost ($/pound produced)	**2.91**	**4.46**	**4.23**	**2.36**	**3.63**

Three Months Ended December 31, 2022

	Q4 2022				
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Total
Payable copper produced (000s pounds)	31,989	30,565	23,067	12,222	97,843
($ millions)					
Production costs of metal produced (per financials)	72.3	65.6	84.0	19.0	240.9
Transportation cost to point of sale	(6.4)	(3.4)	(0.4)	(1.4)	(11.6)
Inventory working capital adjustments	1.5	(4.3)	0.6	(0.9)	(3.1)
Cash production costs of metal produced[2]	67.4	57.9	83.3	16.7	225.3
($/pound)					
Production costs					
Mining	0.63	0.29	0.47	0.81	0.50
Milling/Processing	1.16	1.43	2.94	0.29	1.56
G&A	0.29	0.18	0.20	0.26	0.23
C1P sub-total	2.08	1.90	3.61	1.36	2.29
By-product credits	(0.10)	(0.02)	—	(0.27)	(0.07)
Treatment and selling costs	0.50	0.21	0.04	0.31	0.28
C1 cash cost ($/pound produced)	2.48	2.09	3.65	1.40	2.50
($/pound)					
Royalties	0.01	0.06	—	0.07	0.03
Production-phase capitalized stripping / Mineralized drift	—	0.69	—	0.03	0.22
Sustaining capital	0.94	0.44	0.55	0.69	0.65
Sustaining leases	0.02	0.11	0.07	—	0.06
Accretion of reclamation obligation	0.02	0.05	0.05	0.01	0.04
Amortization of reclamation asset	0.02	—	—	0.01	0.01
Corporate G&A, excluding depreciation					0.08
All-in sustaining cost adjustments	1.01	1.35	0.67	0.81	1.09
All-in sustaining cost ($/pound produced)	3.49	3.44	4.32	2.21	3.59

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

Twelve Months Ended December 31, 2023

	2023				
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Total
Payable copper produced (000s pounds)	**117,410**	**106,327**	**78,044**	**51,553**	**353,334**
($ millions)					
Production costs of metal produced (per financials)	**318.1**	**301.1**	**304.1**	**90.7**	**1,014.0**
Transportation cost to point of sale	**(24.3)**	**(11.8)**	**(1.5)**	**(5.1)**	**(42.7)**
Inventory write-down	**—**	**—**	**(0.4)**	**—**	**(0.4)**
Inventory working capital adjustments	**0.4**	**(11.6)**	**(6.9)**	**1.6**	**(16.5)**
Cash production costs of metal produced	**294.2**	**277.7**	**295.3**	**87.2**	**954.4**
($/pound)					
Production costs					
Mining	**0.82**	**0.77**	**0.82**	**1.05**	**0.84**
Milling/Processing	**1.39**	**1.62**	**2.66**	**0.37**	**1.59**
G&A	**0.30**	**0.22**	**0.30**	**0.27**	**0.27**
C1P sub-total	**2.51**	**2.61**	**3.78**	**1.69**	**2.70**
By-product credits	**(0.20)**	**(0.01)**	**—**	**(0.31)**	**(0.12)**
Treatment and selling costs	**0.48**	**0.23**	**0.05**	**0.36**	**0.30**
C1 cash cost ($/pound produced)	**2.79**	**2.83**	**3.83**	**1.74**	**2.88**
($/pound)					
Royalties	**0.01**	**0.06**	**—**	**0.07**	**0.03**
Production-phase capitalized stripping / Mineralized drift	**—**	**0.73**	**0.35**	**0.03**	**0.30**
Sustaining capital	**0.57**	**0.27**	**0.39**	**0.49**	**0.43**
Sustaining leases	**0.05**	**0.11**	**0.08**	**0.01**	**0.07**
Accretion of reclamation obligation	**0.01**	**0.03**	**0.03**	**0.03**	**0.03**
Amortization of reclamation asset	**—**	**0.01**	**0.01**	**0.03**	**0.01**
Corporate G&A, excluding depreciation					**0.07**
All-in sustaining cost adjustments	**0.64**	**1.21**	**0.86**	**0.66**	**0.94**
All-in sustaining cost ($/pound produced)	**3.43**	**4.04**	**4.69**	**2.40**	**3.82**

Twelve Months Ended December 31, 2022

	2022				
	Pinto Valley	**Mantos Blancos**	**Mantoverde**	**Cozamin**	**Total**
Payable copper produced (000s pounds)	121,135	88,788	80,030	51,777	341,730
($ millions)					
Production costs of metal produced (per financials)	300.6	215.5	317.0	70.0	903.1
Transportation cost to point of sale	(23.8)	(8.9)	(1.5)	(4.8)	(39.0)
Inventory write-down	(0.1)	—	(0.9)	—	(1.0)
Inventory working capital adjustments	(8.0)	2.2	(27.4)	(0.4)	(33.6)
Cash production costs of metal produced[2]	268.7	208.8	287.2	64.8	829.5
($/pound)					
Production costs					
Mining	0.64	0.63	0.78	0.75	0.68
Milling/Processing	1.27	1.53	2.62	0.28	1.51
G&A	0.31	0.19	0.19	0.22	0.24
C1P sub-total	2.22	2.35	3.59	1.25	2.43
By-product credits	(0.10)	(0.02)	—	(0.31)	(0.09)
Treatment and selling costs	0.51	0.21	0.04	0.30	0.29
C1 cash cost ($/pound produced)	2.63	2.54	3.63	1.24	2.63
($/pound)					
Royalties	0.02	0.05	—	0.07	0.03
Production-phase capitalized stripping / Mineralized drift	0.01	0.61	—	0.03	0.17
Sustaining capital	0.67	0.27	0.33	0.57	0.46
Sustaining leases	0.02	0.12	0.08	—	0.06
Accretion of reclamation obligation	0.01	0.03	0.02	0.02	0.02
Amortization of reclamation asset	0.02	—	0.01	0.01	0.01
Corporate G&A, excluding depreciation					0.08
All-in sustaining cost adjustments	0.75	1.08	0.44	0.70	0.83
All-in sustaining cost ($/pound produced)	3.38	3.62	4.07	1.94	3.46

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

Reconciliation of Net (debt) / Net cash

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

($ millions)	December 31, 2023	December 31, 2022
Long term debt (per financials), excluding deferred financing costs of 1.9 and 3.4 and PPA fair value adjustments of 6.6 and 7.5	**(994.0)**	(595.0)
COF	**(60.0)**	(60.0)
Add:		
Cash and cash equivalents (per financials)	**126.0**	170.3
Short term investments (per financials)	**0.8**	1.6
Net (debt)/cash	**(927.2)**	(483.1)

Reconciliation of Attributable Net (debt) / Net cash

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

($ millions)	December 31, 2023	December 31, 2022
Attributable Long term debt, excluding deferred financing costs of 1.9 and 3.4 and PPA fair value adjustments of 6.6 and 7.5	**(838.0)**	(439.0)
Attributable COF	**(42.0)**	(42.0)
Add:		
Attributable Cash and cash equivalents	**102.6**	139.5
Attributable Short term investments	**0.8**	1.6
Attributable Net (debt)/cash	**(776.6)**	(339.9)

Reconciliation of Available Liquidity

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

($ millions)	December 31, 2023	December 31, 2022
Revolving credit facility capacity	**700.0**	600.0
MVDP debt facility	**520.0**	520.0
Long term debt (per financials), excluding deferred financing costs of 1.9 and 3.4 and PPA fair value adjustments of 6.6 and 7.5	**(994.0)**	(595.0)
	226.0	525.0
Cash and cash equivalents (per financials)	**126.0**	170.3
Short term investments (per financials)	**0.8**	1.6
Available liquidity	**352.8**	696.9

Reconciliation of Adjusted Net Income Attributable To Shareholders

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

($ millions, except share and per share amounts)[2]	Q4 2023	Q4 2022	2023	2022
Net (loss) income attributable to shareholders	**(12.3)**	(20.9)	**(101.7)**	122.2
Inventory write-down	**0.9**	(1.2)	**1.9**	2.8
Unrealized loss (gain) on derivative contracts	**9.0**	66.8	**(17.1)**	(133.2)
Share-based compensation expense	**3.3**	23.7	**19.0**	31.8
Unrealized foreign exchange loss (gain)	**12.1**	4.9	**4.9**	(23.0)
Chilean Tax Reform	**—**	—	**24.3**	—
Mantos acquisition transaction costs	**—**	—	**—**	19.4
Other expense - non-recurring fees	**—**	14.8	**14.6**	26.9
Gold stream obligation	**7.1**	—	**7.1**	—
Severance costs	**—**	1.4	**—**	4.2
Minto obligation	**(2.0)**	—	**51.9**	—
Loss (gain) on disposal of assets	**0.1**	0.2	**—**	(0.2)
(Gain) loss on extinguishment of debt	**—**	—	**2.7**	(8.0)
G&A - care and maintenance	**0.1**	—	**0.4**	0.3
Insurance proceeds received	**1.0**	(0.4)	**1.0**	(2.8)
Tax effect on the above adjustments	**(8.5)**	(28.9)	**(8.7)**	30.2
Adjusted net income attributable to shareholders	**10.8**	60.4	**0.3**	70.6
Weighted average common shares - basic (per financials)	**694,363,075**	687,628,025	**693,520,515**	625,434,676
Adjusted net income attributable to shareholders of Capstone Copper Corp. per common share - basic ($)	**0.02**	0.09	**—**	0.11
Weighted average common shares - diluted (per financials)	**694,363,075**	691,984,440	**693,520,515**	630,179,251
Adjusted net income attributable to shareholders of Capstone Copper Corp. per common share - diluted ($)	**0.02**	0.09	**—**	0.11

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

Reconciliation of Adjusted EBITDA

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

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

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

	Three months ended December 31, 2023					
($ millions)[2]	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Other	Total
Net income (loss) per financials	$ 17.2	$ 1.8	$ (24.2)	$ 3.9	$ (18.2)	$ (19.5)
Net finance costs	1.0	1.7	0.8	2.3	4.5	10.3
Taxes	4.5	3.9	(16.2)	9.1	(4.1)	(2.8)
Depletion and amortization	21.9	20.2	22.8	10.4	—	75.3
EBITDA	44.6	27.6	(16.8)	25.7	(17.8)	63.3
Share-based compensation expense	—	—	—	—	3.3	3.3
Total inventory (reversal) write-down	(0.4)	1.0	0.4	(0.1)	—	0.9
Realized (gain) loss on MVDP derivative contracts	—	—	(2.6)	—	—	(2.6)
Unrealized (gain) loss on derivatives	—	—	11.4	—	(2.4)	9.0
(Gain) loss on disposal of assets	—	—	(0.2)	0.3	—	0.1
Unrealized foreign exchange loss (gain)	0.1	2.0	3.8	4.8	1.4	12.1
Gold stream obligation	—	—	—	—	7.1	7.1
Minto obligation	—	—	—	—	(2.0)	(2.0)
Unrealized provisional pricing and volume adjustments on revenue	(3.5)	(3.7)	(0.1)	(0.4)	3.8	(3.9)
Insurance proceeds received	1.0	—	—	—	—	1.0
Adjusted EBITDA	41.8	26.9	(4.1)	30.3	(6.6)	88.3

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

($ millions)[2]	Three months ended December 31, 2022 Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Other	Total
Net income (loss) per financials	$ 29.2	$ 20.5	$ (24.8)	$ 22.6	$ (75.9)	$ (28.4)
Net finance costs	0.4	3.0	0.7	2.1	3.1	9.3
Taxes	(1.3)	(2.2)	(13.7)	5.9	(19.5)	(30.7)
Depletion and amortization	20.7	10.8	7.4	4.3	0.1	43.3
EBITDA	49.0	32.1	(30.4)	34.8	(92.2)	(6.5)
Share-based compensation expense	—	—	—	—	23.7	23.7
Total inventory write-down (reversal)	0.8	—	(2.0)	—	—	(1.2)
Realized (gain) loss on MVDP derivative contracts	—	—	5.4	—	—	5.4
Unrealized (gain) loss on derivatives	—	—	16.4	—	50.4	66.8
(Gain) loss on disposal of assets	—	—	0.1	0.1	—	0.2
Unrealized foreign exchange (gain) loss	—	0.2	4.6	—	0.1	4.9
Other expense - non-recurring	—	8.1	6.7	—	—	14.8
Restructuring costs	—	—	—	—	1.4	1.4
Unrealized provisional pricing and volume adjustments on revenue	(17.8)	(13.1)	(5.4)	(1.5)	10.0	(27.8)
Insurance proceeds received	—	—	—	—	(0.4)	(0.4)
Adjusted EBITDA	32.0	27.3	(4.6)	33.4	(7.0)	81.3

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

($ millions)[2]	Year ended December 31, 2023					
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Other	Total
Net income (loss) per financials	$ 38.2	$ (9.2)	$ (76.8)	$ 53.2	$ (130.1)	$ (124.7)
Net finance costs	3.6	6.8	0.8	9.0	15.9	36.1
Taxes	3.3	23.2	(5.1)	24.9	(12.6)	33.7
Depletion and amortization	78.9	69.2	59.5	30.3	0.3	238.2
EBITDA	124.0	90.0	(21.6)	117.4	(126.5)	183.3
Share-based compensation expense	—	—	—	—	19.0	19.0
Total inventory write-down (reversal)	0.3	—	1.7	(0.1)	—	1.9
Realized (gain) loss on MVDP derivative contracts	—	—	(3.2)	—	—	(3.2)
Unrealized (gain) loss on derivatives	—	—	0.5	—	(17.6)	(17.1)
Gain on disposal of assets	—	—	(0.3)	0.3	—	—
(Gain) loss on extinguishment of debt	—	—	—	—	2.7	2.7
Unrealized foreign exchange loss (gain)	0.1	(0.4)	3.2	2.0	—	4.9
Other expense - non-recurring	—	8.9	—	—	5.7	14.6
Gold stream obligation	—	—	—	—	7.1	7.1
Minto obligation	—	—	—	—	51.9	51.9
Unrealized provisional pricing and volume adjustments on revenue	0.2	0.1	1.0	0.6	(7.7)	(5.8)
Insurance proceeds received	1.0	—	—	—	—	1.0
Adjusted EBITDA	125.6	98.6	(18.7)	120.2	(65.4)	260.3

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

($ millions)[2]	Year ended December 31, 2022 Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Other	Total
Net income (loss) per financials	$ 77.0	$ 37.9	$ 46.5	$ 82.7	$ (108.0)	$ 136.1
Net finance costs	2.9	4.1	1.7	8.6	10.5	27.8
Taxes	4.5	12.2	11.0	35.0	(5.1)	57.6
Depletion and amortization	84.8	39.0	35.4	16.5	0.5	176.2
EBITDA	169.2	93.2	94.6	142.8	(102.1)	397.7
Share-based compensation expense	—	—	—	—	31.8	31.8
Total inventory write-down (reversal)	1.8	—	1.0	—	—	2.8
Realized (gain) loss on MVDP derivative contracts	—	—	41.0	—	—	41.0
Unrealized (gain) loss on derivatives	—	—	(150.5)	—	17.3	(133.2)
(Gain) loss on disposal of assets	—	(0.3)	0.1	—	—	(0.2)
(Gain) loss on extinguishment of debt	—	(8.0)	—	—	—	(8.0)
Unrealized foreign exchange (gain) loss	(0.4)	(13.0)	(7.8)	(0.9)	(0.9)	(23.0)
Mantos acquisition transaction costs	—	—	—	—	19.4	19.4
Other expense - non-recurring	—	10.2	15.3	—	1.4	26.9
Restructuring costs	—	—	—	—	4.2	4.2
Unrealized provisional pricing and volume adjustments on revenue	(2.7)	(3.6)	(3.0)	(0.1)	9.5	0.1
Insurance proceeds received	—	—	—	—	(2.8)	(2.8)
Adjusted EBITDA	167.9	78.5	(9.3)	141.8	(22.2)	356.7

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

Additional Information and Reconciliations

Sales from Operations

	2022					2023				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Copper (tonnes)										
Concentrate										
Pinto Valley	14,888	12,884	13,058	13,417	54,247	12,196	11,385	11,736	15,013	50,330
Mantos Blancos	977	8,228	8,819	9,957	27,981	9,497	8,380	8,870	10,453	37,200
Cozamin	5,592	5,935	5,989	5,603	23,119	4,823	6,452	5,309	6,065	22,649
Total Concentrate	21,457	27,047	27,866	28,977	105,347	26,516	26,217	25,915	31,531	110,179
Cathode										
Pinto Valley	604	585	643	763	2,595	603	683	824	643	2,753
Mantos Blancos	699	3,638	4,097	4,147	12,581	3,474	3,570	3,248	1,796	12,088
Mantoverde	2,748	14,224	11,560	10,811	39,343	6,863	10,285	8,713	9,313	35,174
Total Cathode	4,051	18,447	16,300	15,721	54,519	10,940	14,538	12,785	11,752	50,015
Total Copper	25,508	45,494	44,166	44,698	159,866	37,456	40,755	38,700	43,283	160,194
Zinc (000 pounds)										
Cozamin	1,005	(11)	—	677	1,671	—	(10)	250	—	240
Molybdenum (tonnes)										
Pinto Valley	17	22	(2)	66	103	55	17	20	28	120
Silver (000s ounces)										
Cozamin	352	327	353	284	1,316	349	502	400	448	1,699
Mantos Blancos	—	378	252	312	942	330	248	235	269	1,082
Pinto Valley	66	68	54	57	245	58	49	65	87	259
Total	418	773	659	653	2,503	737	799	700	804	3,040
Gold (ounces)										
Pinto Valley	178	268	44	374	864	389	537	3,099	2,581	6,606
Total	178	268	44	374	864	389	537	3,099	2,581	6,606

[1] *These are non-GAAP performance measures. Refer to the MD&A section titled "Non-GAAP and Other Performance Measures".*

6.0 SELECTED QUARTERLY FINANCIAL INFORMATION

($ millions, except per share data)[2]	Q4 2023	Q3 2023[(i)]	Q2 2023[(ii)]	Q1 2023[(iii)]	Q4 2022[(iv)]	Q3 2022	Q2 2022[(v)]	Q1 2022[(vi)]
Revenue	**353.7**	322.2	333.9	335.6	362.1	309.2	356.6	268.1
Earnings (loss) from mining operations	**21.6**	12.0	5.0	44.4	75.7	(11.2)	37.3	106.0
Net (loss) income attributable to shareholders	**(12.3)**	(32.9)	(36.5)	(20.0)	(20.9)	34.1	75.1	34.0
Net (loss) earnings per share attributable to shareholders - basic and diluted	**(0.02)**	(0.05)	(0.05)	(0.03)	(0.03)	0.05	0.11	0.08
Operating cash flow before changes in non-cash working capital	**80.4**	59.3	22.0	41.7	76.1	13.9	40.7	70.4
Capital expenditures (including capitalized stripping)	**182.1**	228.3	201.3	209.4	204.9	148.5	206.6	111.5

(i) Net Loss in Q3 2023 includes $24 million of Deferred income tax expense related to the adoption of the Chilean Tax Reform.
(ii) Net Loss in Q2 2023 includes $59 million of Minto obligation.
(iii) Net Loss in Q1 2023 includes $44 million of net loss on derivative instruments.
(iv) Net loss in Q4 2022 includes $24 million of share unit expense and $64 million of net loss on derivative instruments.
(v) Revenue, Earnings from mining operations, Net income and Operating cash flow before changes in working capital in Q2 2022 includes $45.5 million of negative non-cash provisional pricing adjustments.
(vi) Net income in Q1 2022 includes $20 million of share unit expense and $19.9 million of transaction and integration costs as a result of the Mantos Transaction.
2 Certain of prior period comparative figures have been reclassified to conform with the current year's presentation.

7.0 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 February 21, 2024:

Issued and outstanding	752,804,226
Share options outstanding at a weighted average exercise price of $4.16	3,542,343
Treasury share units outstanding at a weighted average exercise price of $5.28	3,269,232
Fully diluted	759,615,801

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

8.0 MANAGEMENT'S REPORT ON INTERNAL CONTROLS AND OTHER INFORMATION

Disclosure Controls and Procedures ("DC&P")

As at December 31, 2023, Capstone Copper's management, with the participation of its Chief Executive Officer & Director and Senior Vice President & Chief Financial Officer, has designed DC&P which provide reasonable assurance that material information related to Capstone Copper is identified and communicated in a timely manner.

