COPPER MOUNTAIN MINING CORPORATION

FULL YEAR AND FOURTH QUARTER REPORT

Financial Statements and MD&A

December 31, 2022

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COPPER MOUNTAIN
MINING CORPORATION

Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Independent auditor's report

To the Shareholders of Copper Mountain Mining Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Copper Mountain Mining Corporation and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of income and comprehensive income for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were 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 these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of mineral properties, plant and equipment *Refer to note 2c – Basis of preparation – Estimation uncertainty and accounting policy judgments, note 3f – Significant Accounting Policies – Mineral properties, plant and equipment, note 8 – Mineral properties, plant and equipment to the consolidated financial statements.* As at December 31, 2022, the total net book value of mineral properties, plant and equipment amounted to $744.4 million. Management assesses at each reporting period-end whether there is an indication that an item of mineral properties, plant and equipment may be impaired. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. If the recoverable amount of a cash generating unit (CGU) is estimated to be less than its carrying value, the carrying amount of the asset or CGU is reduced to its recoverable amount. As at December 31, 2022, management identified indicators of impairment. As a result, management performed an impairment assessment for the Copper Mountain mine CGU. The recoverable amount of the Copper Mountain mine CGU was determined using the fair value less cost of disposal method, which included using a discounted cash flow model. Management used significant assumptions in the discounted cash flow model, which included forecasted commodity	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the recoverable amounts of mineral properties, plant and equipment related to the CGU, which included the following: – Evaluated the appropriateness of the method used by management. – Tested the underlying data used in the discounted cash flow model. – Evaluated the reasonableness of the significant assumptions by (i) comparing forecasted commodity prices and foreign exchange rates to external market and industry data; (ii) comparing capital and production cost forecasts to the current and past performance of the CGU; and (iii) assessing whether these assumptions aligned with evidence obtained in other areas of the audit, as applicable. – The work of management's experts was used in performing the procedures to evaluate the reasonableness of the estimated recoverable mineral reserves and resources and grades and production volume used to determine the recoverable amount of the Copper Mountain mine CGU. As a basis for using this work, the competence, capabilities and objectivity of management's experts was evaluated, the work performed was understood and the

Key audit matter	How our audit addressed the key audit matter
prices, foreign exchange rates, capital and production cost forecasts, estimated recoverable mineral reserves and resources, grades and production volume and discount rates. Management's estimates of the recoverable mineral reserves and resources, grades and production volume are prepared by or under the supervision of and verified by qualified persons (management's experts). No impairment charge was required for the Copper Mountain mine CGU because its recoverable amount exceeded the carrying amount. We considered this a key audit matter due to the significant audit effort and subjectivity in performing procedures to test significant assumptions used by management in determining the recoverable amount. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. – Professionals with specialized skill and knowledge in the field of valuation were used to assist in evaluating the reasonableness of the discount rate.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated 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 Mark Patterson.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 26, 2023

Copper Mountain Mining Corporation

Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

	December 31, 2022 $	December 31, 2021 $
Assets		
Current assets		
Cash and cash equivalents	83,653	171,902
Restricted cash (note 11)	130,990	6,512
Accounts receivable and prepaid expenses (note 5)	33,334	31,624
Inventory (note 6)	38,448	32,635
Other assets (note 7)	1,903	-
	288,328	242,673
Other assets (note 7)	2,651	5,783
Mineral properties, plant and equipment (note 8)	744,447	710,583
Low grade stockpile (note 6)	64,541	64,879
	1,099,967	**1,023,918**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	86,212	60,482
Amounts payable to related parties (note 18)	13,672	-
Current portion of lease liabilities (note 10)	13,746	10,403
Current portion of long-term debt (note 11)	131,377	12,678
Taxes payable (notes 4 and 20)	16,735	2,143
	261,742	85,706
Provisions and other liabilities (note 12)	18,149	23,961
Lease liabilities (note 10)	45,427	50,669
Long-term debt (note 11)	176,541	284,829
Deferred tax liability (note 20)	88,392	99,314
	590,251	544,479
Equity		
Attributable to shareholders of the Company:		
Share capital (note 13)	292,929	287,724
Contributed surplus	17,319	18,973
Accumulated other comprehensive loss	(168)	(3,929)
Retained earnings	100,901	68,940
	410,981	371,708
Non-controlling interest	98,735	107,731
Total equity	509,716	479,439
	1,099,967	**1,023,918**

Approved on behalf of the Board of Directors

(signed) Gil Clausen Director (signed) Paula Rogers Director

The accompanying notes are an integral part of these consolidated financial statements.