Internal Control Over Financial Reporting ("ICFR")

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

There have been no changes in the Company's ICFR that materially affected, or are reasonably likely to materially affect, ICFR during the period ended in December 31, 2023.

Management performed an evaluation of Capstone Copper's ICFR and concluded that, as at December 31, 2023, ICFR were designed and operating effectively so as to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS").

Other Information

Approval

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

Additional Information

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

9.0 NATIONAL INSTRUMENT 43-101 COMPLIANCE

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

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

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

10.0 RISKS AND UNCERTAINTIES

For full details on the risks and uncertainties affecting the Company, please refer to the Annual Information Form dated March 29, 2023 (See section entitled "Risk Factors"). This document is available for viewing on the Company's website at www.capstonecopper.com or on the Company's profile on the SEDAR+ website at www.sedarplus.ca.

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

Capstone's operations are subject to all the hazards and risks normally encountered in the exploration, development, construction, care and maintenance activities and production of copper and other metals, including, without limitation, workplace accidents, fires, wildfires, power outages, labour disruptions, port blockages, flooding, mudslides, explosions, cave-ins, landslides, ground or stope failures, tailings dam failures and other geotechnical instabilities, weather events, seismic events or major earthquakes, tsunamis, access to water, equipment failure or structural failure, metallurgical and other processing problems and other conditions involved in the mining and processing of minerals, any of which could result in damage to, or destruction of, Capstone's mines, mineral properties, plants and equipment, multiple personal injuries or loss of life, environmental damage to surrounding land, vegetation and other biological and water resources, delays in mining, increased production costs, asset write-downs, monetary losses, legal liability and governmental action. Capstone's mines have several tailings and water storage facilities, heap leach and waste rock facilities which could fail as a result of extreme weather events, seismic activity, or for other reasons. The occurrence of any of these events could result in a prolonged interruption in Capstone's operations, increased costs for asset protection or care and maintenance activities that would have a material adverse effect on Capstone's business, financial condition, results of operations and prospects. The occurrence of one of more of these events could have a long-term impact on Capstone's employee's morale, Capstone's reputation, and result in greater regulatory scrutiny and loss of or delays in obtaining licenses to operate. Capstone's operations are reliant on infrastructure including but not limited to water sources, public roadways, power and transmission facilities, warehouses, and ports. Wildfires and inclement weather conditions, whether occurring at Capstone's sites, adjacent lands, or supplier and downstream sites, may impact Capstone's ability to operate, transport or access and supply sites, and increase overall costs or impact Capstone's financial performance. In severe circumstances, civil authorities may impose evacuation orders. Capstone's sites in Chile, Arizona and Mexico are subject to drought conditions and create a higher exposure to wildfire or man-made fire risk.

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

Capstone's business operates in a number of foreign countries where there are added risks and uncertainties due to the different economic, cultural and political environments. Our mineral exploration and mining activities may be adversely affected by political instability and changes to government regulation relating to the mining industry. Changes to Canadian laws and regulations regarding foreign trade, taxation and investment may negatively affect our operations and projects.

Changes in governmental leadership in the US, Chile, and Mexico, could impact Capstone's operations and local societal conditions. There may be additional risks and uncertainties following Chilean Presidential, Chamber and Senate elections. The President and the renovated Congress elected on November 21, 2021, took office on March 11, 2022. The Senate holds a 50/50 balance between right and left wing Senators. Although the government's legislative agenda is not yet fully known, it is known to include a tax reform as a priority. Additionally, as a response to the civil unrest in Chile, a referendum for a new Constitution was launched. On September 4, 2022, the first newly proposed constitution was rejected by Chileans, and on December 17, 2023 a new constitution was rejected a second time. As a result, it is uncertain whether another constitutional process will be launched in the next 12 months and whether it will lead to further uncertainty and instability or to further changes to the Chilean political regime and mining related regulations including, but not limited to, changes to royalty structures and environmental and community protection requirements. Capstone cannot give assurance that future political developments in Chile will not adversely affect its business, results of operations or financial condition.

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

In addition, risks of operations in Mexico include extreme fluctuations in currency exchange rates, high rates of inflation, significant changes in laws and regulations including but not limited to tax and royalty regulations, labour regimes, failures of security, policing and justice systems, corruption, and incidents such as hostage taking and expropriation. There are uncertainties regarding Mexico's 2019 reform of the Federal Labour Law which came into effect May 1, 2023 and Mining Law Reform, that may have an impact on Cozamin's operations and profitability, including but not limited to strike actions. On April 29 2023, the Mexican Congress approved a bill submitted by Mexico's President on March 28, 2023 amending several provisions of the Mining Law, the National Water Law, the General Law of Ecological Balance and Environmental Protection, and the General Law for the Prevention and Integral Management of Waste regarding mining and water concessions (the "Initiative"). It is Capstone's understanding that the legislation is not retroactive, therefore, existing mining concessions should remain in effect. The potential impact to our operations in order to comply with the new laws continue to be analyzed. The amended laws have considerable implications for future investment in the Mexican mining industry.

These risks in Mexico and Chile may limit or disrupt Capstone's projects, reduce financial viability of local operations, restrict the movement of funds, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation.

There can be no assurance that changes in the government, including but not limited to the change in the federal administration of the United States, or laws or changes in the regulatory environment for mining companies or for non-domiciled companies will not be made that would adversely affect Capstone's business, financial condition, results of operation and prospects. There are uncertainties related to President Biden's Made in America Tax Plan which proposes corporate tax reforms that may increase Pinto Valley's future tax obligations. Differences in interpretation or application of tax laws and regulations or accounting policies and rules and Capstone's application of those tax laws and regulations or accounting policies and rules where the tax impact to the Company is materially different than contemplated may occur and adversely affect Capstone's business, financial condition, results of operation and prospects, including, but not limited to, carbon emissions taxes. There are uncertainties about the application of the new carbon emissions tax in Chile to Capstone's operations. Capstone is subject to a multitude of taxation regimes and any changes in law, policy or interpretation of law, policy may be difficult to react to in an efficient manner.

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

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

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 and Chile. The regulators could increase Capstone's bonding obligations or request additional financial guarantees for reclamation and closure activities.

Further, these surety bonds include the right of the surety bond provider to terminate the relationship with Capstone or a Capstone subsidiary 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. There is no assurance that the Company will be successful in obtaining alternative surety bond providers or alternative financial guarantee mechanisms at satisfactory terms or at all and could have an impact on the Company's financial results and growth prospects. Failure to furnish a satisfactory financial guarantee to the regulators could result in a suspension of operations.

Capstone Mining and Capstone Copper are each an Indemnitor for Minto's surety bond obligations in the Yukon. During Q2 2023, Minto ceased operations and the Yukon government took over all reclamation activities. Minto has defaulted on the surety bond, and as a result Capstone is liable for demands made against the bond, including but not limited to, the costs up to the total amount of the bond. Minto may also face challenges with respect to claims for remediation work required beyond the value of the bond. Although Capstone believes that its indemnification of reclamation liabilities is capped at the total amount of the bond, there can be no assurance that further claims are not made against Capstone. Capstone may incur additional costs as a result of demands made against the bond or additional claims, including but not limited to legal fees and administrative costs.

During Q3, 2023 a new court order placed Minto into full receivership and appointed PriceWaterhouseCoopers as Receiver. The Receiver is in charge of Minto's property, assets, and undertakings and has since commenced a sales and investment solicitation process. The Yukon government remains in charge of care and maintenance and reclamation activities at the Minto mine. Capstone may have additional obligations or liabilities due to contractual obligations pursuant to the sale of Minto mine in 2019.

Risks in connection with the Cozamin Silver Stream Agreement with Wheaton.

The agreement between Capstone and Wheaton announced on December 11, 2020 ("Cozamin Silver Stream Agreement") is subject to pricing risk. Unexpected spikes in silver prices may result in an increase in silver credit payables compared to receivables and the use of hedging mechanisms may not be economical to reduce to such risks. Capstone was required to meet certain completion requirements before December 31, 2023, under the silver stream agreement, namely, Capstone must construct a paste backfill plant where to produce at least 105,000 cubic metres of suitable paste backfill that is used in the underground operations at Cozamin over a period of 90 consecutive days during which a completion test has been performed. Under the terms of the Agreement, failure to achieve the foregoing completion requirements will result in a refund to Wheaton up to a maximum amount of $13 million.

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

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

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

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

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

A claim by a third party asserting prior unregistered agreements on or transfer of any of Capstone'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, projects or development properties 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.

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

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

Land reclamation and mine closure requirements are generally imposed on mining companies, which require Capstone, amongst other things, to minimize the effects of land disturbance. Additionally, Capstone has lease agreements, and may enter into agreements in the future, which may require environmental restoration activities at transportation, storage and shipping facilities such as the Skagway Ore Terminal and the San Manuel Transload Facility or other properties. Capstone Mining remained a party to the User Agreement at the Skagway Ore Terminal, and the obligations thereunder, jointly with Minto and Pembridge Resources PLC as part of the Share Purchase Agreement for Minto Explorations Ltd up until the agreement expiry on March 16, 2023. Further, the San Manuel Arizona Railroad Company may have increased reclamation requirements as a rail transportation company. Such requirements may include controlling the discharge of potentially dangerous effluents from a site and restoring a site's landscape to its pre-exploration form.

The actual costs of reclamation and mine closure are uncertain and planned expenditures may differ from the actual expenditures required. Through acquisition activities Capstone may discover or inherit historic tailings or waste deposits which may require further remediation activities, including but not limited to the historic mining and processing operations at Chiripa-La Gloria arroyo at the Cozamin Mine. Therefore, the amount that we are required to spend could be materially higher than current estimates. Any additional amounts required to be spent on reclamation and mine closure may have a material adverse effect on our financial performance, financial position and results of operations and may cause the Company to alter its operations. Although we include liabilities for estimated reclamation and mine closure costs in our financial statements and Life of Mine models, it may be necessary to spend more than what is projected to fund required reclamation and mine closure activities.

There are uncertainties and risks related to the MVDP.

Successful implementation of the MVDP is subject to various risks throughout procurement, construction, commissioning, testing, start-up and ramp-up to design capacity, many of which are not within Capstone's control, that may materially and adversely affect our growth prospects and profitability. These factors include, among others:

- the availability, terms, conditions and timing of the delivery of plant, equipment and other materials necessary for the construction, commissioning, testing, start-up and/or operation of the relevant facility;
- Capstone may encounter delays or higher than expected costs in obtaining the necessary equipment, machinery, materials, supplies, labour or services and in implementing new technologies to execute a project;
- the availability of acceptable arrangements for the procurement of materials and services and particularly transportation and construction contracts;
- the timely and satisfactory performance of engineering and construction contractors, mining contractors, suppliers and consultants, including under Capstone's existing engineering;
- management of the engineering, procurement and construction contracts for the MVDP;
- failure to obtain, or experience delays or higher than expected costs in obtaining, the required agreements, authorizations, licenses, approvals and permits to develop a project, including the prior consultation procedure and agreements with local communities;
- changes in market conditions or regulations may make a project less profitable than expected at the time the work was initiated;
- pandemics, accidents, natural disasters and infrastructure and equipment failures or damages;
- commissioning delays, design constraints, or adverse mining conditions that may delay and hamper Capstone's ability to produce the expected quantities and qualities of minerals upon which the project was budgeted;
- conflicts with local communities, contractual disputes, strikes or other labour disputes may delay the implementation or the development of the project; and
- other factors such as adverse weather conditions affecting access to the development site or the development process and Capstone's access to adequate infrastructure generally, including a reliable power and water supply.

Labour disruptions involving Capstone Copper employees or the employees of its independent contractors could affect its production levels and costs. Our operations will be adversely affected if we fail to maintain satisfactory labour relations.
Approximately 80% of total employees at Mantos Blancos and 77% of total employees at Mantoverde are covered by agreements with one of the labour unions with a presence at the mining operations. The labour agreement at Mantoverde was renewed in 2022 and will be in effect until October 31, 2025. The labour agreement at Mantos Blancos was rewed in 2023 and will be in effect until June 30, 2026. In addition, contractors or subcontractors form a significant part of Mantos Blancos and Mantoverde workforce, making up approximately 38% of the total workforce. Pursuant to Chilean regulations, labour negotiations with a contractor's workforce are the responsibility of the relevant contractors. Mantos Blancos and Mantoverde may experience work slowdowns or disruptions in the future, whether of its own workforce or a contractor's workforce, and there can be no assurance that a work slowdown or work stoppage will not occur prior to or upon the expiration of the current long term labour agreements. In 2016, the Government of Chile promulgated an extensive labour reform law (the "Labour Reform Law"), which became effective in 2017. The labour Reform Law prevents Chilean companies from hiring temporary replacements for striking employees and also prevents the replacement of striking employees with other existing employees of the company. This may have an adverse effect on Capstone Copper's overall employment and operating costs and may increase the likelihood of business disruptions in Chile.

Approximately 67% of total employees at Pinto Valley are represented by six unions, governed by one collective bargaining agreement negotiated by the United Steelworkers Union which is in effect until August 31, 2026. Cozamin Mine has recently negotiated a collective bargaining agreement with the Sindicato Nacional de Trabajadores Mineros, Metalúrgicos, Siderúrgicos y Similares de la República Mexicana (National Union of Miners, Metalworkers, Steelworkers and Allied Workers of the Mexican Republic) as per the new Mexican requirement for all mines to be unionized. Approximately 63% of total employees at Cozamin are covered by this collective bargaining agreement.
Additional groups of non-union employees may seek union representation in the future. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in jurisdictions where Capstone Copper conducts business. Changes in such legislation or otherwise in our relationship with our employees may result in higher ongoing labour costs, employee turnover, strikes, lockouts or other work stoppages, any of which could have a material adverse effect on our business, results of operations and financial condition.

Concentration of Share Ownership of Capstone Copper.
As at the date hereof, Orion Fund JV Limited, Orion Mine Finance Fund II LP and Orion Mine Finance (Master) Fund 1-A LP (collectively, “Orion”) own approximately 20.3.% of the outstanding Common Shares and Hadrian Capital Partners Inc. owns approximately 13.38% of the outstanding Common Shares. See news release "Capstone Copper and Orion Announce Closing of C$328 Million Secondary Bought Deal Offering of Common Shares" dated March 31, 2023 and “Capstone Copper and Orion Announce Closing of $431 Million Bought Deal” dated February 8, 2024. Following the closing of the Offering, Orion, in the aggregate, beneficially own 152,936,179 Common Shares, representing 20.3% of the outstanding Common Shares. As part of the Offering, Orion has agreed, subject to certain limited exceptions, not to sell any Common Shares or other securities of Capstone for a period of 90 days from the closing of the Offering. As long as these shareholders maintain their significant positions in Capstone, they will have the ability to exercise influence with respect to the affairs of Capstone and significantly affect the outcome of matters upon which shareholders are entitled to vote. Furthermore, there is a risk that Capstone’s securities are less liquid and trade at a relative discount compared to circumstances where these shareholders did not have the ability to influence or determine matters affecting Capstone. Moreover, there is a risk that their significant interests in Capstone discourages transactions involving a change of control of Capstone, including transaction in which an investor, as a holder of Capstone’s securities, would otherwise receive a premium for its Capstone’s securities over the then-current market price. A disposition of shares by these shareholders could adversely affect the market price of the Common Shares.

Pursuant to the Registration and Nomination Rights Agreement between Capstone Mining and Orion dated March 23, 2022, provided Orion maintains certain levels of ownership of the Common Shares, Orion: (i) has rights to nominate up to two individuals to sit on the Board of Directors and (ii) may demand we file one or more prospectuses or otherwise facilitate sales of Orion’s shares. Orion currently has one nominee who serves on the Board of Directors. See “Material Contracts” in the AIF for further information regarding the Registration and Nomination Rights Agreement.

CAPSTONE
COPPER

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022

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

Management's Report

The accompanying consolidated financial statements of Capstone Copper Corp. (the "Company" or "Capstone") and other information contained in the management's discussion and analysis are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and include some amounts that are based on management's estimates and judgment.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee, which is composed solely of independent directors. The Audit Committee reviews the Company's annual consolidated financial statements and recommends its approval to the Board of Directors. The Company's auditors have full access to the Audit Committee, with and without management being present. These consolidated financial statements have been audited by Deloitte LLP.

(Signed) John MacKenzie
Chief Executive Officer & Director

(Signed) Raman Randhawa
Senior Vice President & Chief Financial Officer

Vancouver, British Columbia, Canada
February 21, 2024

Independent Auditor’s Report

To the Shareholders and the Board of Directors of Capstone Copper Corp.

Opinion
We have audited the consolidated financial statements of Capstone Copper Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of (loss) income, comprehensive (loss) income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter
A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Chilean Mining Royalty - Refer to Note 16 to the financial statements

Key Audit Matter Description

During the third quarter, Chile passed the new Mining Royalty legislation (“legislation”) into law. The adoption of this legislation required complex analysis and resulted in the Company recording a deferred tax liability. The Company’s mining deferred tax liability is determined based on forecasted future cashflows (production, commodity prices and operating margins).

Management was required to make judgments to determine the accounting treatment of implementing the legislation and its relevant disclosures and as such, auditing that determination required complex analysis and consideration. While there are many estimates and assumptions used to determine the mining deferred tax liability, the estimates and assumptions with the highest degree of subjectivity and judgment are future commodity prices and operating margins. Auditing these required a high degree of auditor judgement and an increased extent of audit effort, including the involvement of fair value and tax specialists.

How the Key Audit Matter Was Addressed in the Audit

- Evaluated management’s assessment of the implications of implementing the legislation to assess whether the related accounting treatment and disclosures are in accordance with the relevant guidance;
- With the assistance of tax specialists, evaluated management’s interpretation and the methodology employed to calculate the mining deferred tax liability arising from the new legislation;
- With the assistance of fair value specialists, evaluated the reasonableness of the forecasts of future commodity prices by comparing management’s forecasts to third-party forecasts;
- Evaluated the reasonableness of forecasted operating margins by comparing the forecasts to:

- Historical operating margins;
- External sources and industry peers; and
- Whether these assumptions were consistent with evidence obtained in other areas of the audit.

Other Information
Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

- The information, other than the financial statements and our auditor's report thereon, in the Management's Discussion and Analysis and Consolidated Financial Statements (Annual Report).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Macdonald.

/s/ Deloitte LLP

Chartered Professional Accountants
Vancouver, British Columbia
February 21, 2024

Capstone Copper Corp.
Consolidated Statements of Financial Position
expressed in thousands of US dollars

	As at December 31,	
ASSETS	**2023**	2022
Current		
Cash and cash equivalents	**$ 126,016**	$ 170,307
Short-term investments *(Note 6)*	**804**	1,553
Receivables *(Note 7)*	**147,318**	191,887
Inventories *(Note 8)*	**149,613**	140,797
Derivative assets *(Note 6)*	**18,984**	19,981
Other assets *(Note 10)*	**44,122**	44,966
	486,857	569,491
Mineral properties, plant and equipment *(Note 9)*	**5,286,257**	4,706,311
Derivative assets *(Note 6)*	**16,565**	28,582
Deferred income tax assets *(Note 16)*	**53,401**	38,704
Other assets *(Note 10)*	**30,835**	37,820
Total assets	**$ 5,873,915**	$ 5,380,908
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 272,277**	$ 284,913
Current portion of long-term debt *(Note 14)*	**28,398**	—
Current portion of due to related party *(Note 12)*	**3,243**	—
Lease liabilities *(Note 13)*	**33,516**	28,928
Derivative liabilities *(Note 6)*	**16,788**	44,423
Income taxes payable *(Note 16)*	**6,186**	10,946
Other liabilities *(Note 11)*	**71,412**	39,322
	431,820	408,532
Long-term debt *(Note 14)*	**970,258**	599,075
Due to related party *(Note 12)*	**192,628**	60,000
Deferred revenue *(Note 15)*	**147,619**	160,462
Lease liabilities *(Note 13)*	**102,983**	74,969
Derivative liabilities *(Note 6)*	**—**	10,066
Provisions *(Note 17)*	**268,132**	239,635
Deferred income tax liabilities *(Note 16)*	**630,225**	597,585
Other liabilities *(Note 11)*	**64,128**	50,728
Total liabilities	**$ 2,807,793**	$ 2,201,052
EQUITY		
Share capital	**$ 2,451,572**	$ 2,447,377
Other reserves	**40,129**	41,328
Retained earnings	**168,886**	262,512
Total equity attributable to equity holders of the Company	**2,660,587**	2,751,217
Non-controlling interest *(Note 12)*	**405,535**	428,639
Total equity	**3,066,122**	3,179,856
Total liabilities and equity	**$ 5,873,915**	$ 5,380,908

See accompanying notes to these consolidated financial statements.