Copper Mountain Mining Corporation

Consolidated Statements of Income and Comprehensive Income
For the Years Ended December 31, 2022 and 2021
(In thousands of Canadian dollars, except for number of and earnings per share)

	2022 $	2021 $
Revenue (note 15)	301,467	578,202
Cost of sales (note 16)	(312,719)	(257,320)
Gross (loss) profit	(11,252)	320,882
General and administration (note 16)	(17,066)	(13,460)
Share-based compensation (note 14)	2,840	(16,993)
Income (loss) from operations	(25,478)	290,429
Finance income	597	177
Finance expense (note 17)	(33,636)	(31,576)
Gain (loss) on derivative (note 21)	11,329	(3,368)
Foreign exchange loss	(21,130)	(3,168)
Income (loss) before tax	(68,318)	252,494
Current income and resource tax expense (note 20)	(1,457)	(7,803)
Deferred income and resource tax recovery (expense) (note 20)	10,922	(95,338)
Net income (loss) from continuing operations	**(58,853)**	**149,353**
Net income (loss) from discontinued operations (note 4)	**81,818**	**(1,214)**
Net income	**22,965**	**148,139**
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net income		
Foreign currency translation adjustment	(666)	(3,409)
Reclassification of currency translation to earnings	4,427	-
Total comprehensive income	26,726	144,730
Net income (loss) from continuing operations attributable to:		
Shareholders of the Company	(49,857)	105,307
Non-controlling interest	(8,996)	44,046
	(58,853)	**149,353**
Net income (loss) attributable to:		
Shareholders of the Company	31,961	104,093
Non-controlling interest	(8,996)	44,046
	22,965	**148,139**
Earnings (loss) per share from continuing operations:		
Basic	$(0.23)	$0.50
Diluted	$(0.23)	$0.48

The accompanying notes are an integral part of these consolidated financial statements.

Copper Mountain Mining Corporation

Consolidated Statements of Income and Comprehensive Income
For the Years Ended December 31, 2022 and 2021
(In thousands of Canadian dollars, except for number of and earnings per share)

Earnings per share:		
Basic	$0.15	$0.50
Diluted	$0.15	$0.48
Weighted average shares outstanding, basic	212,837,126	209,320,144
Weighted average shares outstanding, diluted	218,125,261	218,621,886
Shares outstanding at end of the year	213,841,261	210,363,573

Copper Mountain Mining Corporation

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021
(In thousands of Canadian dollars)

	2022 $	2021 $
Cash flows from operating activities		
Net income for the year	22,965	148,139
Adjustments for:		
Depreciation	25,897	23,823
Gain on sale of Eva Copper, net of tax (note 4)	(84,347)	-
Unrealized foreign exchange loss	20,467	95
Loss on derivatives	-	3,368
Deferred income and resource tax (recovery) expense	(10,922)	95,338
Finance expense	33,610	31,577
Share-based compensation (recovery)	(2,840)	16,993
	4,830	319,333
Net changes in working capital items (note 19)	14,644	(3,877)
Net cash from operating activities	19,474	315,456
Cash flows from investing activities		
Deferred stripping costs	(39,818)	(31,161)
Development of mineral properties, plant and equipment	(116,341)	(117,313)
Net cash proceeds on the sale of Eva Copper (note 4)	202,580	-
Purchase of copper puts	-	(3,397)
Refund (purchase) of reclamation bonds and deposits	4,972	(1,621)
Net cash from (used in) investing activities	51,393	(153,492)
Cash flows from financing activities		
Proceeds on the issuance of common shares	3,418	1,931
Net proceeds from bond issuance	-	287,785
Loans from non-controlling interest	13,672	20,393
Repayment to related party	-	(150,815)
Payments made to non-controlling interest	-	(17,504)
Restricted cash	(125,422)	(6,512)
Loan principal payments	(13,167)	(160,293)
Interest paid	(29,561)	(36,351)
Lease payments	(12,354)	(14,029)
Net cash used in financing activities	(163,414)	(75,395)
Effect of foreign exchange rate changes on cash and cash equivalents	4,298	(238)
(Decrease) increase in cash and cash equivalents	(88,249)	86,331
Cash and cash equivalents - Beginning of year	171,902	85,571
Cash and cash equivalents - End of year	83,653	171,902

Supplementary cash flow disclosures (note 19)

The accompanying notes are an integral part of these consolidated financial statements.

Copper Mountain Mining Corporation

Consolidated Statements of Changes in Equity

(In thousands of Canadian dollars, except for number of shares)

Attributable to equity owners of the company

	Number of Share	Amount $	Contributed surplus $	Accumulated other comprehensive loss	Retained Earnings (Deficit) $	Total $	Non-controlling interest $	Total equity $
Balance January 1, 2021	207,653,732	283,926	19,611	(520)	(35,153)	267,864	81,189	349,053
RSUs and Options exercised	2,709,841	2,716	-	-	-	2,716	-	2,716
Fair value of options exercised	-	1,082	(1,082)	-	-	-	-	-
Share based compensation	-	-	444	-	-	444	-	444
Payments to non-controlling interests	-	-	-	-	-	-	(17,504)	(17,504)
Income for the year	-	-	-	-	104,093	104,093	44,046	148,139
Foreign currency translation	-	-	-	(3,409)	-	(3,409)	-	(3,409)
Balance December 31, 2021	**210,363,573**	**287,724**	**18,973**	**(3,929)**	**68,940**	**371,708**	**107,731**	**479,439**
Balance January 1, 2022								
RSUs and Options exercised	3,477,688	3,418	-	-	-	3,418	-	3,418
Fair value of options exercised	-	1,787	(1,787)	-	-	-	-	-
Share based compensation	-	-	133	-	-	133	-	133
Reclassification of foreign currency translation to earnings	-	-	-	4,427	-	4,427	-	4,427
Income for the year	-	-	-	-	31,961	31,961	(8,996)	22,965
Foreign currency translation	-	-	-	(666)	-	(666)	-	(666)
Balance December 31, 2022	**213,841,261**	**292,929**	**17,319**	**(168)**	**100,901**	**410,981**	**98,735**	**509,716**

1 General information

Copper Mountain Mining Corporation ("CMMC", together with its subsidiaries "the Company") was incorporated under the provisions of the British Columbia Business Corporations Act on April 20, 2006 and is a Canadian development and operating mining company. The Company maintains its head office at Suite 1700 – 700 West Pender Street, Vancouver, British Columbia. The Company, through a subsidiary, owns 75% of the Copper Mountain mine while Mitsubishi Materials Corporation ("MMC") owns the other 25% interest in the Copper Mountain mine.