Capstone Copper Corp.
Consolidated Statements of (Loss) Income
Years Ended December 31, 2023 and 2022
expressed in thousands of US dollars, except share and per share amounts

	2023	2022
Revenue *(Note 19)*	**$ 1,345,511**	$ 1,296,024
Operating costs		
Production costs	**(1,014,002)**	(903,060)
Royalties	**(11,225)**	(10,177)
Depletion and amortization	**(237,269)**	(174,991)
Earnings from mining operations	**83,015**	207,796
General and administrative expenses	**(26,119)**	(26,244)
Exploration expenses *(Note 9)*	**(4,961)**	(9,578)
Share-based compensation expense *(Note 18)*	**(19,005)**	(31,756)
Income from operations	**32,930**	140,218
Other (expense) income		
Foreign exchange (loss) gain	**(5,066)**	2,066
Realized and unrealized gains on derivative instruments *(Note 6)*	**3,075**	111,087
(Loss) gain on extinguishment of debt *(Note 14)*	**(2,721)**	8,035
Minto obligation *(Note 17)*	**(51,923)**	—
Transaction costs *(Note 5)*	**—**	(19,433)
Other expense *(Note 25)*	**(31,202)**	(20,442)
Interest on long-term debt and surety bonds	**(14,633)**	(5,621)
Accretion expense *(Note 26)*	**(21,463)**	(22,189)
(Loss) income before income taxes	**(91,003)**	193,721
Income tax expense *(Note 16)*	**(33,723)**	(57,582)
Net (loss) income	**$ (124,726)**	$ 136,139
Net (loss) income attributable to:		
Shareholders of Capstone Copper Corp.	**$ (101,672)**	$ 122,199
Non-controlling interest *(Note 12)*	**(23,054)**	13,940
	$ (124,726)	$ 136,139
Net (loss) earnings per share attributable to shareholders of Capstone Copper Corp.		
(Loss) earnings per share - basic *(Note 20)*	**$ (0.15)**	$ 0.20
Weighted average number of shares - basic *(Note 20)*	**693,520,515**	625,434,676
(Loss) earnings per share - diluted *(Note 20)*	**$ (0.15)**	$ 0.19
Weighted average number of shares - diluted *(Note 20)*	**693,520,515**	630,179,251

See accompanying notes to these consolidated financial statements.

Capstone Copper Corp.
Consolidated Statements of Comprehensive (Loss) Income
Years Ended December 31, 2023 and 2022
expressed in thousands of US dollars

	2023	2022
Net (loss) income	**$ (124,726)**	$ 136,139
Other comprehensive loss ("OCI")		
Items that will not be reclassified subsequently to profit or loss		
Change in fair value of marketable securities, net of tax of $nil (2022 - $ 262)	**(844)**	(4,356)
Remeasurement for retirement benefit plans, net of tax of $(1,307) (2022 - $65)	**(4,690)**	1,104
	(5,534)	(3,252)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustment	**—**	(550)
	—	(550)
Total other comprehensive loss for the year	**(5,534)**	(3,802)
Total comprehensive (loss) income	**$ (130,260)**	$ 132,337
Total comprehensive (loss) income attributable to:		
Shareholders of Capstone Copper Corp.	**$ (107,156)**	$ 118,397
Non-controlling interest *(Note 12)*	**(23,104)**	13,940
	$ (130,260)	$ 132,337

See accompanying notes to these consolidated financial statements.

Capstone Copper Corp.
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022
expressed in thousands of US dollars

	2023	2022
Cash provided by (used in):		
Operating activities		
Net (loss) income	$ **(124,726)**	$ 136,139
Adjustments for:		
Depletion and amortization *(Note 22)*	**236,884**	176,173
Income tax expense *(Note 16)*	**33,723**	57,582
Inventory write-down *(Note 8)*	**1,863**	2,809
Share-based compensation expense *(Note 18)*	**19,005**	31,756
Net finance costs	**36,096**	27,810
Unrealized loss (gain) on foreign exchange	**4,937**	(21,821)
Unrealized gain on derivatives	**(17,110)**	(133,170)
Gold stream obligation	**7,100**	—
Loss (gain) on extinguishment of debt *(Note 14)*	**2,721**	(8,035)
Gain on disposal of assets and other	**—**	(226)
Amortization of deferred revenue and variable consideration adjustments *(Note 15)*	**(19,033)**	(12,885)
Minto obligation and bad debt provision	**56,923**	—
Income taxes paid	**(26,233)**	(70,534)
Income taxes received	**4,529**	592
Payments on Minto obligation *(Note 17)*	**(10,407)**	—
Other payments	**(1,468)**	(1,384)
Operating cash flow before working capital and other non-cash changes	**204,804**	184,806
Changes in non-cash working capital *(Note 22)*	**(90,635)**	(93,809)
Other non-cash changes *(Note 22)*	**2,648**	(3,575)
Operating cash flow	**116,817**	87,422
Investing activities		
Mineral properties, plant and equipment additions	**(616,729)**	(559,752)
Finance costs capitalized on construction in progress	**(61,540)**	(23,401)
Cash acquired on business combination with Mantos *(Note 5)*	**—**	219,211
Proceeds from short-term investments	**2,825**	706
Proceeds on disposal of assets and other	**2,165**	(7,505)
Investing cash flow	**(673,279)**	(370,741)
Financing activities		
Proceeds from borrowings *(Note 14)*	**544,375**	482,242
Repayment of borrowings *(Note 14)*	**(120,375)**	(241,992)
Proceeds from related party *(Note 12)*	**129,900**	60,000
Payment on purchase of non-controlling interest *(Note 11)*	**—**	(34,731)
Repayment of lease obligations	**(42,716)**	(29,473)
Proceeds from the exercise of options	**2,722**	3,112
Net receipts (payments) for settlement of derivatives	**3,216**	(39,426)
Interest paid on long-term debt and surety bonds	**(6,591)**	(7,594)
Other	**(2,061)**	—
Financing cash flow	**508,470**	192,138
Effect of exchange rate changes on cash and cash equivalents	**3,701**	(606)
Decrease in cash and cash equivalents	**(44,291)**	(91,787)
Cash and cash equivalents - beginning of year	**170,307**	262,094
Cash and cash equivalents - end of year	$ **126,016**	$ 170,307
Supplemental cash flow information ***(Note 22)***		

See accompanying notes to these consolidated financial statements.

Capstone Copper Corp.
Consolidated Statements of Changes in Equity
Years Ended December 31, 2023 and 2022
expressed in thousands of US dollars, except share amounts

	Attributable to equity holders of the Company									
	Number of shares	**Share capital**	**Reserve for equity settled share-based transactions**	**Revaluation reserve**	**Foreign currency translation reserve**	**Share purchase reserve**	**Retained earnings**	**Total attributable to equity holders**	**Non-controlling interest**	**Total equity**
January 1, 2023	**691,639,972**	**$ 2,447,377**	**$ 56,751**	**$ 4,178**	**$ (17,101)**	**$ (2,500)**	**$ 262,512**	**$ 2,751,217**	**$ 428,639**	**$ 3,179,856**
Shares issued on exercise of options ***(Note 18)***	**4,371,345**	**3,991**	**(1,267)**	**—**	**—**	**—**	**—**	**2,724**	**—**	**2,724**
Shares issued under TSUP ***(Note 18)***	**61,836**	**204**	**(204)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Share-based compensation ***(Note 18)***	**—**	**—**	**3,961**	**—**	**—**	**—**	**—**	**3,961**	**—**	**3,961**
Settlement of share units	**—**	**—**	**—**	**—**	**—**	**1,795**	**8,046**	**9,841**	**—**	**9,841**
Change in fair value of marketable securities	**—**	**—**	**—**	**(844)**	**—**	**—**	**—**	**(844)**	**—**	**(844)**
Remeasurements for retirement benefit plans	**—**	**—**	**—**	**(4,640)**	**—**	**—**	**—**	**(4,640)**	**(50)**	**(4,690)**
Net loss	**—**	**—**	**—**	**—**	**—**	**—**	**(101,672)**	**(101,672)**	**(23,054)**	**(124,726)**
December 31, 2023	**696,073,153**	**$ 2,451,572**	**$ 59,241**	**$ (1,306)**	**$ (17,101)**	**$ (705)**	**$ 168,886**	**$ 2,660,587**	**$ 405,535**	**$ 3,066,122**

	Number of shares	Share capital	Reserve for equity settled share-based transactions	Revaluation reserve	Foreign currency translation reserve	Share purchase reserve	Retained earnings	Total attributable to equity holders	Non-controlling interest	Total equity
Balance - January 1, 2022	413,482,355	849,409	53,264	7,429	(16,551)	(5,134)	128,010	1,016,427	—	1,016,427
Shares issued on exercise of options	4,130,553	4,637	(1,553)	—	—	—	—	3,084	—	3,084
Share-based compensation	—	—	5,040	—	—	—	—	5,040	—	5,040
Settlement of share units	—	—	—	—	—	2,634	12,303	14,937	—	14,937
Shares issued as compensation	138,523	652	—	—	—	—	—	652	—	652
Acquisition of Mantos Copper (Note 5)	273,888,541	1,592,679	—	—	—	—	—	1,592,679	414,699	2,007,378
Change in fair value of marketable securities	—	—	—	(4,355)	—	—	—	(4,355)	—	(4,355)
Remeasurements for retirement benefit plans	—	—	—	1,104	—	—	—	1,104	—	1,104
Net income	—	—	—	—	—	—	122,199	122,199	13,940	136,139
Foreign currency translation	—	—	—	—	(550)	—	—	(550)	—	(550)
December 31, 2022	691,639,972	$ 2,447,377	$ 56,751	$ 4,178	$ (17,101)	$ (2,500)	$ 262,512	$ 2,751,217	$ 428,639	$ 3,179,856

See accompanying notes to these consolidated financial statements.

1. Nature of Operations

The accompanying consolidated financial statements have been prepared as at December 31, 2023, after giving effect to the business combination between Capstone Mining Corp. ("Capstone Mining") and Mantos Copper (Bermuda) Ltd. ("Mantos"), which was completed on March 23, 2022 (the "Transaction") (Note 5). Mantos was incorporated on August 15, 2015 and migrated to British Columbia, Canada on March 22, 2022, as part of the Transaction. After the Transaction, the combined entity changed its name to Capstone Copper Corp. (the "Company" or "Capstone Copper"). The Company is listed on the Toronto Stock Exchange, and, effective February 2, 2024, the Company was admitted to the official list of the Australian Securities Exchange ("ASX") as an ASX Foreign Exempt Listing.

Capstone Copper Corp., through a wholly owned Chilean subsidiary, Mantos Copper S.A., owns and operates the Mantos Blancos mine, located forty-five kilometers northeast of Antofagasta, Chile and the 70%-owned Mantoverde mine, through a Chilean subsidiary, Mantoverde S.A., located fifty kilometers southeast of Chanaral, Chile.

The Company is also engaged in the production of and exploration for base metals in the United Sates ("US"), Mexico, and Chile, with a focus on copper. Pinto Valley Mining Corp. ("Pinto Valley"), a wholly owned US subsidiary, owns and operates the Pinto Valley mine located in Arizona, US. Capstone Gold, S.A. de C.V. ("Capstone Gold"), a wholly owned Mexican subsidiary, owns and operates the Cozamin mine located in Zacatecas, Mexico, and has a portfolio of exploration properties in Mexico. Minera Santo Domingo SCM, a wholly owned Chilean subsidiary of Acquisition Co, holds the Santo Domingo copper-iron development project in Chile. Capstone Mining Chile SpA, a wholly owned Chilean subsidiary, is performing exploration for base metal deposits in Chile.

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

These consolidated financial statements were approved by the Board of Directors and authorized for issuance on February 21, 2024.

2. Basis of preparation and consolidation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments which are measured at fair value.

These consolidated financial statements have been prepared in accordance with the accounting policies presented below and are based on IFRS and IFRS Interpretations Committee ("IFRIC") interpretations issued and effective as of December 31, 2023. The policies set out below were consistently applied to all of the periods presented.

Certain comparative figures have been reclassified to conform with changes in the presentation of the current year. Realized (gains) losses on derivatives were previously presented within (gains) losses on derivatives in the operating activities section of the consolidated statements of cash flows and has now been reclassified and presented in changes in non-cash working capital, specifically changes in accounts payable and accrued liabilities. Net proceeds on settlement of derivatives was previously included on its own line within the operating activities section of the consolidated statements of cash flows and has now been reclassified and presented in changes in non-cash working capital, specifically changes in accounts payable and accrued liabilities. Non-current ore stockpiles were previously presented in current ore stockpiles and have now been reclassified to non-current other assets. These reclassifications had no effect on the previously reported operating cash flow, net income and net equity for the comparative period.

<u>*Group Companies*</u>

The immediate parent and ultimate controlling party of the group is Capstone Copper Corp. (incorporated in British Columbia, Canada).

The details of the Company's material entities, ownership interests, and functional currency are as follows:

Name	Location	Ownership	Status	Functional Currency
Pinto Valley Mining Corp.	US	100.0%	Consolidated	US dollar
Mantos Copper S.A.	Chile	100.0%	Consolidated	US dollar
Mantoverde S.A.	Chile	70.0%	Consolidated	US dollar
Capstone Gold, S.A. de C.V.	Mexico	100.0%	Consolidated	US dollar
Minera Santo Domingo SCM	Chile	100.0%	Consolidated	US dollar

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Any transactions with other related parties in the normal course of operations are measured at the fair value amount of consideration established and agreed to by the related parties. Any amounts due to/receivable from related parties are unsecured, non-interest bearing and have no specific repayment terms.

3 Material Accounting Policy Information, Estimates and Judgements

a. *Use of estimates and judgments*

The preparation of the consolidated financial statements requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements. Estimates are continuously evaluated, and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i. *Economic recoverability and probability of future economic benefits of mineral exploration, evaluation and development costs*
The Company has determined that exploratory drilling, evaluation, development, and related costs incurred, which were capitalized, have future economic benefits and are economically recoverable. In making this judgment, the Company has assessed various sources of information including, but not limited to, the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, proximity to existing ore bodies, existing permits, and life of mine plans.

ii. *Assessment of impairment and impairment reversal indicators*
Management applies significant judgement in assessing whether indicators of impairment or impairment reversal exist for a cash generating unit ("CGU") which would necessitate impairment testing. Internal and external factors such as significant changes in the use of the asset, commodity prices, foreign exchange rates, capital and production forecasts, mineral reserves and resource estimates and discount rates are used by management in determining whether there are any indicators of impairment or impairment reversal.

iii. *Functional currency*
The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates.

Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. The US dollar is Capstone's functional currency.

iv. *Financial instruments*
Financial assets and liabilities are designated upon inception to various classifications. The designation determines the method by which the financial instruments are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. The designation may require the Company to make certain judgments, taking into account management's intention of the use of the financial instruments.

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

i. *Estimated reclamation and closure costs*
The Company's provision for reclamation and closure cost obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs directly attributable to remediating the liability, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting future cash outflows. Changes in the factors above can result in a change to the provision recognized by the Company. To the extent the carrying value of the related mining property is not increased above its recoverable amount, changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amounts of related mining properties.

ii. *Share-based compensation*
The Company uses the fair value method of accounting for all share-based payments. The fair value method of accounting includes the use of the Black-Scholes Option Pricing Model. Option pricing models require the input of subjective assumptions including the volatility, expected life, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate, the Company's earnings, and equity reserves. The portion of share-based compensation recorded is based on the vesting schedule of the options and units.

The Performance Share Units ("PSUs") and Treasury Performance Share Units ("TPSUs") include the use of a performance factor that can range from 0% to 200% and is determined by comparing the Company's total shareholder return to those achieved by a peer group of companies, which can affect the fair value estimate.

iii. *Income taxes*
Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases ("temporary differences"), and losses carried forward.

The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets. The tax rates expected to be in effect when temporary differences reverse are 21% for US, 27% for Canada, 30% for Mexico and 27% for Chile. The Company is subject to certain mining royalties which are referenced in Note 16. The Chilean Mining Royalty has progressive tax rates ranging from 8% to 26% based on the adjusted mining operating income ("RIOMA") and the rate on mining royalties in Mexico is 7.5%. Changes in economic conditions, metal prices, applicable tax laws and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

iv. Mineral reserve and resource estimates

Mineral reserves and mineral resources referenced in these financial statements are determined in accordance with National Instrument 43-101, “Standards of Disclosure for Mineral Projects”, issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company’s control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management’s assumptions in estimating mineral reserves and mineral resources, including economic assumptions such as metal prices, and the market conditions could have a material effect in the future on the Company’s financial position and results of operation.

v. Depletion rates

The carrying amounts of the Company’s producing mining properties are depleted based on recoverable tonnes contained in permitted proven and probable mineral reserves and a portion of mineral resources. The Company includes a portion of permitted mineral resources where it is considered highly probable that those resources will be economically extracted over the life of mine. Changes to estimates of recoverable tonnes of permitted reserves and resources and depletable costs including changes resulting from revisions to the Company’s mine plans and changes in metal price forecasts can result in a change to future depletion rates.

vi. Amortization rate for property, plant and equipment and depletion rates for mining interests

Depletion and amortization expenses are allocated based on estimated asset lives. Should the asset life, depletion rates, or amortization rates differ from the initial estimate, an adjustment would be made in the consolidated statement of (loss) income on a prospective basis.

vii. Impairment of mineral properties, plant and equipment

Management considers both external and internal sources of information in assessing whether there are any indications that the Company’s mineral properties, plant and equipment are impaired and whether previously recorded impairments should be reversed. External sources of information management considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of its mineral properties, plant and equipment. Internal sources of information that management considers include the manner in which mineral properties, plant and equipment are being used or are expected to be used and indications of economic performance of the assets. Management concluded that there were no indicators of impairment for the years ended December 31, 2023 and 2022.

In determining the recoverable amounts of the Company’s mineral properties, plant and equipment, management makes estimates of the future operating results and discounted net cash flows expected to be derived from the Company’s mining properties, costs to sell the mining properties and the appropriate discount rate. Changes in metal price forecasts, estimated future costs of production, estimated future non-expansionary capital expenditures, fair value due to strategic processes, the amount of recoverable mineral reserves, mineral resources, and exploration potential, and/or changes in current economics, regulatory or legal requirements and comparable market transactions can result in a write-down or a reversal of a previous write-down of the carrying amounts of the Company’s mineral properties, plant and equipment. Management concluded that there were no indicators of impairment, or reversal of impairments previously recorded, for the years ended December 31, 2023 and 2022, respectively.

viii. Deferred stripping costs

In determining whether stripping costs incurred during the production phase of a mining property relate to mineral reserves that will be mined in a future period and therefore should be capitalized, the Company makes estimates of the proportion of stripping activity which relates to extracting ore in the current period versus the proportion which relates to obtaining access to ore reserves which will be mined in the future. The Company includes a portion of permitted mineral resources where it is considered highly probable that those resources will be economically extracted over the life of mine.

ix. Inventory valuation

Consumable parts and supplies, ore stockpiles and concentrates, are valued at the lower of cost and net realizable value. Estimates in the carrying values of inventories arise due to the nature of the valuation of ore stockpiles and concentrates based on an appropriate allocation of direct mining costs, direct labour and material costs, mine site overhead, and depletion and amortization.

Long-term inventory consists of ore stockpiles that are not expected to be processed within one year. The Company carries its long-term inventory at the lower of cost and net realizable value. If the carrying value exceeds the net realizable amount, a write-down is required. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

x. Valuation of financial instruments, including estimates used in provisional pricing calculations

Financial instrument estimates are based on either unadjusted quoted prices in active markets or direct or indirect observable inputs. Provisional pricing calculations are determined based on the change in the value of forward commodity prices of metals. To account for the change in metal prices from the total contract value to the 90% of the provisional value amount that has been received, estimates of the value of concentrates are used to determine the provisionally priced concentrate receivables at each period.

xi. Accounting for acquisitions

Determining the fair value of assets acquired and liabilities assumed and resulting goodwill, if any, requires that management make certain judgements and estimate taking into account information available at the time of acquisition about future events, including, but not restricted to, future metal prices, estimates of mineral reserves and resources acquired, expected future production costs and capital expenditures based on the life of mine plans, long-term foreign exchange rates, discount rates, and in-situ multiples to determine non-depletable mineral property. Changes to the provisional values of assets acquired and liabilities assumed, deferred income taxes and resulting goodwill, if any, are retrospectively adjusted when the final measurements are determined if related to conditions existing at the date of acquisition (within one year of acquisition).

b. Material accounting policy information of the Company is as follows:

i. Translation of foreign currencies

The functional currency and presentation currency of the Company is the US dollar. The functional currency of each entity is determined after consideration of the primary economic environment of the entity. The functional currencies of the Company's material subsidiaries are listed in Note 21.

Financial statements of subsidiaries are maintained in their functional currencies and converted to US dollars for consolidation of the Company's results.

Transactions denominated in foreign currencies (currencies other than the functional currency of an entity) are translated at the exchange rates on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at reporting date exchange rates and any gain or loss on translation is recorded in the consolidated statement of (loss) income as a foreign exchange gain (loss).

On translation of entities with functional currencies other than the US dollar, consolidated statement of (loss) income items are translated at average rates of exchange where this is a reasonable approximation of the exchange rate at the dates of the transactions. Consolidated statement of financial position items are translated at closing exchange rates as at the reporting date. Exchange differences on the translation of the foreign currency entities at closing rates, together with differences between consolidated statement of (loss) income translated at average and closing rates, are recorded in the foreign currency translation reserve in equity.

ii. *Cash, and cash equivalents*
Cash and cash equivalents is comprised of cash on hand, demand deposits and short-term investments with a maturity less than 90 days on acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

iii. *Inventories*
Inventories for consumable parts and supplies, ore stockpiles and concentrates, are valued at the lower of cost and net realizable value. Costs allocated to consumable parts and supplies are based on average costs and include all costs of purchase, conversion and other costs in bringing these inventories to their existing location and condition. Costs allocated to ore stockpiles and concentrates are based on average costs, which include an appropriate share of direct mining costs, direct labour and material costs, mine site overhead, depletion and amortization. If carrying value exceeds net realizable amount, a write down is recognized. The write down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

iv. *Investments*
Investments in shares of companies over which the Company exercises neither control, joint control nor significant influence are designated as fair value through OCI and recorded at fair value. Fair values are determined by reference to quoted market prices at the reporting date. Unrealized gains and losses on investments in marketable securities are recognized in the revaluation reserve. When investments in marketable securities are sold, derecognized, or determined to be impaired, the cumulative fair value adjustments remain within equity.

v. *Mineral properties, plant and equipment*
Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

vi. *Producing mineral properties*
Producing mineral properties are recorded at cost less accumulated depletion and impairment charges. The costs associated with producing mineral properties include acquired interests in production stage properties representing the fair value at the time they were acquired. Producing mineral properties also include additional capitalized costs after initial acquisition. Upon sale or abandonment of producing mineral properties, the carrying value is derecognized and any gains or losses thereon are included in the consolidated statement of (loss) income.

Non-depletable mineral interests are recorded at their fair value on acquisition date, either as part of a business combination or as an individual asset purchase. The value of such assets is primarily driven by the nature and amount of mineralized material believed to be contained in such properties.

Commercial production is deemed to have commenced when management determines that the operational commissioning of major mine and plant components is complete, operating results are being achieved consistently for a period of time and that there are indicators that these operating results will continue. At the date commercial production is reached, the Company ceases capitalization of any applicable borrowing costs and commences amortization of the associated assets. The Company determines commencement of commercial production based on several factors, which indicate that planned principal operations have commenced. These include the following:

- a significant portion of plant capacity is achieved;
- a significant portion of available funding is directed towards operating activities;
- a pre-determined, reasonable period of time has passed; and
- a development project significant to the primary business objectives of the enterprise has been completed as to significant milestones being achieved.

vii. *Deferred stripping*

Stripping costs during the production phase are accounted for as variable production costs and included in the costs of inventory produced during the period that the stripping costs are incurred. However, stripping costs are capitalized and recorded on the consolidated statement of financial position as a component of mineral properties, plant and equipment when the stripping activity provides access to sources of mineral reserves that will be produced in future periods that would not have otherwise been accessible in the absence of this activity. The capitalized deferred stripping assets are amortized on a units of production basis over the mineral reserves and a portion of mineral resources that directly benefited from the stripping activity as those mineral reserves and resources are actually mined.

viii. *Mineral exploration and development properties*

The carrying amount of mineral exploration and development properties comprise costs that are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

The costs associated with mineral exploration and development properties include acquired interests in development and exploration stage properties representing the fair value at the time they were acquired. Mineral exploration and development properties related to greenfield properties, which are prospective in nature and not yet supported by an internal economic assessment, are expensed in the consolidated statement of (loss) income, except for acquisition costs and mining interest rights. Exploration and development expenses related to brownfield mineral properties are capitalized provided that one of the following conditions is met:

- Such costs are expected to be recouped in full through successful development and exploitation of the area of interest or alternatively, by its sale; or
- Exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, however active and significant operations in relation to the area are continuing, or planned for the future.

The carrying values of capitalized amounts of mineral exploration and development properties are reviewed when there are indicators of impairment at each reporting date. In the case of undeveloped projects, there may be only inferred mineral resources to allow management to form a basis for the impairment review. The review is based on the Company’s intentions for development of such a project. If a project does not prove viable, all unrecoverable costs associated with the project are charged to the consolidated statement of (loss) income at the time the determination is made.

Once management has determined that the development potential of the property is economically viable and the necessary permits are in place for its development, and the criteria in Note 3(c)(vi) are met, the costs of the exploration asset are reclassified to producing mineral properties.

ix. *Plant and equipment*
Plant and equipment are recorded at cost less accumulated amortization and impairment losses and includes amounts representing the fair value of plant and equipment at the time they were acquired. Plant and equipment includes in its purchase price, any costs directly attributable to bringing plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with dismantling and removing the asset. Upon sale or abandonment of any plant and/or equipment, the cost and related accumulated amortization and impairment losses, are written off and any gains or losses thereon are included in the consolidated statement of (loss) income.

x. *Construction in progress*
Mineral property development and plant and equipment construction commences when approved by management and/or the Board and the Company has obtained all regulatory permissions to proceed. Development and construction expenditures are capitalized and classified as construction in progress. Once completed, the costs associated with all applicable assets related to the development and construction are reclassified to the appropriate category within mineral properties or plant and equipment.

xi. *Depletion and amortization of mineral properties, plant and equipment*
The carrying amounts of mineral properties, plant and equipment are depleted or amortized to their estimated residual value over the estimated economic life of the specific assets to which they relate, using the depletion or amortization methods and rates as indicated below. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of the remaining amortization rate. Amortization commences on the date the asset is available for its use as intended by management.

Depletion and amortization is computed using the following rates:

Item	**Methods**	**Rates**
Producing mineral properties	Units of production	Proven and probable mineral reserves and a portion of mineral resources considered highly probable to be economically extracted
Deferred stripping costs	Units of production	Proven and probable mineral reserves and a portion of mineral resources accessible due to stripping activity which are considered highly probable to be economically extracted
Right-of-use assets	Straight line	Tenure of lease
Plant & equipment	Straight line, units of production	4 – 10 years, Proven and probable mineral reserves and a portion of mineral resources considered highly probable to be economically extracted

xii. *Borrowing costs*
Interest and other financing costs directly related to the acquisition, development and construction, and production of qualifying assets are capitalized as construction in progress or in mineral properties until they are complete and available for use, at which time they are transferred to the appropriate category within mineral properties, plant and equipment. Borrowing costs incurred after the asset has been placed into service as well as all other borrowing costs are charged to the consolidated statement of income when incurred.

xiii. Impairment of long-lived assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there are any indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset or CGU's value in use. In assessing recoverable amount, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable mineral reserves and mineral resources, estimated future commodity prices and the expected future operating, capital and reclamation costs. The projected cash flows are affected by changes in assumptions about metal selling prices, future capital expenditures, production cost estimates, discount rates, and exchange rates. The discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. Determining the discount rate includes appropriate adjustments for the risk profile of the country in which the individual asset or CGU operates.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and an impairment loss is recognized in the consolidated statement of (loss) income. Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depletion) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized in the consolidated statement of (loss) income.

xiv. Income taxes

Current tax

Current tax for each taxable entity in the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date, and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred tax

Deferred tax is accounted for using the liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax losses and unused tax credits can be utilized, and except where the deferred income tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilized. To the extent that an asset not previously recognized fulfils the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Current and deferred taxes relating to items recognized directly in equity are recognized in equity and not in the consolidated statement of (loss) income.

Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for items comprising temporary differences.

xv. Taxes receivable

Taxes receivable are composed of income and mining taxes in Mexico, US and Chile and recoverable value added taxes in Canada, Mexico, US and Chile.

xvi. Embedded derivatives

Derivatives may be embedded in other financial instruments (the “host instrument”). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is designated as held for trading or at fair value, as appropriate. These embedded derivatives are measured at fair value with subsequent changes recognized in gains or losses on derivative instruments in the consolidated statement of (loss) income.

xvii. Derivatives

Derivatives are initially recognized at fair value when the Company becomes a party to the derivative contract and are subsequently re-measured to fair value at the end of each reporting period. The resulting gain or loss is recognized in the consolidated statement of income immediately unless the derivative is designated and effective as a hedging instrument. Derivatives with positive fair value are recognized as assets; derivatives with negative fair value are recognized as liabilities.

Derivative contracts that are entered to economically hedge a risk exposure but are not designated as a hedging instrument for hedge accounting purposes, and are physically settled are initially and subsequently measured at fair value. Subsequent movements in fair value are recognized in the same line item in the consolidated income statement as the item the contract is economically hedging.

xviii. Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual agreement, where the convertible component qualifies as equity. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar debt instruments. This amount is recorded as a liability on an amortized cost basis until extinguished upon conversion or at the instrument’s maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. Where the convertible component does not qualify as equity, and is considered to be an embedded derivative, the convertible component is included as a financial liability and is measured at FVTPL.

xix. Financial instruments

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI.

The classification determines the method by which the financial assets are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Accounts receivable are measured at amortized cost with subsequent impairments recognized in the consolidated statement of (loss) income. Short-term investments, concentrate receivables, promissory note receivables and derivative assets are measured at FVTPL with subsequent changes recognized in the consolidated statement of (loss) income.

Short-term investments include investments in bankruptcy-remote, AAA rated money market funds, and exchange traded funds. The mark-to-market adjustments for provisional pricing changes on concentrate receivables are based on forward commodity prices of metals and are included in revenues until final settlement. Investments in marketable securities are measured at FVOCI with subsequent changes recognized in OCI. Derivative assets include zero cost collar foreign currency contracts and interest rate swap contracts and are measured at FVTPL.

Financial liabilities are designated as either: (i) FVTPL; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities and long-term debt are classified as amortized cost and carried on the consolidated statement of financial position at amortized cost. Derivative liabilities consist of foreign currency contracts and copper commodity contracts and are measured at FVTPL.

xx. Impairment and uncollectibility of financial assets

An 'expected credit loss' impairment model applies, which requires a loss allowance to be recognized based on expected credit losses. This applies to financial assets measured at amortized cost. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in the consolidated statement of (loss) income for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through the consolidated statement of (loss) income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

xxi. Deferred revenue

Deferred revenue consists of payments received by the Company in consideration for future commitments to deliver payable gold and silver contained in concentrate at contracted prices. As deliveries are made, the Company records a portion of the deferred revenue as sales, based on a proportionate share of deliveries made compared with the total estimated contractual commitment.

Interest expense on deferred revenue is recognized in finance costs when the Company identifies significant financing components related to its streaming arrangements, resulting from a difference in the timing of the up-front consideration received and delivery of the promised goods. The interest rate is determined based on the rate implicit in each streaming agreement at the date of inception or acquisition.

The initial consideration received from streaming arrangements is considered variable, subject to changes in the total gold and silver ounces to be delivered. As product is delivered, the deferred revenue amount including accreted interest will be taken into net (loss) income. The draw down rate requires the use of proven and probable reserves and certain resources in the calculation that are beyond proven and probable reserves which management is reasonably confident will be transferable to reserves. Key estimates used in determining the significant financing component include the discount rate and the reserve and resources assumed for conversion. Changes to variable consideration are reflected in revenue in the consolidated statement of (loss) income.

xxii. Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset ("ROU asset") and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. The payments for such leases are recognized in the consolidated statement of income on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate.

When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in mineral properties, plant and equipment, and the lease liability is presented separately in the consolidated statement of financial position.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of (loss) income.

xxiii. Reclamation and closure cost obligations

A reclamation and closure cost obligation is recognized for close down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the consolidated statement of financial position date. At the time of establishing the provision, a corresponding asset is capitalized, where it gives rise to a future benefit, and amortized over the estimated economic life of the specific assets to which they relate. The provision is discounted using a current market-based pre-tax discount rate and the unwinding of the discount is included in accretion expense in the consolidated statement of (loss) income as interest expense from discounting reclamation and closure cost obligations.

The obligation is reviewed each reporting period for changes to obligations, laws and discount rates that impact estimated costs or lives of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate and the adjusted cost of the asset is amortized prospectively.

xxiv. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate.

xxv. Post-employment benefits

Employment terms may provide for payment of a severance indemnity when an employment contract comes to an end. This is typically at the rate of one month for each year of service (subject in most cases to a cap as to the number of qualifying years of service) and based on final salary level. The severance indemnity obligation is treated as an unfunded defined benefit plan, and the calculation is based on valuations performed by an independent actuary using the projected unit credit method, which are regularly updated.

The obligation recognized in the balance sheet represents the present value of the severance indemnity obligation. Actuarial gains and losses are immediately recognized in other comprehensive income.

xxvi. Business combinations and goodwill

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

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

IFRS 3 requires that one of the parties to the business combination be designated as the acquirer for accounting purposes. In making this assessment, factors such as the voting rights of the outstanding equity instruments, the corporate governance structure of the combined entity, the composition of senior management of the combined company and the relative size and net asset values of each of the companies are taken into consideration. No single factor is the sole determinant in the overall conclusion; all factors are considered in arriving at this conclusion.

xxvii. Non-controlling interest

Non-controlling interest is measured either at the fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquirer's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction by transaction basis. Net earnings for the period that are attributable to non-controlling interest are calculated based on the ownership of the minority shareholders in the subsidiary.

xxviii. Share capital

The proceeds from the exercise of stock options or warrants together with amounts previously recorded over the vesting periods are recorded as share capital.

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value of the shares on the date of issue.

The proceeds from the issue of units are allocated between common shares and common share purchase warrants on a pro-rata basis based on relative fair values as follows: the fair value of the common shares is based on the market close on the date the units are issued and the fair value of the common share purchase warrants is determined using the Black-Scholes Option Pricing Model.

Where any group company purchases the Company’s equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

xxix. Share-based payments

The Company makes periodic grants of share-based awards to selected directors, officers, employees and others providing similar service under the Company’s share-based compensation plans.

Contributions to the Company’s employee share purchase plan (“ESPP”) are recorded on a payroll cycle basis as the Company’s obligation to contribute is incurred.

Pursuant to the Company’s stock option plan and Treasury Share Unit Plan ("TSUP"), the fair value of the equity-settled awards is determined at the date of the grant by using the Black-Scholes Option Pricing Model. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management’s best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the consolidated statement of (loss) income with a corresponding entry within equity, against the reserve for equity settled share-based transactions. No expense is recognized for awards that do not ultimately vest.

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”). Units granted under these share-based compensation plans are recorded at fair value on the grant date and are adjusted for changes in fair value each reporting period until settled. The expense, and any changes which arise from fluctuations in the fair value of the grants, is recognized in share-based compensation in the consolidated statement of (loss) income with the corresponding liability recorded on the consolidated statement of financial position in provisions.

xxx. Revenue recognition

Sales of metal concentrates and cathode are recognized and revenue is recorded at market prices following the transfer of control to the customer, provided that the Company has a present right to payment, has transferred physical possession of the asset to the customer, and the customer has the significant risks and rewards of ownership. Capstone satisfies its performance obligations upon delivery of the metal concentrates and cathode.

The Company’s metal concentrates are sold under a pricing arrangement where final prices are determined by quoted market prices in a period subsequent to the date of sale. Until prices are final, revenues are recorded based on forward commodity prices of metals for the expected period of final settlement. Subsequent variations in the final determination of the metal concentrate weight, assay and price are recognized as revenue adjustments as they occur until finalized. Pricing and volume adjustments, as well as refining and treatment charges, under the sales contracts are presented separately in the notes to the consolidated financial statements (Note 19).

The Company enters into copper time-spread swaps in order to manage the risk associated with final prices in terms of copper concentrate sales agreements. The associated gain/losses are recorded in Revenue in order to follow the nature of the transaction to which it is linked.

xxxi. (Loss) earnings per share

Basic (loss) earnings per share is computed by dividing net (loss) income available (attributable) to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted (loss) earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on (loss) earnings per share.

The dilutive effect of convertible securities is reflected in diluted (loss) earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted (loss) earnings per share by application of the treasury stock method.

4 Adoption of New and Revised IFRS and IFRS Not Yet Effective

<u>New IFRS Pronouncements</u>

Issued and effective January 1, 2023

In February 2021, the IASB issued amendments to IAS 1, Presentation of Financial Statements and the IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on the application of materiality judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose ‘significant’ accounting policies with a requirement to disclose ‘material’ accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of materiality concepts when making judgments about accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. Prospective application is required on adoption. The Company assessed the impact of the amendment and determined it did not have a material effect on our annual financial statements.

In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amended IAS 12 Income Taxes. The amendments became effective January 1, 2023. These amendments do not have an effect on the Company's financial statements as we currently follow the accounting treatment proposed by the amendments.

In May 2023, the IASB issued amendments to IAS 12, Income Taxes (IAS 12), to clarify the application of IAS 12 to income taxes arising from tax law enacted or substantively enacted related to the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD).

The amendments require a mandatory temporary exception which prohibits the accounting for deferred taxes arising from tax law that implements the Pillar Two model rules. This amendment was effective immediately upon its release.

The Company performed an assessment and determined it would not be impacted by additional top-up taxes as a result of Pillar Two income taxes.

Issued but not yet effective

In January 2020 and October 2022, the IASB issued amendments to International Accounting Standards 1 ("IAS 1"), Presentation of Financial Statements, to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. Rights are in existence if covenants are complied with at the end of the reporting period. Settlement refers to the transfer to the counterparty of cash, equity instruments, or other assets or services. In addition, the amendment required entities to disclose information to enable users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments will be effective January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. The Company is in the process of assessing the impact of this amendment on the Company's financial statements and does not expect it to have a significant effect on the Company's financial statements.

In May 2023, the IASB issued amendments to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments Disclosures to provide guidance on disclosures related to supplier finance arrangements that enable users of financial statements to assess the effects of these arrangements on the entity’s liabilities and cash flows and on the entity’s exposure to liquidity risk. The amendments are effective for annual periods beginning on or after January 1, 2024, with early adoption permitted. The Company is in the process of assessing the impact of the potential disclosure requirements of these amendments.

5. Business Combination Between Capstone and Mantos

Description of the Transaction

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

Management has concluded that Mantos constitutes a business and, therefore, the acquisition is accounted for in accordance with IFRS 3 - Business Combinations. The Company began consolidating the operating results and net assets of Mantos from March 23, 2022 onwards.

The Company completed a full and detailed valuation of the fair value of the net assets of Mantos acquired using the income, market and cost valuation methods with the assistance of an independent third party. As at December 31, 2022, the Company finalized its full and detailed assessment of the fair value of net assets of Mantos acquired.

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

Total transaction costs of $19.4 million were expensed during the year ended December 31, 2022.