2 Basis of preparation

a. Statement of compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements were approved for issue on March 26, 2023, by the Board of Directors.

b. Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its Canadian subsidiaries. The functional currencies of the Company's U.S. and former Australian subsidiaries are the U.S. dollar and the Australian dollar respectively. Transactions in currencies other than the functional currency of an entity are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency translation differences are recognized in profit or loss.

On translation of entities with functional currencies other than the Canadian dollar into Canadian dollars for presentation purposes, consolidated statement of 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 asset and liability balances on the statement of financial position are translated at closing exchange rates as at the reporting date. Exchange differences arising on the translation of the foreign currency entities at closing rates, together with differences between consolidated statement of income translated at average and closing rates, are recorded in accumulated other comprehensive loss in equity.

c. Estimation uncertainty and accounting policy judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions and accounting policy judgements that may affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis. Estimates are based on historical experience and other factors, including the expectation of future events considered to be reasonable under the circumstances. However, actual results may differ from these estimates. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised and any future periods affected.

The sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

Mineral reserve estimates

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 *Standards for Disclosure of Mineral Projects* (NI 43-101). Reserves are used in the calculation of depreciation, impairment assessment and for forecasting the timing of settlement of mine closure, reclamation and rehabilitation costs. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs or recovery rates could have a material effect on the future of the Company's financial position and results of operation.

Inventory valuation

Stockpiled ore and concentrate inventory are valued at the lower of average cost and net realizable value. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and future metal prices less estimated future production costs to convert the inventory into saleable form and associated selling costs. Where inventory is to be processed more than one year in the future the estimate of net realizable value is based on a discounted cash flow projection. The determination of future sales price, production and selling costs requires assumptions that may impact the stated value of inventory. Because the low grade inventory net realizable value measurement involves discounting, any significant changes in the projected timing of processing of the stockpile could result in significant impairment charges or reversals.

Decommissioning and restoration provisions

Accounting for restoration provisions requires management to make estimates of the future costs the Company will incur to complete the restoration and remediation work required to comply with its permits, existing laws and regulations. Actual costs incurred may differ from those amounts estimated. In addition, future changes to environmental laws and regulations could increase the extent of restoration work required to be performed by the Company. Increases in future costs could materially impact the provision for restoration. The provision represents management's best estimate of the present value of the future restoration and remediation costs.

Areas of accounting policy judgment are as follows:

Current and deferred taxes

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the probability that the Company and its subsidiaries will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. Based on current forecasts, the Company expects to generate taxable earnings in future periods, and has recognized a deferred tax asset for Canada.

Impairment review

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, production budgets and forecasts, and life of-mine estimates. This would include an assessment of any significant declines in the market value of the Company's share price and changes in the quantity and grade of the recoverable reserves, commodity prices, capital costs, operating costs and foreign exchange and interest rates. In undertaking this evaluation, management of the Company is required to make significant judgements and if impairment indicators are identified, impairment testing will be necessary.

Management assesses at each reporting period-end whether there is an indication that an item of mineral properties, plant and equipment may be impaired. If there are indicators of impairment, the recoverable amount of the asset or cash generating unit (CGU) is estimated in order to determine the extent of any impairment. If the recoverable amount of the asset is estimated to be less than its carrying value, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Non-current assets that were previously impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed.

At December 31, 2022, the Company identified indicators of impairment for the Copper Mountain Mine CGU. As a result, management performed an impairment assessment for the Copper Mountain Mine CGU (note 8). The recoverable amount of the Copper Mountain Mine CGU was determined using the fair value less cost of disposal method using a discounted cash flow model. Management used significant assumptions in the discounted cash flow model which included forecasted commodity prices, foreign exchange rates, capital and production cost, grades and production volume as well as estimated recoverable mineral reserves and resources, and discount rates.

Management's estimates of the recoverable mineral reserves and resources quantities, grades and production volume are prepared by or under the supervision of and verified by qualified persons (management's experts). These estimates are subject to various risks and uncertainties which may ultimately influence the estimated recoverability of the carrying amounts of non-current assets.

Forecasted commodity prices, foreign exchange rates, grades and production volume and capital and production cost as well as estimated recoverable mineral reserves and resources, and discount rates, and other significant assumptions used in the Company's impairment assessment are subject to greater uncertainty given the current economic environment. Changes in these assumptions could significantly impact the valuation of the Company's assets in the future.

3 Significant Accounting Policies

a. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for amounts due from concentrate sales and derivative financial instruments, which are stated at fair value. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. Certain comparative figures have been reclassified to conform with changes in the presentation of the current year.

b. Consolidation

The financial statements of the Company consolidate the accounts of Copper Mountain Mining Corporation and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The significant subsidiary entities of Copper Mountain as at December 31, 2022 are listed below. Each of the entities has a December 31 year end.

Subsidiary	Location	Ownership Interest	Status	Functional Currency
Copper Mountain Mine (BC) Ltd.	Canada	75%	Consolidated	Canadian dollar
Copper Mountain Operating Company	Canada	100%	Consolidated	Canadian dollar

c. Non-controlling interest

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. The non-controlling interests' share of net income and comprehensive income is presented separately in the statement of income and comprehensive income. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

d. Financial instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into one of three measurement categories: those measured at fair value through profit and loss, at fair value through other comprehensive income, and at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method.

Cash and cash equivalents and reclamation bonds

Cash and cash equivalents comprise cash in bank accounts and on hand and other short-term investments with initial maturities of less than 90 days. Cash subject to restrictions is presented separately from cash and cash equivalents.

Cash and cash equivalents, restricted cash and reclamation bonds are recorded at amortized cost.

Accounts receivable

Accounts receivables from concentrate sales vary based on the underlying commodity prices. Accounts receivables from concentrate sales are classified as fair value through profit or loss and are recorded at the fair value at each reporting period based on estimates of quoted commodity prices up to the date of final pricing. The changes in fair value of accounts receivables from concentrate sales are recorded as a separate component of revenue.

Derivatives

The Company periodically enters into derivative instruments to mitigate risk. The Company does not apply hedge accounting. Derivative financial instruments are measured at fair value. Changes in fair value of derivative instruments are recorded in profit or loss.

Accounts payable and accrued liabilities and debt

Accounts payable and accrued liabilities and debt are recorded at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption amount is recognized in net earnings over the period to maturity using the effective interest rate method.

e. Inventory

Product inventories comprise ore stockpiles, in process and concentrate inventories. Ore stockpiles include materials extracted from the mine and stockpiled before and after the crushing process. Concentrate inventories include concentrates located at the mine, port facility or in transit. Low grade ore stockpiles not expected to be processed in the next twelve months, are included in non-current inventory.

Product inventories are valued at the lower of average cost and net realizable value. Ore stockpile and concentrate inventory costs include all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization, and directly attributable overhead costs incurred for the respective stage of inventory. When inventories have been written down to net realizable value, a new assessment of net realizable value is made in each subsequent period. If the circumstances that caused the write-down no longer exist, and the inventory has not otherwise been sold, the amount of the write-down is reversed.

Consumable stores inventories are valued at the lower of weighted average cost and net realizable value. Cost of consumable stores includes acquisition, freight, and other directly attributable costs.

f. Mineral properties, plant and equipment

Exploration and evaluation

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets and classified as a component of property, plant and equipment. Exploration expenditures relate to the acquisition of mineral interests and the subsequent search for deposits with economic potential, detailed assessment of deposits or other projects that have been identified as having economic potential.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, exploration and evaluation assets are reclassified to mineral properties and mine development costs within property, plant and equipment and are carried at cost until the properties to which the expenditures relate are sold, abandoned or determined by management to be impaired in value.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, including: the extent to which mineral reserves or mineral resources as defined in National Instrument 43- 101 ("NI 43-101") have been identified through a feasibility study or similar document; the results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study; the status of environmental permits; and the status of mining leases or other development permits.

Exploration and evaluation assets are tested for impairment immediately prior to reclassification to mineral property development costs.

Mineral properties and mine development

Mine development costs are capitalized. Costs associated with the commissioning of new assets incurred in the period before they are capable of operating in the manner intended by management, are capitalized.

The costs of removing waste and overburden (stripping costs) to access ore prior to the commencement of mine operations or when assessing a new pit are capitalized as pre-production stripping costs and classified as mineral properties and mine development a component of property, plant and equipment.

Stripping costs after the commencement of operations are incurred both in relation to the production of inventory in that period and also for improved access to ore to be mined in the future. Stripping costs incurred relating to current ore production are included as a cost of inventory, while stripping costs incurred relating to improved access to reserves and future development are capitalized to mineral properties as a stripping activity asset.

Stripping costs benefiting future periods are identified by reference to the waste to ore stripping ratio. In periods when the actual stripping ratio for a mining phase exceeds the average expected stripping ratio for that phase, the excess costs are capitalized as stripping activity assets.

Stripping activity assets are amortized on a unit of production basis over the proven and probable reserves of each mining phase to which they relate.

Plant and equipment

Plant and equipment are recorded at cost less accumulated amortization. Costs for facilities under construction include all expenditures incurred directly in connection with project development.

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially complete. All other borrowing costs are recognized as interest expense in the statement of income in the period in which they are incurred.

Mobile mining equipment is recorded at cost and amortized over its estimated useful economic life based on operating hours. Repairs and maintenance costs are expensed during the period in which they are incurred. Other equipment and buildings are recorded at cost and amortized over their estimated useful lives on a straight-line basis between 2 to 28 years. Resource property assets are amortized on a units of production basis over proven and probable reserves. Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required.