Consideration and Purchase Price Allocation

Total consideration for the acquisition was valued at $1,593 million on the Transaction Date. The final purchase price allocated to the identifiable assets and liabilities based on their estimated fair values on the Transaction Date is summarized as follows:

Total Consideration		
273,888,541 shares deemed issued to Mantos' shareholders with a fair value of US$5.82 per share	**$**	**1,592,679**
Total consideration	**$**	**1,592,679**

Allocation of Purchase Price		**Final as reported December 31, 2022**
Cash and cash equivalents	**$**	**219,211**
Receivables		**129,383**
Inventories		**111,602**
Due from related party *(i)*		**259,843**
Mineral properties, plant and equipment		**2,907,689**
Other assets		**27,663**
Derivative assets		**26,804**
Accounts payable and accrued liabilities		**(230,846)**
Due to related party *(i)*		**(259,843)**
Income taxes payable		**(9,983)**
Long-term debt		**(371,642)**
Derivative liabilities		**(155,386)**
Lease liabilities		**(78,146)**
Deferred income tax liabilities		**(484,678)**
Provisions		**(84,293)**
Net assets acquired before non-controlling interest	**$**	**2,007,378**
Non-controlling interest *(Note 12)*		**(414,699)**
Net assets acquired	**$**	**1,592,679**

i. The amounts previously due from a related party relates to a loan granted by Capstone Copper (previously Mantos Copper (Bermuda) Ltd.) to Orion Fund JV Limited, a shareholder of the Company. Amounts previously due to a related party relates to a loan granted by Orion Fund JV Ltd. to Mantos Copper Holding SpA. These amounts were settled during June 2022 via a non-cash assignment and offset agreement.

The Company used discounted cash flow models to determine the fair value of the depletable mining interests. The expected future cash flows are based on estimates of future copper prices, estimated quantities of ore reserves and mineral resources, expected future production costs and capital expenditures based on the life of mine plans at the Transaction Date. The discounted cash flow models used discount rates of 8.5% for Mantos Blancos and 9.25% for Mantoverde based on the Company's assessment of country risk, project risk and other potential risks specific to the acquired mining interests.

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

The significant assumptions used in the determination of the fair value of the mining interests were as follows:

	Mantoverde	**Mantos Blancos**
Short-term copper price	$3.85/lb	$3.85/lb
Long-term copper price	$3.50/lb	$3.50/lb
Discount rate	9.25%	8.50%
Mine life (years)	21	17
Average copper grade over life of mine	0.60%	0.69%
Average copper recovery rate	88.3%	83.6%

The Company used a market approach to determine the fair value of resource and exploration potential by comparing the costs of other precedent market transactions within the industry on a dollar per pound basis. Those amounts were used to determine the range of in-situ resource multiples implied within the value of transactions by other market participants. Management made a significant assumption in the determination of the fair value of resource and exploration potential by using an implied in-situ multiple of $0.032 for a total of $321.6 million at Mantoverde and $57.1 million at Mantos Blancos. The Company accounted for resource and exploration potential through inclusion within non-depletable mineral interest.

6. Financial Instruments

Fair value of financial instruments

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

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

Short term investments and marketable securities are valued using quoted market prices in active markets. Accordingly, these items are included in Level 1 of the fair value hierarchy.

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

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

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

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

As of December 31, 2023 the Company's classification of financial instruments within the fair value hierarchy are summarized below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Short-term investments	**$ 804**	**$ —**	**$ —**	**$ 804**
Copper concentrate receivables *(Note 7)*	**—**	**73,800**	**—**	**73,800**
Copper cathode receivables *(Note 7)*	**—**	**34,549**	**—**	**34,549**
Derivative assets	**—**	**35,549**	**—**	**35,549**
Investment in marketable securities *(Note 10)*	**824**	**—**	**—**	**824**
	$ 1,628	**$ 143,898**	**$ —**	**$ 145,526**
Financial liabilities				
Derivative liabilities	**$ —**	**$ 16,788**	**$ —**	**$ 16,788**
Gold stream liability	**—**	**7,100**	**—**	**7,100**
	$ —	**$ 23,888**	**$ —**	**$ 23,888**

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

	Level 1	Level 2	Level 3	Total
Short-term investments	$ 1,553	$ —	$ —	$ 1,553
Copper concentrate receivables *(Note 7)*	—	72,720	—	72,720
Copper cathode receivables *(Note 7)*	—	70,814	—	70,814
Derivative assets - current *(Note 10)*	—	48,563	—	48,563
Investment in marketable securities *(Note 10)*	1,628	—	—	1,628
	$ 3,181	$ 192,097	$ —	$ 195,278

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 year ended December 31, 2023.

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

	December 31, 2023			
	Fair value through profit or loss	**Fair value through OCI**	**Amortized cost**	**Total**
Cash and cash equivalents	**$ —**	**$ —**	**$ 126,016**	**$ 126,016**
Short-term investments	**804**	**—**	**—**	**804**
Copper concentrate receivables *(Note 7)*	**73,800**	**—**	**—**	**73,800**
Copper cathode receivables *(Note 7)*	**34,549**	**—**	**—**	**34,549**
Other receivables *(Note 7)*	**—**	**—**	**14,671**	**14,671**
Derivative assets	**35,549**	**—**	**—**	**35,549**
Investment in marketable securities *(Note 10)*	**—**	**824**	**—**	**824**
	$ 144,702	**$ 824**	**$ 140,687**	**$ 286,213**

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

	December 31, 2022			
	Fair value through profit or loss	Fair value through OCI	Amortized cost	Total
Cash and cash equivalents	$ —	$ —	$ 170,307	$ 170,307
Short-term investments	1,553	—	—	1,553
Copper concentrate receivables *(Note 7)*	72,720	—	—	72,720
Copper cathode receivables *(Note 7)*	70,814	—	—	70,814
Other receivables *(Note 7)*	—	—	11,763	11,763
Derivative assets	48,563	—	—	48,563
Investment in marketable securities *(Note 10)*	—	1,628	—	1,628
Other asset	—	—	5,000	5,000
	$ 193,650	$ 1,628	$ 187,070	$ 382,348

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

	December 31, 2023		
	Fair value through profit or loss	**Amortized cost**	**Total**
Accounts payable and accrued liabilities	**$ —**	**$ 272,277**	**$ 272,277**
Long-term debt *(Note 14)*	**—**	**998,655**	**998,655**
Due to related party *(Note 12)*	**—**	**195,872**	**195,872**
Derivative liabilities	**16,788**	**—**	**16,788**
Working capital facility *(Note 11)*	**—**	**25,618**	**25,618**
Payable on purchase of non-controlling interest *(Note 11)*	**—**	**42,389**	**42,389**
Gold stream obligation *(Note 11)*	**7,100**	**—**	**7,100**
	$ 23,888	**$ 1,534,811**	**$ 1,558,699**

	December 31, 2022		
	Fair value through profit or loss	Amortized cost	Total
Accounts payable and accrued liabilities	$ —	$ 284,913	$ 284,913
Long-term debt *(Note 14)*	—	599,075	599,075
Due to related party *(Note 12)*	—	60,000	60,000
Derivative liabilities	54,489	—	54,489
Payable on purchase of non-controlling interest *(Note 11)*	—	40,364	40,364
	$ 54,489	$ 984,352	$ 1,038,841

There have been no changes during the year ended December 31, 2023, in how the Company categorizes its financial assets and liabilities by fair value through profit or loss, fair value through OCI, and amortized cost.

At December 31, 2023 and 2022, the carrying amounts of accounts receivable not arising from sales of metal concentrates and cathodes, accounts payable and accrued liabilities, and other current assets and current liabilities are considered to be reasonable approximations of their fair values due to the short-term nature of these instruments. The fair value of the Company's long-term debt is approximated by its carrying value since the contractual interest rates are comparable to current market interest rates.

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

Derivative instruments

As at December 31, 2023, the Company's derivative financial instruments are composed of copper commodity swap contracts, copper zero-cost collar contracts, interest rate swap contracts, foreign currency zero-cost collars ("ZCC"), forward and swap contracts and quotational pricing contracts.

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

The Company's outstanding derivative instruments as of December 31, 2023, are as follows:

Type	Contract description	Remaining term	Put strike	Call strike / Fixed rate	Notional tonnes / Quantity
Commodity (i)	Fixed-for-Floating Swaps Copper	January - June 2024	$—	$3.39/lb	12,263 tonnes
Commodity (ii)	Fixed-for-Floating Swaps Copper	January - June 2024	$—	$3.79/lb	6,000 tonnes
Commodity (ii)	ZCC - Call and Put Option Contracts - Copper	January - June 2024	$3.55/lb $3.75/lb	$4.22/lb $4.50/lb	14,000 tonnes
Interest rate (iii)	Fixed-for-floating swaps adjusted SOFR	January 2024 - March 2030	—	1.015%	$520 million USD
Interest rate (iii)	Floor options adjusted SOFR	January 2024 - September 2025	—	0%	$520 million USD
Foreign currency (iv)	Foreign Exchange Swaps - CLP	January - March 2024	—	727.70	506 million CLP
Foreign currency (iv)	Foreign Exchange Swaps - UF	January - May 2024	—	41.70	0.1 million UF
Foreign currency (v)	Foreign exchange ZCC - CLP	January - December 2024	825.00 835.00	922.50 955.00	123.4 billion CLP
Foreign currency (vi)	Foreign exchange ZCC - CAD	January - December 2024	1.35	1.39	$10.0 million CAD
Foreign currency (vii)	Foreign exchange ZCC - MXN	January - December 2024	18.00 18.25	20.20 20.50	660 million MXN
Quotational pricing contracts (viii)	Copper time-spread swaps	January - February 2024	—	—	8,946 tonnes

i. As part of the Mantoverde Development Project ("MVDP") financing arrangements, Mantos was required to enter into a number of fixed-for-floating swaps to hedge LME copper prices. Under the agreements, a subsidiary of the Company has remaining hedges of 12,263 metric tonnes in the first half of 2024. At December 31, 2023, the fair value of these derivatives was $(13.1) million (December 31, 2022 - $(26.0) million).

ii. In April 2023, the company entered into fixed-for-floating swaps for 6,000 metric tonnes for the first half of 2024 at average price of $3.79/lb. The Company also entered into zero cost collar ("ZCC") contracts whereby it sold a series of call option contracts ($4.22/lb to $4.50/lb) and purchased a series of put option contracts ($3.55.lb to $3.75/lb) for $nil cash premium consisting of 14,000 metric tonnes in the first half of 2024. At December 31, 2023, the fair value of these derivatives was $(0.4) million (December 31, 2022 - $(16.9) million).

iii. To mitigate the risk of movements in interest rates, and in compliance with a covenant in the MVDP financing, a subsidiary of the Company entered into a fixed-for-floating SOFR swap at 1.015% with floating rate of daily SOFR, compounded to a quarterly rate, plus 0.2616% adjustment, until March 2030, with a 0% floor on the adjusted SOFR rate until September 2025. The fixed for floating swap notional represents the notional amount as of the reporting period. The derivative instruments are a series of quarterly contracts, with notional amounts in line with planned quarterly balances based on expected project finance debt drawdown and expected amortization. At December 31, 2023, the fair value of the fixed-for-floating swaps and floor option derivative contracts was $33.4 million (December 31, 2022 - $48.3 million).

iv. As a covenant in the MVDP financing, a subsidiary of the Company, entered into foreign exchange forward and swap contracts in February 2021 to hedge the foreign exchange risk related to the capital expenditures for the MVDP. As at December 31, 2023, the fair value of the outstanding CLP and UF contracts was $(0.1) million (December 31, 2022 - $(1.6) million).

v. During the year ended December 31, 2023, the Company entered into ZCCs CLP to US dollar foreign exchange option contracts covering the period from January 2024 through December 2024, representing approximately 75% of Mantoverde's and Mantos Blancos' expected CLP operating costs during the period. At December 31, 2023, the fair value of the outstanding CLP contracts was $(1.4) million (December 31, 2022 - $0.5) million).

vi. In October 2023, the Company entered into CAD zero cost collars to US dollar foreign exchange option contracts covering the period from January through December 2024, representing approximately 50% of the expected CAD general and administrative costs during this period. At December 31, 2023, the fair value of the outstanding CAD contracts was $0.2 million (December 31, 2022 - $0.2 million).

vii. In October 2023, the Company entered into MXN zero cost collars to US dollar foreign exchange option contracts covering the period from January 2024 through December 2024, representing approximately 75% of the expected MXN operating costs during this period. At December 31, 2023, the fair value of the outstanding MXN contracts was $1.9 million (December 31, 2022 - $nil).

viii. The Company enters into copper time-spread swaps in order to manage the risk associated with provisional pricing terms in copper concentrate sales agreements. As at December 31, 2023, the Company had 8,946 metric tonnes of copper swaps outstanding at an effective average benefit of $30.71 per tonne and settling across January to February 2024. At December 31, 2023, the fair value of the outstanding contracts was $(1.8) million (December 31, 2022 - $(9.5) million).

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

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

		December 31, 2023		December 31, 2022
Derivative financial assets:				
Foreign currency contracts	**$**	**2,139**	$	247
Interest rate swap contracts		**16,845**		19,734
Total derivative financial assets - current		**18,984**		19,981
Interest rate swap contracts		**16,565**		28,582
Total derivative financial assets - non-current	**$**	**16,565**	$	28,582
Derivative financial liabilities:				
Foreign currency contracts		**1,503**		2,073
Copper commodity contracts		**13,484**		32,888
Quotational pricing contracts		**1,801**		9,462
Total derivative financial liabilities - current	**$**	**16,788**	$	44,423
Foreign currency contracts		**—**		46
Copper commodity contracts		**—**		10,020
Total derivative financial liabilities - non-current	**$**	**—**	$	10,066

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

		Year ended December 31,		
		2023		2022
Unrealized gain (loss) on derivative financial instruments:				
Foreign currency contracts	**$**	**2,505**	$	9,998
Copper commodity contracts		**29,425**		100,834
Interest rate swap contracts		**(14,820)**		22,725
Unrealized loss on warrants		**—**		(387)
Total unrealized (loss) gain on derivative financial instruments		**17,110**		133,170
Realized gain (loss) on derivative financial instruments:				
Foreign currency contracts		**243**		(24,881)
Copper commodity contracts		**(35,869)**		(1,384)
Interest rate swap contracts		**21,591**		4,182
Total realized gain (loss) on derivative financial instruments		**(14,035)**		(22,083)
Total unrealized and realized gain on derivative financial instruments:	**$**	**3,075**	$	111,087

** Amounts above do not include unrealized and realized gains and losses related to the Company's quotational pricing contracts as these amounts are included in pricing and volume adjustments on copper concentrate sales (Note 19).*

Valuation methodologies for Level 2 financial instruments

The key inputs to the valuation of the concentrate receivable balance are payable metal and future metal prices. The Company's metal concentrate sales contracts are subject to provisional pricing with the selling price adjusted at the end of the quotational period based on final settlement weights and assays. At each reporting date, the Company's accounts receivable on these contracts are marked-to-market based on a quoted forward price for which there exists an active commodity market.

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

Derivative assets and liabilities consist of the mark-to-market adjustments to record the fair values of the outstanding zero cost collar and forward foreign currency contracts, commodity swaps, interest rate swaps quotational pricing contracts. At December 31, 2023 derivative assets consist of zero cost collar and forward foreign currency contracts and interest rate swap contracts. Derivative liabilities consist of zero cost collar foreign currency contracts, copper commodity contracts and quotational pricing contracts. All of the Company's derivative assets and liabilities are marked-to-market based on a valuation model which uses quoted observable inputs.

Commodity price risk

The Company is exposed to commodity price risk since its revenues are derived from the sale of metals, the prices for which have been historically volatile. The Company sometimes manages this risk by entering into forward sale or commodity swap derivative agreements with various counterparties to mitigate price risk when management believes it a prudent decision.

Credit risk

The Company is exposed to credit risk through its trade receivables on concentrate sales with various counterparties under the terms of off-take agreements. The Company manages this risk by requiring provisional payments of at least 90 percent of the value of the concentrate shipped. Value added taxes receivable are not considered to be subject to significant credit risk as these balances are receivable from government authorities.

The credit risk on cash and cash equivalents is limited because the funds are held with banks with high credit ratings as assigned by international credit rating agencies. Similarly, the credit risk on the short-term investments is limited as the investments are in highly liquid, bankruptcy-remote, AAA rated money market funds, and exchange traded funds.

As at December 31, 2023, the Company's maximum exposure to credit risk is the carrying value of its cash and cash equivalents, short-term investments, receivables, derivative assets and investment in marketable securities.

Foreign exchange risk

The Company is exposed to foreign exchange risk as the Company's operating costs will be primarily in US dollars, Canadian dollars ("C$"), Mexican pesos and Chilean pesos, while revenues are received in US dollars. Hence, any fluctuation of the US dollar in relation to these currencies may affect the profitability of the Company and the value of the Company's assets and liabilities. From time to time, the Company enters into foreign exchange hedging arrangements to mitigate the risk of exposure to fluctuating foreign currency exchange rates.

As at December 31, 2023, the Company is exposed to foreign exchange risk through the following financial assets and liabilities denominated in currencies other than the functional currency of the applicable subsidiary:

	Canadian dollar	**Mexican peso**	**Chilean peso**
Cash	$ 798	$ 551	$ 30,006
Receivables and other current assets	856	2,514	26,594
Deposits and other long-term assets	98	125	95
Total assets	1,752	3,190	56,695
Accounts payable and accrued liabilities	8,365	9,765	51,849
Total liabilities	8,365	9,765	51,849
Net (liabilities) assets	**$ (6,613)**	**$ (6,575)**	**$ 4,846**

The following sensitivity analysis for foreign currency risk relates solely to financial assets and liabilities that were outstanding at December 31, 2023 and each sensitivity calculation assumes all other variables are held constant.

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

The analysis does not reflect the overall effect that changes in market variables would have on the Company's results.

Based on the above net exposures at December 31, 2023, a 10% appreciation in the Canadian dollar against the US dollar would result in a $0.7 million increase in the Company's loss before taxes. A 10% appreciation of the Mexican peso against the US dollar would result in a $0.7 million increase in the Company's loss before taxes. A 10% appreciation of the Chilean peso against the US dollar would result in a $0.5 million decrease in the Company's loss before taxes.

Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company maintains adequate cash balances and credit facilities to meet short and long-term business requirements, after taking into account cash flows from operations and believes that these sources will be sufficient to cover the likely short and long-term cash requirements. The Company's cash is held in business accounts with Canadian Tier 1 or international banks with a S&P Global Rating rating of A- or better. The cash is available on demand for the Company's programs. In addition, the Company's short-term investments are highly liquid and are readily convertible to cash.

As of December 31, 2023, the Company's liabilities that have contractual maturities are as follows:

	Total	2024	2025	2026	2027	After 2027
Accounts payable and accrued liabilities *(i)*	$ 272,277	$ 272,277	$ —	$ —	$ —	$ —
Long term debt *(ii)*	$ 994,000	28,398	85,748	88,640	504,353	286,861
Due to related party *(Note 12)*	$ 60,000	3,243	6,486	6,486	6,486	37,299
Working capital facility *(Note 11)*	$ 25,618	25,618	—	—	—	—
Leases and other contracts	$ 127,715	35,746	25,147	20,507	15,861	30,454
Water supply contracts *(Note 24)*	$ 201,342	20,620	22,160	22,631	18,516	117,415
	$ 1,680,952	$ 385,902	$ 139,541	$ 138,264	$ 545,216	$ 472,029

i. Amounts above do not include payments related to the Company's reclamation and closure cost obligations, other long- term provisions (Note 17) and other liabilities without contractual maturities.
ii. Excluding deferred financing costs and purchase price accounting fair value adjustments

Interest rate risk

The Company's long-term debt is based on variable interest rates. Variable interest rates are currently based on US dollar SOFR plus a variable margin. From time to time, the Company has entered into derivative contracts to manage this risk. Based on the utilized Mantoverde Development Project Facility, Cost Overrun Facility, Due to Related Party and Revolving Credit Facility and balances of $520.0 million, $60.0 million, $129.9 million and $474.0 million at December 31, 2023, respectively, a 0.1% increase in the SOFR rates would result in a $0.7 million increase in annual net loss before taxes. The Company is also exposed to interest rate risk with respect to the interest it earns on its cash balances and short-term investments. A 0.1% change in interest rates would have a nominal effect on the Company's interest income.

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

7. Receivables

Details are as follows:

	December 31, 2023	December 31, 2022
Copper cathode	**$ 34,549**	$ 70,814
Copper concentrate	**73,800**	72,720
Value added taxes and other taxes receivable	**16,345**	31,535
Income taxes receivable	**7,953**	5,055
Other	**14,671**	11,763
Total receivables	**$ 147,318**	$ 191,887

8. Inventories

Details are as follows:

	December 31, 2023	December 31, 2022
Current:		
Materials and consumables	**$ 82,478**	$ 68,121
Ore stockpiles	**14,003**	10,596
Work-in-progress	**21,477**	29,386
Finished goods - copper cathode	**16,400**	19,057
Finished goods - copper concentrate	**15,255**	13,637
Total inventories - current	**$ 149,613**	$ 140,797
Non-current:		
Ore stockpiles *(Note 10) (i)*	**8,474**	2,700
Total inventories - non-current	**$ 8,474**	$ 2,700

i. Non-current inventory is comprised of ore stockpiles at the Mantos Blancos mine.