The following table outline the methods used to amortized mineral properties, plant and equipment:

Assets	Depreciation Method
Buildings	Straight line
Mobile mining equipment	Hours of operation
Light duty vehicles	Straight line
Plant and related equipment	Units of production
Resource property	Units of production
Stripping activity assets	Units of production

Impairment of mineral properties, plant and equipment

Management assesses at each reporting period-end whether there is an indication that an item of mineral properties, plant and equipment may be impaired. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Cash-generating units are individual operating mines or exploration and development projects. The recoverable amount of an asset or cash generating unit is determined as the higher of its fair value less costs of disposal and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing fair value less costs of disposal, fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. For mining assets fair value less costs of disposal is typically estimated using a discounted cash flow approach. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying value, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. When an impairment loss exists it is recorded as an expense immediately.

Where an impairment in value subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

The Company reviews the carrying value of assets at the end of each reporting period for indicators of impairment using both internal and external sources of information. Based on the Company's assessment of possible indicators of impairment of its mineral properties the Company concluded that as of December 31, 2022, an impairment indicator of mineral properties exists and performed an impairment analysis. As the recoverable amounts exceeded the carrying values, no impairment was recorded.

g. 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) leases where the total lease term is less than or equal to 12 months, or (ii) for leases of low value. Payments for those leases not recorded as a ROU asset and lease liability are recognized in the consolidated statement of income over the lease term.

Each 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 on the same basis as owned assets of a similar nature. 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 the rate implicit in the least 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 exercise price of the option is included in the lease payments.

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. These variable lease payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of income.

h. Decommissioning and restoration provisions

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk free rate. The restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows, the inflation rate and the risk-free discount rate.

The restoration provision is accreted to full value over time through periodic charges to income. The amount of the restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to earnings. The method of amortization follows that of the underlying asset. The costs related to a restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. A revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the related asset.

i. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

j. Revenue

Revenue consists of sales of copper concentrates which includes gold and silver. The Company's performance obligations relate primarily to the delivery of concentrate to our customers with each separate shipment representing a separate performance obligation.

Revenue is recognized at the point in time when the customer obtains control of the product. Control is achieved when the product is delivered to the customer, the Company has a present right to payment for the product, significant risks and rewards of ownership have transferred to the customer according to contract terms and there is no unfulfilled obligation that could affect the customer's acceptance of the product.

For copper concentrates, control of the product generally transfers to the customer when an individual shipment is loaded onto a vessel accepted by the customer. The Company sells concentrate on commercial terms where we are responsible for providing freight services after the date at which control of the product passes to the customer.

Copper concentrates are sold under pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. For these sales, revenue is recorded based on the estimated consideration to be received at the date of sale with reference to relevant commodity market prices. Adjustments are made to the fair value of settlement receivables in subsequent periods based on movements in quoted commodity prices up to the date of final pricing. The changes in value of the settlement receivables are not considered to be revenue from contracts with customers. The changes in fair value of settlement receivables are recorded as a separate component of revenue.

Copper concentrate sales are billed based on provisional weights and assays upon the passage of control to the customer. The first provisional invoice is billed to the customer at the time of transfer of control. As final prices, weights and assays are received additional invoices are issued and collected. Collection of billed amounts are based on payment terms agreed with the customer and generally result in prompt collection of invoices outstanding.

k. Current and deferred income and resource taxes

Income tax expense comprises current and deferred taxes including B.C. Mineral Tax. Income tax expense is recognized in the statement of income (loss) except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the

balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same entity or entities where there is an intention to settle balances on a net basis.

l. Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and are recorded over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. For equity settled awards the offset to the recorded cost is to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed.

Share-based compensation expense relating to deferred share units, performance share units and restricted shares units are accrued over the vesting period of the units based on the quoted market price. As these awards are or can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

m. Share capital

The Company records proceeds from share issuances net of issue costs.

n. Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding in the period.

Diluted earnings per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In periods of loss basic and diluted earnings per share are the same as dilutive instruments have an anti-dilutive effect.

o. New accounting pronouncements

The Company adopted the following accounting standards effective January 1, 2022.

(In thousands of Canadian dollars, except where otherwise stated)

Amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The amendment clarifies that the costs of fulfilling a contract when assessing whether a contract is onerous comprise both the incremental costs and an allocation of other costs that relate directly to fulfilling the contract. The amendment applies to contracts existing at the date when the amendments are first applied. The adoption of this amendment did not have a significant effect on the Company's financial statements.

Amendment to IAS 16, Property, Plant and Equipment - Proceeds before Intended Use. The amendment prohibits deducting from the cost of property, plant and equipment amounts received from selling items produced while preparing the asset for its intended use. Instead, a company will recognize such sale proceeds and related cost in the consolidated statements of income (loss). The adoption of this amendment did not have a significant effect on the Company’s financial statements.

4 Discontinued operations

On December 15, 2022, the Company completed the sale of its previously wholly-owned Eva Copper Project and its exploration land package in Queensland, Australia to Harmony Gold Mining Company Limited. Under the terms of the agreement, the Company received US$170 million on closing. Additionally, the Company has the right to receive additional contingent future payments comprised of the following:

- Up to US$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain 10% of the incremental revenue generated from the Eva Copper Project and the Australian exploration land package above the revenue assuming a US$3.80/lb copper price; and

- Up to US$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain US$0.03 per pound of contained copper for any SAMREC copper resource discovered and declared on a new deposit within the Eva Copper Project and the Australian exploration land package after the closing of the Transaction.

The Company received cash consideration of $231,880. After taxes withheld by the purchaser, the Company received net consideration of $204,966. The Company has not recognized the contingent consideration at this time. The Company recognized a gain on disposition of $84,347 and net income from discontinued operations of $81,818 calculated as follows:

		December 15, 2022
Total consideration	$	231,880
Eva Copper net assets disposed		(89,251)
Gain before tax and other costs	$	142,629
Tax withheld by purchaser		(26,914)
Tax payable		(16,171)
Realization of foreign currency transaction adjustments related to Eva Copper reclassified to net income		(4,427)
Bond amendment expenses (note 11)		(4,361)
Transaction costs		(6,409)
Gain on disposition	$	84,347

(In thousands of Canadian dollars, except where otherwise stated)

The results of discontinued operations included in net income are set out below. Comparative net loss from Eva Copper related entities has been presented as discontinued operations.

Net income (loss) for the period from discontinued operations:

	For the period from January 1, 2022 to December 15, 2022 $	Year ended December 31, 2021 $
General and administrative	(3,116)	(1,220)
Finance expense	-	(1)
Foreign exchange gain (loss)	587	7
Gain on disposition	84,347	-
Net income (loss) from discontinued operations	81,818	(1,214)

The results of cash flows from discontinued operations are set out below.

	For the period from January 1, 2022 to December 15, 2022 $	Year ended December 31, 2021 $
Net cash outflows from operating activities	(4,353)	(492)
Net cash outflows from investing activities	(22,283)	(12,731)
Net cash outflows	(26,637)	(13,223)

5 Accounts receivable and prepaid expenses

	2022 **$**	**2021** **$**
Amounts due from concentrate sales *	23,848	24,827
GST and other receivables	4,865	2,469
Prepaid expenses	4,621	4,328
	33,334	**31,624**

** Amounts due from concentrate sales includes mark-to-market changes to provisional pricing on sales not finalized. See note 15.*

(In thousands of Canadian dollars, except where otherwise stated)

6 Inventory

	2022 $	2021 $
Supplies	19,362	13,325
Ore stockpile	14,530	12,484
Crushed ore stockpile	410	52
Copper concentrate	4,146	6,774
	38,448	**32,635**
Low grade stockpile[1]	**64,541**	**64,879**

Inventory expensed during the year ended December 31, 2022 totaled $296,560 (2021 – $243,571).

7 Other assets

	2022 $	2021 $
Current:		
Guaranteed investment certificates (GICs)	**1,903**	**-**
Non-current:		
Reclamation bonds	477	5,783
Guaranteed investment certificates (GICs)	2,174	-
	2,651	**5,783**

The Company has $477 (2021 - $4,302) in reclamation bonds with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain mine site. The Company receives interest on these bonds. The Company has also issued a surety bond of $21,063 (2021 - $17,467) for total reclamation security of $21,541.

[1] Stockpile of inventory that is not expected to be processed until towards the end of the mine life

(In thousands of Canadian dollars, except where otherwise stated)

8 Mineral properties, plant and equipment

Cost	Plant and equipment $	Exploration and evaluation assets $	Mineral properties and mine development costs $	Total $
As at January 1, 2021	617,085	64,159	280,449	961,693
Additions	126,805	11,608	46,409	184,822
Restoration provision	-	-	3,660	3,660
Currency translation adjustment	(48)	(3,335)	-	(3,383)
As at December 31, 2021	**743,842**	**72,432**	**330,518**	**1,146,792**
Additions	80,270	24,122	56,743	161,135
Restoration provision	-	-	(7,514)	(7,514)
Disposals	(2,507)	-	-	(2,507)
Assets sold (note 4)	(988)	(87,157)	-	(88,145)
Currency translation	(153)	(569)	-	(722)
As at December 31, 2022	**820,464**	**8,828**	**379,747**	**1,209,039**

Accumulated depreciation	Plant and equipment	Exploration and evaluation asset $	Mineral properties and mine development costs $	Total $
As at January 1, 2021	(294,276)	-	(114,769)	(409,045)
Depreciation charge	(19,748)	-	(7,416)	(27,164)
As at December 31, 2021	**(314,024)**	**-**	**(122,185)**	**(436,209)**
Depreciation charge	(20,072)	-	(8,502)	(28,574)
Disposals	191	-	-	191
As at December 31, 2022	**(333,905)**	**-**	**(130,687)**	**(464,592)**

Net book value				
As at December 31, 2021	429,818	72,432	208,333	710,583
As at December 31, 2022	**486,559**	**8,828**	**249,060**	**744,447**

Plant and equipment includes right of use assets of $87,467 (December 31, 2021 - $80,691) with a net book value of $74,428 at December 31, 2022 (December 31, 2021 - $71,549) related primarily to mobile mining equipment.

At December 31, 2022, management identified impairment indicators for the Copper Mountain Mine CGU based on the mine's operating performance in the year and the Company’s market capitalization relative to the carrying value of net assets. As a result of this assessment, no impairment charge was required for the Copper Mountain mine CGU because its recoverable amount exceeded the carrying amount. The determination of FVLCD required use of Level 2 and Level 3 valuation inputs.