During the year ended December 31, 2023, concentrate and cathode inventories recognized as production costs, including depletion and amortization, amounted to $1,251.3 million (2022 – $1,078.1 million).

During the year ended December 31, 2023, the Company recorded write-downs of $1.9 million related to Mantoverde's cathode inventories and Pinto Valley's supplies inventories which were recorded as production costs.

During the year ended December 31, 2022, the Company recorded write-downs of $2.8 million related to Mantoverde's cathode inventories and Pinto Valley's ore stockpile and supplies inventories, which were recorded as production costs.

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

9. Mineral Properties, Plant and Equipment

Details are as follows:

	Mineral properties			Plant and equipment			
	Depletable		Non-depletable	Subject to amortization		Not subject to amortization	
	Producing mineral properties	Deferred stripping	Mineral exploration and development properties	Plant & equipment	Right of use assets	Construction in progress	Total
At January 1, 2023, net	$ 1,709,157	$ 137,563	$ 819,225	$ 1,052,252	$ 91,743	$ 896,371	$ 4,706,311
Additions	10,222	218,379	45,001	6,185	72,976	468,224	820,987
Disposals	—	—	(19)	(300)	—	(345)	(664)
Rehabilitation provision adjustments *(Note 17)*	6,741	—	—	—	—	—	6,741
Reclassifications	36,427	9,076	(26,395)	189,664	(16,060)	(192,712)	—
Depletion and amortization	(89,820)	(57,337)	—	(85,398)	(14,563)	—	(247,118)
At December 31, 2023, net	**$ 1,672,727**	**$ 307,681**	**$ 837,812**	**$ 1,162,403**	**$ 134,096**	**$ 1,171,538**	**$ 5,286,257**
At December 31, 2023:							
Cost	$ 2,182,946	$ 469,961	$ 837,812	$ 2,881,315	$ 246,775	$ 1,171,538	$ 7,790,347
Accumulated amortization and impairment	(510,219)	(162,280)	—	(1,718,912)	(112,679)	—	(2,504,090)
Net carrying amount	**$ 1,672,727**	**$ 307,681**	**$ 837,812**	**$ 1,162,403**	**$ 134,096**	**$ 1,171,538**	**$ 5,286,257**

During the year ended December 31, 2023, the Company capitalized $72.2 million (2022 - $23.4 million) of finance costs to Construction in Progress, at a weighted average interest rate of 7.8%.

During the year ended December 31, 2023, the Company capitalized $218.4 million (2022 - $80.4 million) of stripping costs to deferred stripping and depletable mineral properties. During the year ended December 31, 2023, the Company capitalized $9.1 million (2022 - $nil) of pre-stripping costs to Construction in Progress related to MVDP.

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

	Mineral properties			Plant and equipment			
	Depletable		Non-depletable	Subject to amortization		Not subject to amortization	
	Producing mineral properties	Deferred stripping	Mineral exploration and development properties	Plant & equipment	Right of use assets	Construction in progress	Total
At January 1, 2022, net	$ 413,573	$ 89,245	$ 411,154	$ 293,938	$ 14,622	$ 88,338	$ 1,310,870
Business combination with Mantos (*Note 5*)	1,264,631	—	378,856	496,931	71,821	695,450	2,907,689
Additions	67,711	80,406	53,251	3,512	37,996	428,595	671,471
Disposals	—	—	(135)	(30)	—	—	(165)
Rehabilitation provision adjustments *(Note 17)*	13,955	—	—	—	—	—	13,955
Reclassifications	23,943	—	(23,901)	325,156	(9,186)	(316,012)	—
Depletion and amortization	(74,656)	(32,088)	—	(67,255)	(23,510)	—	(197,509)
At December 31, 2022, net	$ 1,709,157	$ 137,563	$ 819,225	$ 1,052,252	$ 91,743	$ 896,371	$ 4,706,311
At December 31, 2022:							
Cost	$ 2,130,178	$ 247,491	$ 819,225	$ 2,665,873	$ 186,355	$ 896,371	$ 6,945,493
Accumulated amortization and impairment	(421,021)	(109,928)	—	(1,613,621)	(94,612)	—	(2,239,182)
Net carrying amount	$ 1,709,157	$ 137,563	$ 819,225	$ 1,052,252	$ 91,743	$ 896,371	$ 4,706,311

The Company's exploration costs were as follows:

	Year ended December 31, 2023	2022
Exploration capitalized to mineral properties	**$ 2,400**	$ 3,278
Greenfield exploration expensed to the statement of (loss) income	**4,961**	9,578
	$ 7,361	$ 12,856

Exploration capitalized to mineral properties during the year ended December 31, 2023 and 2022, relates to brownfield exploration at the Cozamin mine. Greenfield exploration expenses during the year ended December 31, 2023 and 2022 related primarily to exploration efforts in the US and Brazil.

As at December 31, 2023, construction in progress primarily relates to capital costs incurred in connection with the MVDP, expansionary and sustaining capital at the Mantos Blancos, Pinto Valley and Cozamin mines and the development at the Santo Domingo project. Capital expenditures committed as at December 31, 2023, but not yet incurred, is $32.9 million (December 31, 2022 - $265.9 million).

As at December 31, 2023, the Revolving Credit Facility ("RCF") *(Note 14)* was secured by the Pinto Valley, Cozamin and Mantos Blancos mineral properties, and plant and equipment with a net carrying value of $2,027.0 million (December 31, 2022 – $1,934.7 million).

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

10. Other Assets

Details are as follows:

		December 31, 2023		December 31, 2022
Current:				
Prepaids	**$**	**36,612**	$	37,926
Deposits		**4,710**		4,500
Other		**2,800**		2,540
Total other assets - current	**$**	**44,122**	$	44,966
Non-current:				
Prepayments		**18,045**		18,045
Ore stockpiles *(Note 8)*		**8,474**		2,700
Investments in marketable securities		**824**		1,628
Finance lease receivable		**—**		431
Deposits		**390**		8,177
Other		**3,102**		6,839
Total other assets - non-current	**$**	**30,835**	$	37,820

11. Other Liabilities

Details are as follows:

		December 31, 2023		December 31, 2022
Current:				
Current portion of share-based payment obligations (*Note 17*)	**$**	**8,455**	$	30,497
Current portion of deferred revenue *(Note 15)*		**12,139**		8,524
Current portion of Minto obligation *(Note 17)*		**23,943**		—
Working capital facility		**25,618**		—
Other		**1,257**		301
Total other liabilities - current	**$**	**71,412**	$	39,322
Non-current:				
Retirement benefit liabilities	**$**	**13,036**	$	6,411
Non-current portion of payable on purchase of NCI		**42,389**		40,364
Gold stream obligation (*Note 25*)		**7,100**		—
Other		**1,603**		3,953
Total other liabilities - non-current	**$**	**64,128**	$	50,728

Working Capital Facility

During the year ended December 31, 2023, one of the Company's Chilean subsidiaries entered into a series of three-month facilities with a fixed interest rate of 6.41% for the purposes of working capital management. As at December 31, 2023, the balance of the facility was $25.6 million, including interest of $0.6 million.

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

Payable on purchase of NCI

On March 24, 2021, Capstone Mining completed a Share Purchase Agreement (the "SPA") with Korea Resources Corporation ("KORES") to purchase KORES' 30% ownership interest in Acquisition Co. for cash consideration of $120 million and non-cash consideration of $32.4 million, enabling the Company's consolidation of 100% ownership in Santo Domingo.

As at December 31, 2023, an unsecured liability of $42.4 million (December 31, 2022 - $40.4 million) has been recognized in the consolidated statement of financial position equal to the discounted amount of the remaining $45 million of cash consideration to be paid to KORES on March 24, 2025. The discounted amount of the remaining $45 million will be accreted up to its face value at 5% per annum. During the year ended December 31, 2023, $2.0 million (December 31, 2022 - $3.5 million) of accretion was recorded in accretion expense in the consolidated statements of (loss) income.

Gold stream obligation

During the fourth quarter of 2023, the Company recognized an obligation related to a completion test on the Santo Domingo gold stream. The fair value of the embedded derivative at December 31, 2023, was a liability of $7.1 million (December 31, 2022 - nil).

12. Non-Controlling Interest

Mitsubishi Materials Corporation ("MMC")

As part of the financing for the MVDP, MMC acquired a 30% non-controlling interest in Mantoverde S.A., and agreed to make an additional $20 million contingent payment upon satisfaction of certain technical requirements relating to the expansion of the tailings storage facility.

In addition to the contingent arrangement, MMC agreed to provide a $60 million Cost Overrun Facility ("COF") in exchange for additional off-take of copper concentrate production under a 10-year contract (Note 24). The COF initially carried an interest rate of 3-month US$ LIBOR plus 1.70% and amortizing over 37 quarters from the earlier of September 30, 2024 or three quarters after project completion. As at December 31, 2023, the COF was fully drawn. As a result of Interest Rate Benchmark Reform, the Company completed the transition from LIBOR to an adjusted SOFR with MMC. The transition resulted in a variable rate of SOFR compounded daily to a 3-month period plus 0.2616% per annum, with margins unchanged.

In addition to the COF, MMC advanced their pro-rata share which amounted to an additional $129.9 million to Mantoverde in the form of a shareholder loan forming part of the financing for the MVDP. Total funds advanced by MMC at December 31, 2023, including accrued interest of $6.0 million (2022 - $nil), was $195.9 million (December 31, 2022 - $60 million).

Details of the due to related party balances are as follows:

		December 31, 2023		December 31, 2022
Total balance	**$**	**195,871**	$	60,000
Less: current portion		**(3,243)**		—
Non-current portion	**$**	**192,628**	$	60,000

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

The table below presents a condensed summary of the financial information for Mantoverde S.A. shown on a 100% basis:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	77,947	$ 102,746
Mineral properties, plant and equipment	2,803,818	2,352,804
Other assets	137,139	175,871
Total assets	**3,018,904**	2,631,421
Accounts payable and accrued liabilities	97,362	138,743
Long-term debt	526,579	527,498
Amounts due to related parties	1,031,078	507,267
Deferred income tax liabilities	389,741	395,030
Other liabilities	152,952	91,637
Total liabilities	**2,197,712**	1,660,175

	Year ended December 31,	
	2023	2022
Net Revenue	**$ 286,073**	$ 315,428
Production costs	**(304,087)**	(317,041)
Depletion and amortization	**(59,473)**	(35,369)
Loss from mining operations	**(77,487)**	(36,982)
Realized and unrealized gain on derivative instruments	**2,717**	109,468
Income tax and other expense	**(2,076)**	(26,021)
Net (loss) income	**(76,846)**	46,465
(Loss) profit attributable to owners of Mantoverde SA	**(53,792)**	32,525
(Loss) profit attributable to the non-controlling interest	**(23,054)**	13,940
(Loss) profit for the period	**$ (76,846)**	$ 46,465
Share of comprehensive (loss) profit for the period	**(23,104)**	13,940
Opening balance	**$ 428,639**	$ —
Business combination with Mantos *(Note 5)*	**—**	414,699
Share of comprehensive (loss) profit for the period	**(23,104)**	13,940
Non-controlling interest	**$ 405,535**	$ 428,639

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

13. Lease Liabilities

Details are as follows:

		Total
Balance, December 31, 2021	$	16,041
Business combination with Mantos *(Note 5)*		78,146
Additions		33,649
Payments		(29,437)
Accretion expense		5,446
Foreign currency translation adjustment		52
Balance, December 31, 2022	**$**	**103,897**
Additions		**69,497**
Payments		**(42,727)**
Reclassifications *(i)*		**(3,300)**
Accretion expense		**8,679**
Foreign currency translation adjustment		**453**
Balance, December 31, 2023	**$**	**136,499**
Less: current portion		(33,516)
Non-current portion	**$**	**102,983**

i. Relates to an advance payment made during the year ended December 31, 2022, reclassified against the lease liability.

14. Long-Term Debt

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

		December 31, 2023		December 31, 2022
Mantoverde Development Project Facility	**$**	**526,579**	$	527,498
Revolving Credit Facility		**472,077**		71,577
Total balance		**998,656**		599,075
Less: current portion		**(28,398)**		—
Non-current portion	**$**	**970,258**	$	599,075

Mantoverde Development Project Facility

In order to fund the construction of MVDP, the Company secured a senior secured amortizing project debt facility in an aggregate amount of $520 million (the "MVDP Facility", comprising the “Covered Facility” $250 million, the “Uncovered Facility” $210 million, and the “ECA Direct Facility” $60 million). These project finance facilities are subject to affirmative, financial and restrictive covenants that include obligations to maintain the security interests in favour of the lenders over substantially all of the Mantoverde assets, insurance coverage, maintenance of off-take agreements, environmental and social compliance, restrictions on new financial indebtedness, distributions and dispositions, and compliance with certain financial ratios. As at December 31, 2023, the Company was in compliance with these covenants.

At December 31, 2023, $520 million was drawn on the MVDP Facility with $6.6 million recognized as an adjustment to record the debt at its fair value as required as part of the accounting for the business combination with Mantos (December 31, 2022 - $520 million and $7.5 million). This fair value adjustment amortizes down to its historical cost over the duration of the MVDP Facility.

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

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

Interest on borrowings under the MVDP Facility is payable quarterly. As a result of Interest Rate Benchmark Reform, the Company has completed the transition from LIBOR to an adjusted SOFR for its MVDP debt financing facility. The transition resulted in a variable rate of SOFR compounded daily to a 3-month period plus 0.2616% per annum, with margins unchanged (i.e., 1.65% for the Covered Facility and, with respect to the Uncovered Facility, a rate of 3.75% and with respect to the ECA Direct Facility, a rate of 4.00% pre-completion of the MVDP, and decreasing to 3.50% and 3.75% respectively post-completion of the MVDP). Pursuant to the Covered Facility, an export credit agency guaranteed premium of 2.05% per annum is also payable quarterly and calculated over amounts outstanding under the Covered Facility. The MVDP Facility is secured by a comprehensive security package covering substantially all of the Mantoverde assets. The MVDP Facility amortizes from the earlier of September 30, 2024 and 180 days after project completion until December 2030 for the Uncovered Facility and December 2032 for the Covered Facility and ECA Direct Facility.

To mitigate the risk of movements in interest rates, and in compliance with a covenant in the MVDP Facility, a subsidiary of the Company entered into a fixed-for-floating SOFR swap at 1.015% with floating rate of daily SOFR, compounded to a quarterly rate, plus 0.2616% adjustment. The fixed-for-floating swap notional represents the notional amount as of the reporting period. The derivative instruments are a series of quarterly contracts, with notional amounts in line with planned quarterly balances based on expected project finance debt drawdown and expected amortization.

Revolving Credit Facility

On September 22, 2023, Capstone amended its RCF to increase the aggregate commitments from $600 million to $700 million and extended the maturity from May 2026 to September 2027. The Amended RCF bears interest on a sliding scale of adjusted term SOFR plus a margin of 2.000% to 2.875%. This amendment was treated as an extinguishment of the previous debt facility, resulting in $2.7 million of deferred financing fees being written off during the year ended December 31, 2023.

The interest rate at December 31, 2023 was one-month adjusted term SOFR of 5.46% plus 2.125% (2022 - adjusted term SOFR of 4.83% plus 1.88%) with a standby fee of 0.48% (2022 – 0.42%) payable on the undrawn balance (adjustable in certain circumstances).

The RCF is secured against the present and future real and personal property, assets and undertakings of Capstone Copper other than defined excluded entities which comprise the Mantoverde mine property and the Santo Domingo development property.

The RCF requires Capstone to maintain certain financial ratios relating to debt and interest coverage. Capstone was in compliance with these covenants as at December 31, 2023.

Details of the balance are as follows:

	December 31, 2023	December 31, 2022
Balance drawn on the RCF	**$ 474,000**	$ 75,000
Deferred financing fees	**(1,923)**	(3,423)
Total RCF balance	**$ 472,077**	$ 71,577

Surety Bonds

As at December 31, 2023, the Company has in place seven surety bonds totaling $236.3 million to support various reclamation and other obligation bonding requirements. These comprise $172.7 million securing reclamation obligations at Pinto Valley, $4.0 million provided as security as part of a power supply agreement at Pinto Valley, $1.9 million related to the construction of a port for the Santo Domingo development project in Chile, $25.9 million at Mantoverde, and $31.7 million at Mantos Blancos, respectively, securing reclamation obligations. The Company is also an Indemnitor to the surety bond provider for the surety bond obligations of Minto Metals Corp. ("Minto Metals") (*Note 17*).

15. Deferred Revenue

Silver Precious Metals Purchase Arrangement ("Silver PMPA")

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

The Company recorded the upfront cash consideration received of $150 million as deferred revenue and recognizes amounts in revenue as silver is delivered under the Silver PMPA. Capstone determines the amortization of deferred revenue to the consolidated statements of (loss) income on a per unit basis using the estimated total number of silver ounces expected to be delivered over the life of the Cozamin mine. The amortization rate requires the use of proven and probable mineral reserves and certain mineral resources which management is reasonably confident will be transferred to mineral reserves. The Company estimates the current portion of deferred revenue based on deliveries anticipated over the next twelve months. During the year ended December 31, 2023, the Company delivered 572,312 ounces (2022 - 593,062 ounces) of silver to Wheaton under the Silver PMPA.

The agreement with Wheaton includes a completion test which requires the completion of the paste backfill plant by December 31, 2023, and production of at least 105,000 cubic meters of suitable past backfill for use in the underground operations at Cozamin over a consecutive 90-day period. Failure to achieve the completion requirements will result in a refund being owed to Wheaton up to a maximum amount of $13 million based on the ratio of paste backfill that was used in the underground operations compared to the target of 105,000 tonnes.

Gold Precious Metals Purchase Arrangement ("Gold PMPA")

On April 21, 2021, Capstone Mining received an early deposit of $30 million ("the Early Deposit") in relation to the Gold PMPA with Wheaton effective March 24, 2021. If completion has not been achieved on or before the third anniversary date of receiving the early deposit, and early deposit delay payment will be triggered that would require the company to sell and deliver 104 ounces of refined gold per month until the earlier of: the month completion is achieved, the month in which the early deposit is repaid to Wheaton or the month which refined gold is first required to be sold and delivery to Wheaton. Additional deposits of $260 million are to be received under the Gold PMPA over the Santo Domingo construction period, subject to sufficient financing having been obtained to cover total expected capital expenditures and other customary conditions, for total consideration of $290 million (collectively "the Deposit"). Wheaton will receive 100% of the gold production from the Company's Santo Domingo development project until 285,000 ounces have been delivered, thereafter dropping to 67% of the gold production for the remaining life of mine.

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

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

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

	Silver PMPA	Gold PMPA	Total
Balance, December 31, 2021	$ 140,510	$ 31,360	$ 171,870
Accretion expense	7,869	2,132	10,001
Recognized as revenue on delivery of silver	(12,885)	—	(12,885)
Balance, December 31, 2022	**$ 135,494**	**$ 33,492**	**$ 168,986**
Accretion expense	**7,528**	**2,277**	**9,805**
Recognized as revenue on delivery of silver	**(13,707)**	**—**	**(13,707)**
Variable consideration adjustment	**(5,326)**	**—**	**(5,326)**
Balance, December 31, 2023	**$ 123,989**	**$ 35,769**	**$ 159,758**
Less: current portion (*Note 11*)	(12,139)	—	(12,139)
Non-current portion	**$ 111,850**	**$ 35,769**	**$ 147,619**

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

As a result of changes in the Cozamin mine's projected production, the amortization rate by which deferred revenue is drawn down into income was adjusted and, as required, a current period catch up adjustment is made for all prior period stream revenues since the stream agreement inception date. This variable consideration adjustment resulted in an increase in revenue of $5.3 million for the year ended December 31, 2023 (2022 - $nil).

16. Income Taxes

Details of the income tax (recovery) expense are as follows:

	Year ended December 31, 2023					
	Canada	**US**	**Mexico**	**Chile**	**Other**	**Total**
Current income and mining tax expense	**$ —**	**$ 1,103**	**$ 10,692**	**$ 1,791**	**$ 469**	**$ 14,055**
Deferred income tax (recovery) expense	**(14,698)**	**2,221**	**15,876**	**16,269**	**—**	**19,668**
Income tax (recovery) expense	**$ (14,698)**	**$ 3,324**	**$ 26,568**	**$ 18,060**	**$ 469**	**$ 33,723**

	Year ended December 31, 2022					
	Canada	US	Mexico	Chile	Other	Total
Current income and mining tax expense	$ —	$ 2,168	$ 41,357	$ 2,178	$ 6	$ 45,709
Deferred income tax (recovery) expense	(7,849)	2,311	(3,615)	21,026	—	11,873
Income tax (recovery) expense	$ (7,849)	$ 4,479	$ 37,742	$ 23,204	$ 6	$ 57,582

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

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

	Year ended December 31, **2023**	2022
(Loss) income before income taxes	**$ (91,003)**	$ 193,721
Canadian federal and provincial income tax rates	**27.00 %**	27.00 %
Income tax (recovery) expense based on the above rates	**(24,571)**	52,305
Increase (decrease) due to:		
Adoption of Chilean Mining Royalty legislation	**31,367**	—
Non-deductible expenditures	**6,118**	3,994
Effects of different statutory tax rates on losses of subsidiaries	**3,190**	1,258
Mexican and Chilean mining royalty taxes	**1,434**	6,173
Current period losses for which deferred tax assets (were) were not recognized	**13,486**	(177)
Adjustments to tax estimates in prior years	**4,708**	554
Foreign exchange and other translation adjustments	**(5,757)**	(2,449)
Impact of Mexican inflation	**(234)**	(1,482)
Other	**3,982**	(2,594)
Income tax expense	**$ 33,723**	$ 57,582
Current income and mining tax expense	**$ 14,055**	$ 45,710
Deferred income tax expense	**19,668**	11,872
Income tax expense	**$ 33,723**	$ 57,582

During the third quarter, Chile passed the new Mining Royalty into law with effect from January 1, 2024. The new Mining Royalty Law contains two components, an ad-valorem and a mine operating margin component. The ad-valorem component is applicable to companies with annual sales of copper that are higher than the equivalent of 50,000 metric tonnes of fine copper ("MTFC"). If the company's "Adjusted Mining Operational Taxable Income", or "RIOMA' as it is referred to in Chile, is negative, the ad-valorem component to be paid will be calculated by subtracting the negative amount of the RIOMA from the ad-valorem component. The ad-valorem component of the Mining Royalty will be deductible when determining First Category, or corporate, income taxes, however, not for purposes of determining RIOMA. The ad-valorem component is capped at 1% of gross copper venues.

The mine operating margin ("MOM") component will vary depending on the sales volume of the company, along with whether more than 50% of its annual production is copper. Mining companies which derive more than 50% of their income from copper sales and exceed 50,000 MTFC will pay a tax rate that fluctuates between 8% and 26%. The MOM component will not be applicable in cases where the RIOMA is negative and is calculated based on total mine operating margin, which includes silver and gold by-products. The Mining Royalty includes depreciation as a fully deductible operational expense, however, unlike the First Category, or corporate, deduction, it is on a non-accelerated basis.

The Mining Royalty includes a maximum limit to the total tax burden, consisting of (1) the corporate income tax paid in the respective year, (2) the Mining Royalty (both ad-valorem and MOM components) and (3) withholding taxes to which owners would be subject to upon distribution of dividends. The calculation of withholding taxes assumes a 100% distribution, and is calculated considering a tax burden of 35% of net taxable income, i.e., an additional 8% to the First Category rate of 27%. The Mining Royalty establishes that when the sum of three component exceeds 46.5% of RIOMA, then the Mining Royalty would be adjusted in such a way that it does not exceed the limit.

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

For the year ended December 31, 2023, the Company recognized a deferred income tax expense of $31.4 million, and a corresponding increase to deferred income tax liabilities. In determining this charge, the Company has made assumptions regarding the timing of future cash outflows, the timing of when temporary differences will reverse and the MOM rate that will be in effect during the year the temporary differences reverse.

The Company has determined that the ad-valorem component of the Mining Royalty is not considered an income tax under IAS 12 - Income Taxes as it is not calculated on a profitability measure and therefore does not give rise to deferred income taxes, rather, it will be recognized as incurred.

Continuity of the changes in the Company's net deferred tax position is as follows:

	2023	2022
Net deferred tax liability, January 1	**$ 558,881**	$ 65,193
Business combination with Mantos *(Note 5)*	**—**	484,678
Deferred income tax expense for the year	**19,668**	11,872
Deferred income tax (recovered) charged against other comprehensive income	**(1,307)**	65
Other	**$ (418)**	$ (2,927)
Net deferred tax liability, December 31	**$ 576,824**	$ 558,881

The composition of the deferred tax assets and liabilities are as follows:

	December 31, 2023	December 31, 2022
Deferred income tax assets:		
Non-capital losses	**$ 109,637**	$ 82,444
Capital leases and other liabilities	**79,288**	62,725
Inventories and other	**10,260**	3,626
Derivative instruments	**387**	7,206
Mineral properties, plant and equipment	**2,192**	2,134
Deferred revenue	**7,339**	4,480
Asset retirement obligation	**25,768**	26,902
Deferred income tax assets	**234,871**	189,517
Deferred income tax liabilities:		
Mineral properties, plant and equipment	**793,829**	730,116
Inventories and other	**4,954**	4,468
Derivative instruments	**—**	5,582
Deferred revenue	**12,912**	8,232
Deferred income tax liabilities	**811,695**	748,398
Net deferred income tax liability	**$ 576,824**	$ 558,881
Breakdown of net deferred income tax liability:		
Asset	**$ (53,401)**	$ (38,704)
Liability	**630,225**	597,585
	$ 576,824	$ 558,881

Deferred taxes are recorded on a net basis by legal entity where the right of offset exists (as shown in the table below) while the above table discloses the consolidated assets and liabilities on a gross basis.

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

The composition of the deferred tax expense is as follows:

	Year ended December 31, **2023**	2022
Deferred income tax assets:		
Non-capital losses	$ **(27,193)**	$ (12,944)
Accounts payable and other current items	**(14,837)**	1,102
Derivatives and other	**184**	24,435
Asset retirement obligation	**1,135**	(11,682)
Deferred income tax liabilities:		
Mineral properties, plant and equipment	**63,654**	10,818
Inventories and other	**486**	435
Derivative instruments	**(5,582)**	5,582
Deferred revenue	**1,821**	(5,874)
Deferred tax expense	$ **19,668**	$ 11,872

At December 31, 2023, $53.4 million (2022 – $38.7 million) was recognized as a deferred tax asset based on management's forecasts of future income in certain entities.

As at December 31, 2023, the Company had tax losses of $98.0 million (2022 – $62.1 million) with a tax benefit of $26.5 million (2022 – $16.7 million) that are not recognized as deferred tax assets. The Company recognizes the benefit of tax losses only to the extent that it anticipates future taxable income that can be reduced by the tax losses. The $47.0 million (2022 – $10.9 million) of the tax losses for which a tax benefit has not been recorded expire from 2031 to 2043 while the remaining $51.0 million (2022 – $51.2 million) of the tax losses have no expiry date.

The summary of unrecognized deductible temporary differences is as follows:

	Year ended December 31, **2023**	2022
Accounts payable and other	$ **11,628**	$ 3,665
Mineral properties, plant and equipment	**39,511**	68,602
Investments	**1,887**	2,659
Reclamation and closure cost obligations	**91,802**	100,102
	$ **144,828**	$ 175,028

As at December 31, 2023, the Company has $144.8 million (2022 – $175.0 million) of deductible temporary differences with a tax benefit of $33.5 million (2022 – $42.6 million) that are not recognized as deferred tax assets. It is not probable that future taxable income will be available against which the Company can utilize these benefits. The majority of these benefits do not have an expiry date.

As at December 31, 2023, the Company has not recognized deferred taxes on approximately $537.0 million 2022 – $485.0 million) of retained earnings of its foreign subsidiaries, as it is the Company's intention to invest these earnings to maintain and expand the business of these subsidiaries. As at December 31, 2023, the Company has $5.0 million (2022 – $nil) of capital losses that are unrecognized and available to be utilized against future capital gains.

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

17 Provisions

The reclamation and closure cost obligations relate to the operations of the Pinto Valley, Cozamin, Mantos Blancos and Mantoverde mines.

Details of changes in the balances are as follows:

	Reclamation & closure cost obligations	Minto obligation	Other closure provisions	Share-based payment obligations	Total
Balance, January 1, 2023	**$ 199,739**	**$ —**	**$ 29,929**	**$ 40,464**	**$ 270,132**
Additions	**—**	**53,923**	**—**	**—**	**53,923**
Share-based payment expense *(Note 18)*	**—**	**—**	**—**	**15,045**	**15,045**
Change in estimates	**6,741**	**(2,035)**	**8,467**	**—**	**13,173**
Interest expense from discounting obligations	**8,960**	**—**	**1,437**	**—**	**10,397**
Payments during the year	**(1,243)**	**(10,407)**	**(4,791)**	**(46,071)**	**(62,512)**
Currency translation adjustments	**—**	**(295)**	**318**	**349**	**372**
Balance, December 31, 2023	**$ 214,197**	**$ 41,186**	**$ 35,360**	**$ 9,787**	**$ 300,530**
Less: Current portion included within other liabilities *(Note 11)*	**—**	**(23,943)**	**—**	**(8,455)**	**(32,398)**
Total provisions - non-current	**$ 214,197**	**$ 17,243**	**$ 35,360**	**$ 1,332**	**$ 268,132**
Balance, January 1, 2022	$ 129,249	$ —	$ 3,714	$ 78,265	$ 211,228
Acquisitions - Business combination with Mantos *(Note 5)*	58,914	—	25,379	—	84,293
Share-based payment expense *(Note 18)*	—	—	—	26,716	26,716
Change in estimates	8,648	—	1,928	—	10,576
Interest expense from discounting obligations	5,554	—	2,639	—	8,193
Payments during the year	(2,411)	—	(2,090)	(63,253)	(67,754)
Currency translation adjustments	(215)	—	(1,641)	(1,264)	(3,120)
Balance, December 31, 2022	$ 199,739	$ —	$ 29,929	$ 40,464	$ 270,132
Less: Current portion included within other liabilities *(Note 11)*	—	—	—	(30,497)	(30,497)
Total provisions - non-current	$ 199,739	$ —	$ 29,929	$ 9,967	$ 239,635

The change in estimates during the year ended December 31, 2023, related to reclamation and closure cost obligations of $6.7 million (2022 – $8.6 million) were recorded as an increase to mineral properties of $6.7 million (2022 – $9.4 million) *(Note 9)* and to the consolidated statement of (loss) income of $nil (2022 – $(0.8) million).

A reclamation and closure cost obligation has been recognized in respect of the mining operations of the Pinto Valley mine, including associated infrastructure and buildings as well as the rail operations of the San Manuel Arizona Railroad Company. The estimated undiscounted cash flows required to satisfy the Pinto Valley reclamation and closure cost obligation as at December 31, 2023 were $108.6 million (2022 – $105.1 million), which have been adjusted for inflation and uncertainty of the cash flows and then discounted using the current market-based pre-tax discount rate of 3.85% (2022 - 3.97%). The resulting reclamation and closure cost obligation for the Pinto Valley mine at December 31, 2023 totalled $91.8 million (2022 – $87.9 million). The Company has $186.0 million in surety bonds outstanding at December 31, 2023 (2022 - $171.5 million) to support current and future Pinto Valley mine reclamation obligations.

A reclamation and closure cost obligation has been recognized in respect of the mining operations of the Cozamin mine, including associated infrastructure and buildings. The estimated undiscounted cash flows required to satisfy the Cozamin reclamation and closure cost obligation as at December 31, 2023 were 606.9 million Mexican pesos (2022 – 328.8 million Mexican pesos), which were adjusted for inflation and uncertainty of the cash flows and then discounted using current market-based pre-tax discount rate 9.14% (2022 – 9.14%). The resulting reclamation and closure cost obligation for Cozamin at December 31, 2023 totalled $27.0 million (2022 – $12.2 million), with an additional $5.6 million (2022 – $3.9 million) of other Cozamin mine closure costs related primarily to a defined benefit obligation.

Reclamation and closure cost obligations have been recognized in respect of the mining operations of the Mantos Blancos mine, including associated infrastructure and buildings. The estimated undiscounted cash flows required to satisfy these reclamation and closure cost obligations as at December 31, 2023, were $72.8 million (2022 - $68.5 million), which were adjusted for inflation and uncertainty of the cash flows and then discounted using a current market-based pre-tax discount rate of 5.40% (2022 – 5.20%). The resulting reclamation and closure cost obligation for Mantos Blancos at December 31, 2023, totalled $54.4 million (2022 – $55.1 million), with an additional $15.7 million (2022 – $14.1 million) of other mine closure costs related primarily to a defined benefit obligation. The Company has $31.7 million in surety bonds outstanding at December 31, 2023 (2022 - $27.5 million) to support current and future Mantos Blancos mine reclamation obligations.

Reclamation and closure cost obligations have been recognized in respect of the mining operations of the Mantoverde mine, including associated infrastructure and buildings. The estimated undiscounted cash flows required to satisfy these reclamation and closure cost obligations as at December 31, 2023, were $58.7 million (2022 - $60.4 million), which were adjusted for inflation and uncertainty of the cash flows and then discounted using a current market-based pre-tax discount rate of 5.40% (2022 – 5.19%). The resulting reclamation and closure cost obligation for Mantoverde at December 31, 2023, totalled $41.0 million (2022 – $44.5 million), with an additional $13.5 million (2022 – $11.5 million) of other mine closure costs related primarily to a defined benefit obligation. The Company has $25.9 million in surety bonds outstanding at December 31, 2023 (2022 - $22.4 million) to support current and future Mantoverde mine reclamation obligations.

The Company expects that the cash outflows in respect to the balances accrued as at the financial statement dates will occur proximate to the dates these long-term assets are retired.

In view of uncertainties concerning reclamation and closure cost obligations, the ultimate costs could be materially different from the amounts estimated. The estimate of future reclamation and closure cost obligations is also subject to change based on amendments to applicable laws and legislation. Future changes in reclamation and closure cost obligations, if any, could have a significant impact on the Company.

Minto Obligation

In June 2019, the Company completed the sale of its 100% interest in the Minto mine to Pembridge Resources PLC ("Pembridge"). In conjunction with the sale, Minto Metals Corp. ("Minto Metals") posted a surety bond to cover potential future reclamation liabilities. While this surety bond is outstanding, the Company remains an Indemnitor to the surety bond provider for Minto Metal's surety bond obligations in the Yukon.

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

In May 2023, Minto Metals announced that they had ceased all operations at the Minto mine located within the Selkirk First Nation's territory in central Yukon Territories and that the Yukon Government assumed care and control of the site. As Minto Metals has defaulted on the surety bond and has now entered receivership proceedings, Capstone recognized a liability of approximately US$55 million (C$72 million) related to the Company's obligations towards the issuer of the surety bond. In estimating the provision, the Company has made assumptions regarding the timing of cash outflows, long-term inflation rates and discount rate. Due to the associated uncertainty of the timing of cash outflows, it is possible that estimates may need to be revised. While a range of outcomes is possible, the Company believes its potential exposure on calls against the surety bond is capped at approximately C$72 million therefore the timing of cash outflows and changes in the C$:US$ exchange rate are the largest contributors to the measurement uncertainty. During Q4 2023, the Company made payments of $10.4 million to the Yukon Government for reclamation work performed. As at December 31, 2023, the Company has reclassified C$31.7 million (US$23.9 million) to other liabilities.

18. Share Capital

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

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

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

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

	Options outstanding	Weighted average exercise price (C$)
Outstanding, December 31, 2022	7,223,699	$ 1.97
Granted	908,555	6.02
Exercised	(4,371,345)	0.85
Expired	(31,381)	6.75
Forfeited	(187,185)	5.56
Outstanding, December 31, 2023	3,542,343	$ 4.16

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

As at December 31, 2023, 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)
$0.70	973,781	$ 0.70	1.2	973,781	$ 0.70	1.2
$3.47 - $3.90	788,588	3.88	2.2	524,781	3.89	2.2
$4.43 - $4.72	61,507	4.63	3.6	20,502	4.63	3.6
$5.08 - $5.79	211,438	5.13	3.4	76,600	5.17	3.3
$6.00 - $6.97	1,507,029	$ 6.39	3.7	327,627	$ 6.82	3.2
	3,542,343	$ 4.16	2.7	1,923,291	$ 2.83	1.9

During the year ended December 31, 2023, the total fair value of options granted was $2.0 million (2022 – $2.2 million) and had a weighted average grant-date fair value of C$3.00 (2022 – C$2.90) per option. During the year ended December 31, 2023, the weighted average share price of the 4.4 million options exercised during the period was C$6.19 (2022 - 4.1 million options and C$5.71).

The fair values of the stock options granted were estimated on the respective grant dates using the Black-Scholes Option Pricing Model. Volatility was determined using the Company's historical daily volatility over the expected life of the options.

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

	Year ended December 31,	
	2023	2022
Risk-free interest rate	**3.01 %**	2.00 %
Expected dividend yield	**nil**	nil
Expected share price volatility	**63 %**	61 %
Expected forfeiture rate	**6.35 %**	6.24 %
Expected life	**3.9 years**	3.8 years

Option pricing models require the input of subjective assumptions including the expected price volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Other share-based compensation plans

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

Under the SUP, PSU and RSU obligations can be settled in cash, shares delivered from a Share Purchase Trust or a combination thereof, as determined by and at the discretion of the Human Resources and Compensation Committee of the Company's Board of Directors. DSU obligations, under the Director's Deferred Share Unit Plan, are redeemed in cash.

Deferred Share Units
The Company has established a Deferred Share Unit Plan (the "DSU Plan") whereby DSUs are issued to directors as long-term incentive compensation. DSUs issued under the DSU Plan are fully vested upon issuance and entitle the holder to a cash payment only following cessation of service on the Board of Directors. The value of the DSUs when converted to cash will be equal to the number of DSUs granted multiplied by the quoted market value of a Capstone common share at the time the conversion takes place.

Compensation expense related to DSUs is recorded immediately and is adjusted at each reporting period to reflect the change in quoted market value of the Company's common shares. DSU obligations, under the DSU Plan, are redeemed in cash.

Restricted Share Units and Performance Share Units
The Company has established a Share Unit Plan (the "Plan") whereby RSUs and PSUs are issued as long-term incentive compensation. RSUs are issued to employees. PSUs are issued to executives.

RSUs issued under the Plan entitle the holder to a cash payment, shares delivered from a Share Purchase Trust or a combination thereof, at the end of the vesting period equal to the number of RSUs granted, multiplied by the quoted market value of a Capstone common share on the completion of the vesting period. RSUs granted to employees vest 1/3 per year over their three-year term.

PSUs issued under the Plan entitle the holder to a cash payment, shares delivered from a Share Purchase Trust or a combination thereof, at the end of a three-year performance period equal to the number of PSUs granted, adjusted for a performance factor and multiplied by the quoted market value of a Capstone common share on the completion of the performance period. The performance factor can range from 0% to 200% and is determined by comparing the Company's total shareholder return to those achieved by a peer group of companies.

Compensation expense related to RSUs and PSUs is recorded over the three-year vesting period. The amount of compensation expense is adjusted at each reporting period to reflect the change in quoted market value of the Company's common shares, the number of RSUs and PSUs expected to vest, and in the case of PSUs, the expected performance factor. 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.

During the year ended December 31, 2023, the total fair value of DSUs, RSUs, and PSUs granted under the SUP was \$6.6 million (2022 – \$5.7 million), and had a weighted average grant-date fair value of C\$6.02 (2022 – C\$6.63) per unit.

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

During the year ended December 31, 2023, the total fair value of units granted under the TSUP was \$2.4 million (2022 – \$3.5 million), and had a weighted average grant-date fair value of C\$3.99 (2022 – C\$4.53) per unit.

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

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

	Year ended December 31,	
	2023	2022
Risk-free interest rate	**2.78 %**	1.90 %
Expected dividend yield	**nil**	nil
Expected share price volatility	**64 %**	60 %
Expected forfeiture rate	**nil**	nil
Expected life	**8.7 years**	9.2 years

No Capstone shares were purchased by the Share Purchase Trust during the year ended December 31, 2023 and 2022.