(In thousands of Canadian dollars, except where otherwise stated)

Impairment testing: 2022 Significant assumptions

The projected cash flows used in impairment testing are significantly affected by changes in assumptions for forecasted commodity prices, foreign exchange rates, grades and production volume and capital and production costs in addition to estimated recoverable mineral reserves and resources, and discount rates.

The determination of FVLCD includes the following significant assumptions:

- Long term commodity prices: Copper - $3.62 USD/lb; Silver - $21.40 USD/oz and Gold - $1,655 USD/oz;
- Exchange rate: $1.30 Canadian dollars per US dollar;
- Expected future operating and capital costs based on the most recent September 2022 Technical Report (Life-of-mine Plan and 65kt/d Expansion Study Update);
- Future production volume and grade estimates as indicated in the Technical Report; and
- Real after-tax discount rate: 8.0%.

9 Accounts payable and accrued liabilities

	2022	**2021**
	$	**$**
Trade accounts payable	48,909	20,982
Accrued liabilities	33,771	28,852
Deferred Share Units liability (note 12)	1,067	2,024
Performance and Restricted Share Units liability (note 12)	2,465	8,624
	86,212	**60,482**

10 Lease liabilities

Lease liabilities relate primarily to mobile mining equipment and have monthly repayment terms between 36 and 84 months and with interest rates between 2.0% and 6.0%.

	2022	**2021**
	$	**$**
Lease liabilities	59,173	61,072
Less: current portion	(13,746)	(10,403)
Non-current portion	**45,427**	**50,669**

Gross lease liability and minimum lease payments	**2022**	**2021**
	$	**$**
Within one year	17,942	14,814
Between two and four years	48,903	55,260
	66,845	70,074
Future interest	(7,672)	(9,002)
Present value of lease liability	**59,173**	**61,072**

(In thousands of Canadian dollars, except where otherwise stated)

11 Long-term debt

	December 31, 2022 $	December 31, 2021 $
Bonds in US$	227,346	234,664
Bonds in CAD$	307,918	297,507
Less: current portion	(131,377)	(12,678)
	176,541	**284,829**

Bonds

On April 9, 2021, the Company completed an offering of US$250 million of secured bonds ("the Bonds"). The Bonds mature on April 9, 2026 and bear interest at an annual rate of 8.0%, payable semi-annually on April 9 and October 9. Semi-annual principal installments in the amount of US$5 million are payable on each interest payment date. At December 31, 2022, the Company had deposited US$5.4 million ($7,254) into a debt service account to satisfy the next semi-annual principal installment and interest payment. The debt service account is presented on the statement of financial position as restricted cash. Semi-annual principal installments of US$10 million and interest payments of US$19.4 million were made in 2022.

The Bonds are secured by a general security agreement on the assets of the Company. The Company may redeem all or part of the principal amount of the outstanding Bonds at any time from October 2023, at redemption prices ranging from 104% to 100%, plus accrued and unpaid interest to the date of redemption. The prepayment options are not closely related to the host debt instrument and are separately accounted for as embedded derivatives. At December 31, 2022, the value of the prepayment options was nominal.

The Bonds require the Company to maintain: (a) a minimum cash amount of US$10 million, on an unconsolidated basis, subject to the Liquidity Covenant Step-up, as defined below; and, (b) a minimum of cash amount of $10 million, at the Copper Mountain mine. The Liquidity Covenant Step-up is defined as: in case that at the end of the quarter, the Leverage Ratio (defined as net debt to trailing twelve months adjusted EBITDA) exceeds 4.00 : 1.00, the Company shall, on an unconsolidated basis, maintain a minimum cash balance of an amount equal to (i) US$25 million less (ii) an amount equal to the amount deposited in the debt service account. As at December 31, 2022, the Company is in compliance with the Bonds' financial covenants.

As at December 31, 2022, the Bonds have a principal amount outstanding of $318,284 (US$235 million). The outstanding amount of $307,918 is net of issue costs of $10,366.

In connection with the sale of the Eva Copper Project, the Company must offer to repurchase US$87 million ($117,832) principal amount of the Bonds at an offer price of 103% of the nominal amount with accrued interest. At December 31, 2022, the Company has US$90.2 million ($122,164), presented as restricted cash, held with the bond trustee for the repurchase of the Bonds and the related Bonds and associated premiums are presented as a current liability. Subsequent to December 31, 2022, the Company repurchased US$87 million principal amount of the Bonds for US$89.6 million plus accrued interest of US$2.0 million.

(In thousands of Canadian dollars, except where otherwise stated)

12 Provisions and other liabilities

	Decommissioning and restoration provision $	Share-based payment obligations $	Total $
Balance, January 1, 2022	22,109	12,500	34,609
Share-based payment recovery	-	(3,054)	(3,054)
Payments during the period	-	(2,896)	(2,896)
Changes in estimate costs and timing	(7,514)	-	(7,514)
Unwinding of discount on restoration provision	536	-	536
Balance, December 31, 2022	**15,131**	**6,550**	**21,681**
Less: Current portion of share-based payment obligations included within accounts payable (Note 9)	-	(3,532)	(3,532)
Total provision – Non-current	**15,131**	**3,018**	**18,149**