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

	Share Unit Plan			Treasury Share Unit Plan	
	DSUs	RSUs	PSUs	RSUs	PSUs
Outstanding, December 31, 2022	2,319,325	2,830,391	3,429,260	659,409	1,345,733
Granted	125,603	1,265,142	89,947	293,426	551,853
Forfeited	—	(397,676)	(103,743)	(4,408)	(44,308)
Settled	(1,487,597)	(2,210,743)	(3,335,447)	(71,877)	—
Outstanding, December 31, 2023	957,331	1,487,114	80,017	876,550	1,853,278

Share-based compensation expense:

	Year ended December 31,	
	2023	2022
Share-based compensation expense related to stock options	**$ 1,656**	$ 2,931
Share-based compensation expense related to RSUs and PSUs (TSUP)	**2,305**	2,109
Share-based compensation expense related to DSUs, RSUs and PSUs (SUP)	**15,044**	26,716
Total share-based compensation expense	**$ 19,005**	$ 31,756

19. Revenue

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

	Year ended December 31,	
	2023	2022
Copper concentrate	**$ 943,610**	$ 891,208
Copper cathode	**419,245**	441,694
Silver	**41,333**	33,920
Gold	**12,907**	1,809
Molybdenum	**5,086**	4,815
Zinc	**252**	2,673
Total gross revenue	**1,422,433**	1,376,119
Less: treatment and selling costs	**(69,410)**	(72,186)
Less: pricing and volume adjustments	**(7,512)**	(7,909)
Revenue	**$ 1,345,511**	$ 1,296,024

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

Pricing and volume adjustments represent mark-to-market adjustments on initial estimates of provisionally priced sales, offsetting realized and unrealized changes to fair value for time swaps, and adjustments to originally invoiced weights and assays.

Customer details are as follows:

	Year ended December 31,									
	2023					2022				
	Pinto Valley USA	**Mantos Blancos Chile**	**Mantoverde Chile**	**Cozamin Mexico**	**Total**	Pinto Valley USA	Mantos Blancos Chile	Mantoverde Chile	Cozamin Mexico	Total
Customer #1	**$ —**	**$ 102,979**	**$ 282,055**	**$ —**	**$ 385,034**	$ —	$ —	$ —	$ —	$ —
Customer #2	**—**	**321,751**	**—**	**—**	**321,751**	—	223,919	—	—	223,919
Customer #3	**71,303**	**—**	**—**	**131,275**	**202,578**	—	—	—	—	—
Customer #4	**185,992**	**—**	**3,798**	**—**	**189,790**	—	—	—	—	—
Customer #5	**—**	**—**	**—**	**—**	**—**	—	59,927	192,133	936	252,996
Customer #6	**—**	**—**	**—**	**—**	**—**	—	—	—	224,193	224,193
Customer #7	**—**	**—**	**—**	**—**	**—**	—	35,281	89,126	—	124,407
Other *(i)*	**221,738**	**695**	**5,426**	**95,421**	**323,280**	507,591	4,008	35,736	3,269	550,604
Total gross revenue	**$ 479,033**	**$ 425,425**	**$ 291,279**	**$ 226,696**	**$1,422,433**	$ 507,591	$ 323,135	$ 316,995	$ 228,398	$1,376,119

i. No other single customer meets the 10% disclosure threshold.

20. (Loss) Earnings Per Share

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

	Year ended December 31,	
	2023	2022
(Loss) earnings per share		
Basic	**$ (0.15)**	$ 0.20
Diluted	**(0.15)**	0.19
Net (loss) earnings		
Net (loss) earnings attributable to common shareholders - basic and diluted	**$ (101,672)**	$ 122,199
Weighted average shares outstanding - basic	**693,520,515**	625,434,676
Dilutive securities		
Stock options	**—**	4,576,508
TSUP units	**—**	168,067
Weighted average shares outstanding - diluted	**693,520,515**	630,179,251
Potentially dilutive securities excluded (as anti-dilutive)		
Stock options	**3,542,343**	2,647,191
TSUP units	**2,729,828**	1,837,075

For periods where the Company records a loss, Capstone Copper calculates diluted loss per share using the basic weighted average number of shares. If the diluted weighted average number of shares were used, the result would be a further reduction in the loss per share.

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

21. Compensation of Key Management Personnel

During the year, compensation of key management personnel was as follows:

	Year ended December 31,	
	2023	2022
Salaries and short-term benefits	**$ 8,426**	$ 10,972
Share-based payments	**11,118**	21,554
	$ 19,544	$ 32,526

Capstone's key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and consist of its directors and senior officers.

22. Supplemental Cash Flow Information

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

	Year ended December 31,	
	2023	2022
Receivables	**$ 46,843**	$ (35,519)
Inventories	**(445)**	54,024
Other assets	**2,829**	(11,852)
Accounts payable and accrued liabilities	**(101,234)**	(61,907)
Other liabilities	**(38,628)**	(38,555)
Net change in non-cash working capital	**$ (90,635)**	$ (93,809)

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

	Year ended December 31,	
	2023	2022
VAT receivable	**$ (82)**	$ (303)
Other non-current assets	**705**	(7,105)
Other non-current liabilities	**2,025**	3,833
Net change in other non-cash items	**$ 2,648**	$ (3,575)

Below is a reconciliation of depreciation in operating cash-flows in the consolidated statement of cash-flows to the Mineral Properties, Plant and Equipment (Note 9):

	Year ended December 31,	
	2023	2022
Depreciation and depletion per mineral properties, plant and equipment (*Note 9)*	**247,118**	197,509
Depreciation included in general and administrative expense	**378**	573
Depreciation included in care and maintenance	**548**	609
Non-cash inventory write-down	**(1,311)**	(1,068)
Change in depreciation and depletion capitalized to inventory, capitalized stripping and construction in progress	**(9,849)**	(21,450)
Depreciation and depletion expense	**$ 236,884**	$ 176,173

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

Below is a reconciliation of additions in investing cash-flows in the consolidated statement of cash-flows to the Mineral Properties, Plant and Equipment (Note 9):

	Year ended December 31, **2023**	2022
Additions / expenditures on mining interests *(Note 9)*	**(820,987)**	(671,471)
Lease additions *(Note 13)*	**69,497**	37,996
Changes in working capital and other items *(i)*	**73,221**	50,322
Expenditures on mining interests *(ii)*	**$ (678,269)**	$ (583,153)

i. The changes in working capital relate to the movement in accounts payable and prepayments related primarily to capital expenditures on the MVDP.
ii. Includes $61.5 million of capitalized finance costs for the year ended December 31, 2023.

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

	Year ended December 31, **2023**	2022
Mineral properties, plant and equipment addition for change in estimate of reclamation and closure cost obligations *(Note 9)*	**$ 6,741**	$ 13,955
Amortization of mining equipment capitalized to deferred stripping assets	**(6,584)**	5,355
Fair value of stock options allocated to share capital upon exercise	**(1,267)**	1,553
Fair value of TSUP units allocated to share capital upon exercise	**(204)**	—
Business combination with Mantos (*Note 5*)	**—**	1,592,679

23. Capital Management

The Company's capital consists of the items included in shareholders' equity, long-term debt net of cash and cash equivalents, short-term investments, and investments in marketable securities. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets.

To effectively manage its capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there are sufficient committed loan facilities to meet its short-term business requirements, taking into account its anticipated operational cash flows and its cash and cash equivalents, short-term deposits and investments in marketable securities.

The RCF and MVDP debt facility contain various affirmative, financial and restrictive covenants, including: interest coverage ratios, leverage ratios, other financial ratios and obligations to maintain the security interests in favour of the lenders over substantially all of the respective project's property and shares, insurance coverage, maintenance of off-take agreements, compliance with environmental and social matters, restrictions on new financial indebtedness, distributions and dispositions, as well as effecting certain hedging strategies as detailed in the lending agreement. As at December 31, 2023, the Company was in compliance with the covenants and requirements of the RCF and MVDP debt facility.

24. Commitments

Royalty Agreements

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

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

Agreement with Osisko Bermuda Limited ("Osisko")

Pursuant to a long-term streaming agreement made in 2015, that covers the life of mine, the Company delivers 100% of the payable silver sold by Mantos Blancos to Osisko Bermuda Limited ("Osisko"). Osisko pays a cash price of 8% of the spot price at the time of each delivery, in addition to an upfront acquisition price previously paid. After 19.3 million ounces of silver have been delivered under the agreement, the stream will be reduced to one-third. Mantos Blancos has delivered 5.6 million silver ounces since contract inception until December 31, 2023.

Agreement with Jetti Resources, LLC ("Jetti")

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

Off-take agreements

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

The Company has sales commitments equal to 100% of its copper cathode production at Mantoverde and Mantos Blancos under off-take agreements with Anglo American Marketing Limited ("AAML") and expect to deliver into the commitments by the end of 2024.

The Company has concentrate off-take agreements with third parties whereby they will purchase 100% of the copper concentrate produced by the Cozamin mine up to the end of December 2024.

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

The Company entered into an off-take agreement with Boliden Commercial AB ("Boliden") for 75,000 tonnes of copper concentrates in each contract year. The off-take agreement expires ten years after the commencement of commercial production at the MVDP, subject to potential extension if less than 750 thousand tonnes of copper concentrates have been delivered at the contract term and subject to termination if commercial production does not commence by December 31, 2024.

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

MMC agreed to provide a $60 million COF in exchange for additional off-take of copper concentrate production under a 10-year contract. The off-take agreement includes Mantoverde agreeing to sell 30% of its annual copper production per year delivered for its equivalent in copper concentrates, plus an additional amount of 30,000 tonnes of copper concentrate as a result of fully utilizing the COF that was provided by MMC in connection with the MVDP. The agreement between MMC and Mantoverde to sell 30% of its annual copper production is for the duration of the Mantoverde commercial mine life. The amount payable for copper is based on average LME prices, subject to certain terms (Note 12).

Other

The Company has contractual agreements extending until 2026 and 2033 to purchase water for operations at Mantoverde and Mantos Blancos, respectively.

The Company has contractual agreements for the purchase of power for operations at Mantos Blancos and Mantoverde, extending until 2038 and 2039, respectively. The Company also entered into a contractual agreement for access to a power transmission plant for the Santo Domingo project, for a period of 12 years from the date the transmission facility construction was completed, in Q4 2023.

The Company has contractual arrangements at Mantos Blancos and Mantoverde for the purchase of 420,000 tonnes of acid in 2024. Additionally, the Company has committed to purchase 100,000 tonnes of acid in both 2025 and 2026.

Included in value added taxes ("VAT") and other taxes receivable is $0.9 million of VAT related to Minera Santo Domingo. The Company has provided a guarantee to the Chilean Internal Revenue Service that all VAT amounts refunded, plus interest, will be repaid if construction of the Santo Domingo development project is not completed by August 31, 2026.

25. Other Expense

Details are as follows:

	Year ended December 31, **2023**	2022
Collective bargaining costs	**$ (8,930)**	$ (6,605)
Gold stream obligation	**(7,100)**	—
Provision for Minto receivable	**(5,000)**	—
Restructuring costs	**(2,307)**	(4,161)
Mantos integration costs	**—**	(3,401)
Care and maintenance expense	**(924)**	(924)
Other expense	**(6,941)**	(5,351)
	$ (31,202)	$ (20,442)

As part of the Company's sale of its previously-owned Minto mine to Pembridge Resources PLC ("Pembridge") in 2019, the Company was to receive up to $20 million in staged payments. The final $5 million, which was due in series of payments to be collected by mid-2024, was outstanding at the time the Minto mine ceased operations and has been deemed uncollectible, and therefore was fully provided for during the year ended December 31, 2023.

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

26. Accretion Expense

Details of other non-cash interest are as follows:

	Year ended December 31,	
	2023	2022
Interest accretion on deferred revenue *(Note 15)*	**$ (9,805)**	$ (10,001)
Accretion on payable on purchase of NCI *(Note 11)*	**(2,025)**	(3,528)
Accretion on asset retirement obligations	**(8,960)**	(5,554)
Accretion on leases *(i)*	**(3,134)**	(1,952)
Amortization of financing fees	**(929)**	(1,048)
Other interest (expense) income	**3,390**	(106)
	$ (21,463)	$ (22,189)

i. A portion of accretion on leases has been capitalized to Construction in Progress related to the MVDP.

27. Segmented Information

The Company is engaged in mining, exploration and development of mineral properties, and has operating mines in the US, Chile and Mexico. The Company has six reportable segments as identified by the individual mining operations of Pinto Valley (US), Mantos Blancos (Chile), Mantoverde (Chile), Cozamin (Mexico), as well as the Santo Domingo development project (Chile) and Other. Early stage exploration, other and corporate operations are reported in the Other segment. Intercompany revenue and expense amounts have been eliminated within each segment in order to report on the basis that management uses internally for evaluating segment performance. Total assets and liabilities do not reflect intercompany balances, which have been eliminated on consolidation. Segments are operations reviewed by the CEO, who is considered to be the chief operating decision maker.

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

	Year ended December 31, 2023						
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Santo Domingo	Other	Total
Revenue							
Copper concentrate	$ 431,559	$ 319,007	$ —	$ 193,044	$ —	$ —	$ 943,610
Copper cathode	23,409	104,557	291,279	—	—	—	419,245
Silver	6,072	1,861	—	33,400	—	—	41,333
Gold	12,907	—	—	—	—	—	12,907
Molybdenum	5,086	—	—	—	—	—	5,086
Zinc	—	—	—	252	—	—	252
Treatment and selling costs	(34,909)	(18,152)	(4,159)	(12,190)	—	—	(69,410)
Pricing and volume adjustments *(i)*	(214)	(67)	(1,047)	(586)	—	(5,598)	(7,512)
Net revenue	443,910	407,206	286,073	213,920	—	(5,598)	1,345,511
Production costs	(318,110)	(301,099)	(304,087)	(90,706)	—	—	(1,014,002)
Royalties	(1,606)	(6,058)	—	(3,561)	—	—	(11,225)
Depletion and amortization	(78,381)	(69,162)	(59,473)	(30,253)	—	—	(237,269)
Income (loss) from mining operations	45,813	30,887	(77,487)	89,400	—	(5,598)	83,015
General and administrative expenses	(143)	—	—	(117)	(126)	(25,733)	(26,119)
Exploration expenses	(4)	—	—	(78)	(23)	(4,856)	(4,961)
Share-based compensation expense	—	—	—	—	—	(19,005)	(19,005)
Income (loss) from operations	45,666	30,887	(77,487)	89,205	(149)	(55,192)	32,930
Realized and unrealized gains (losses) on derivative instruments	—	—	2,717	—	—	358	3,075
Other (expense) income - net	(540)	(10,116)	(6,264)	(2,092)	(7,095)	(64,805)	(90,912)
Net finance (costs) income	(3,628)	(6,798)	(843)	(8,999)	(2,001)	(13,827)	(36,096)
Income (loss) before income taxes	41,498	13,973	(81,877)	78,114	(9,245)	(133,466)	(91,003)
Income tax (expense) recovery	(3,324)	(23,169)	5,109	(24,898)	—	12,559	(33,723)
Total net income (loss)	$ 38,174	$ (9,196)	$ (76,768)	$ 53,216	$ (9,245)	$(120,907)	$ (124,726)
Mineral properties, plant & equipment additions	$ 103,266	$ 111,357	$ 529,168	$ 39,848	$ 36,243	$ 1,105	$ 820,987

i. Included in pricing and volume adjustments are realized and unrealized gains (losses) on the Company's quotational pricing copper contracts.
ii. Intersegment sales and transfers are eliminated in the table above. For the year ended December 31, 2023, intersegment revenue for Cozamin and the Other segment was $13.3 million and $1.3 million (2022 - $13.5 million and $1.3 million), respectively.

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

	Year ended December 31, 2022						
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Santo Domingo	Other	Total
Revenue							
Copper concentrate	$ 473,221	$ 219,929	$ —	$ 198,058	$ —	$ —	$ 891,208
Copper cathode	22,810	101,890	316,994	—	—	—	441,694
Silver	4,936	1,317	—	27,667	—	—	33,920
Molybdenum	4,815	—	—	—	—	—	4,815
Zinc	—	—	—	2,673	—	—	2,673
Gold	1,809	—	—	—	—	—	1,809
Treatment and selling costs	(36,636)	(19,500)	(4,544)	(11,506)	—	—	(72,186)
Pricing and volume adjustments	2,679	3,633	2,978	129	—	(17,328)	(7,909)
Net revenue	473,634	307,269	315,428	217,021	—	(17,328)	1,296,024
Production costs	(300,565)	(215,484)	(317,041)	(69,970)	—	—	(903,060)
Royalties	(2,076)	(4,478)	—	(3,623)	—	—	(10,177)
Depletion and amortization	(84,195)	(38,953)	(35,369)	(16,474)	—	—	(174,991)
Income (loss) from mining operations	86,798	48,354	(36,982)	126,954	—	(17,328)	207,796
General and administrative expenses	(579)	—	—	(105)	(113)	(25,447)	(26,244)
Exploration expenses	—	(241)	(1,455)	(69)	(71)	(7,742)	(9,578)
Share-based compensation expense	—	—	—	—	—	(31,756)	(31,756)
Income (loss) from operations	86,219	48,113	(38,437)	126,780	(184)	(82,273)	140,218
Unrealized and realized gain on derivative instruments	—	—	109,468	—	—	1,619	111,087
Other (expense) income - net	(1,916)	6,110	(11,860)	(447)	(841)	(20,820)	(29,774)
Net finance costs	(2,861)	(4,087)	(1,730)	(8,582)	(2,132)	(8,418)	(27,810)
Income (loss) before income taxes	81,442	50,136	57,441	117,751	(3,157)	(109,892)	193,721
Income tax (expense) recovery	(4,479)	(12,229)	(10,976)	(35,025)	—	5,127	(57,582)
Total net income (loss)	$ 76,963	$ 37,907	$ 46,465	$ 82,726	$ (3,157)	$(104,765)	$ 136,139
Mineral properties, plant & equipment additions	113,244	104,600	352,758	73,561	27,293	15	671,471

	As at December 31, 2023						
	Pinto Valley	**Mantos Blancos**	**Mantoverde**	**Cozamin**	**Santo Domingo**	**Other**	**Total**
Mineral properties, plant and equipment	**$ 758,846**	**$1,008,874**	**$ 2,803,818**	**$ 259,245**	**$ 453,908**	**$ 1,566**	**$5,286,257**
Total assets	**$ 876,456**	**$1,133,560**	**$ 3,018,904**	**$ 302,805**	**$ 490,671**	**$ 51,519**	**$5,873,915**
Total liabilities	**$ 232,368**	**$ 337,665**	**$ 1,358,651**	**$ 109,055**	**$ 18,415**	**$ 751,639**	**$2,807,793**

	As at December 31, 2022						
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Santo Domingo	Other	Total
Mineral properties, plant and equipment	$ 734,797	$ 963,166	$ 2,352,804	$ 236,724	$ 417,980	$ 840	$4,706,311
Total assets	$ 850,320	$1,100,281	$ 2,640,472	$ 279,454	$ 477,433	$ 32,948	$5,380,908
Total liabilities	$ 220,547	$ 303,578	$ 1,212,801	$ 220,226	$ 38,962	$ 204,938	$2,201,052

28. Subsequent Events

On February 1, 2024, the Company and Orion Fund JV Limited, Orion Mine Finance Fund II LP and Orion Mine Finance (Master) Fund I-A LP (collectively, “Orion”) jointly announced that they entered into an agreement with a syndicate of underwriters led by RBC Capital Markets, as Lead Bookrunner and including National Bank Financial and Scotiabank as Joint Bookrunners (collectively, the “Underwriters”) pursuant to which the Underwriters agreed to purchase, on a bought deal basis from the Company and Orion, a total of 59,520,000 common shares of Capstone (“Common Shares”) at a price of C$6.30 per Common Share (the “Offering Price”), for aggregate gross proceeds of C$375.0 million (the “Offering”). The Company granted the Underwriters an option, exercisable in whole or in part at any time up to 30 days after the closing of the Offering, to purchase up to an additional 8,928,000 Common Shares from the Company at the Offering Price (the “Over-Allotment Option”) which, if exercised in full, would increase the aggregate gross proceeds of the Offering to C$431.2 million. The Offering closed on February 8, 2024.

In connection with the Offering, 56,548,000 Common Shares were issued by the Company for gross proceeds to the Company of C$356.3 million and 11,900,000 were sold by Orion for gross proceeds of C$75.0 million. The Company did not receive any proceeds from the secondary sale, which have been paid directly to Orion.