Balance, January 1, 2021	18,371	4,715	23,086
Share-based payment expense	-	16,550	16,550
Payments during the period	-	(8,765)	(8,765)
Changes in estimate costs and timing	3,660	-	3,660
Unwinding of discount on restoration provision	78	-	78
Balance, December 31, 2021	**22,109**	**12,500**	**34,609**
Less: Current portion of share-based payment obligations included within accounts payable (Note 9)	-	(10,648)	(10,648)
Total provision – Non-current	**22,109**	**1,852**	**23,961**

The Company has a liability for remediation of current and past disturbances associated with mining activities at the Copper Mountain mine property. At December 31, 2022, the Company used an inflation rate of 2.00% (2021 – 2.0%) and a discount rate of 3.28% (2021 – 1.47%), based on inflation targets and Bank of Canada interest rates respectively, in calculating the estimated obligation. The decommissioning obligations will be accreted as a finance expense over the life of the mine. The liability for retirement and remediation on an undiscounted basis is $22,161 (2021 - $20,307). The expected timing of payment of the cash flows will occur in various stages to 2055.

13 Share capital

Authorized - Unlimited number of common shares without par value.

(In thousands of Canadian dollars, except where otherwise stated)

14 Share-based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 16.0 million stock options exercisable for a period of up to ten years from the grant date. As at December 31, 2022, the Company had the following options outstanding:

	Number of shares	Weighted average exercise price $
Outstanding, December 31, 2020	11,084,220	0.88
Exercised	(2,437,266)	0.80
Outstanding, December 31, 2021	8,646,954	0.91
Exercised	(3,398,059)	0.95
Expired	(56,600)	0.58
Forfeited	(953,076)	0.94
Outstanding, December 31, 2022	**4,239,219**	**0.87**

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

	Outstanding			Exercisable		
Exercise prices ($)	Number of options	Weighted average exercise price ($)	Weighted average remaining life (years)	Number of options	Weighted average exercise price ($)	Weighted average remaining life (years)
$0.58 - $1.00	2,133,388	0.63	1.99	1,675,041	0.65	1.94
$1.02 - $1.07	925,831	1.02	1.22	925,831	1.02	1.22
$1.14 - $1.28	1,180,000	1.19	0.49	1,180,000	1.19	0.49
	4,239,219	$ 0.87	1.41	3,780,872	$ 0.91	1.31

During the year ended December 31, 2022, the share-based compensation expense in respect of stock options vesting was $133 (2021 – $443). The fair values of the stock options granted were estimated on the grant date using the Black-Scholes option pricing model. The weighted average share price at the date of exercise was $3.00 (2021 - $3.28) for the year ended December 31, 2022.

No stock options were granted during the years ended December 31, 2022 and 2021.

b. Deferred Share Unit, Restricted Share Unit and Performance Share Unit Plans

The Company has other share-based compensation plans in the form of a Deferred Share Unit ("DSU") Plan, Restricted Share Unit ("RSU") Plan and Performance Share Unit ("PSU") Plan. DSUs and PSUs are cash settled while RSUs may be settled in cash or shares of the Company at the discretion of the Company. All of the DSUs, PSUs and RSUs are accounted for as cash settled awards. 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 statement of earnings with the corresponding liability recorded on the balance sheet in provisions (Note 12). The fair value of the units at each reporting period is the number of units vested multiplied by the quoted market value of a common share of the Company at the reporting date.

(In thousands of Canadian dollars, except where otherwise stated)

The continuity of units granted and outstanding under the share-based compensation plans is as follows:

	DSUs	**RSUs**	**PSUs**
Outstanding, January 1, 2021	540,297	2,513,150	2,513,150
Granted	374,009	948,697	623,393
Forfeited	(35,294)	-	(308,035)
Settled	(287,196)	(469,242)	(837,716)
Outstanding, December 31, 2021	591,816	2,992,605	1,990,792
Granted	199,522	829,374	774,682
Forfeited	-	(649,078)	(497,599)
Expired	(4,150)	-	-
Settled	(163,182)	(508,521)	(232,088)
Outstanding, December 31, 2022	**624,006**	**2,664,380**	**2,035,787**

During the year ended December 31, 2022, the Company recorded share-based recovery of $2,973 (2021 – expense of $16,550) related to DSUs, RSUs and PSUs.

During the year ended December 31, 2022, the total fair value of DSUs, RSUs and PSUs granted was $6,552 (2021 - $4,798) with a weighted average grant date fair value of $3.63 (2021 - $2.47) per unit.

c. Basic and diluted weighted average number of shares outstanding

	2022	**2021**
Weighted average shares outstanding – basic	212,837,126	209,320,144
Dilutive securities		
Stock options	2,759,296	6,309,137
Restricted share units	2,528,839	2,992,605
Weighted average shares outstanding – diluted	**218,125,261**	**218,621,886**

(In thousands of Canadian dollars, except where otherwise stated)

15 Revenue

	2022 $	2021 $
Copper in concentrate	255,539	515,409
Gold in concentrate	52,186	67,275
Silver in concentrate	6,379	16,660
Treatment and refining charges	(12,637)	(21,142)
Revenue from sale of copper concentrate	**301,467**	**578,202**

Revenue for the year ended December 31, 2022 included mark-to-market and final adjustments from provisional pricing on concentrate sales of $928 (2021 – $47,243).

Revenues recognized in the reporting period include the following unrealized mark-to-market changes to provisional pricing on concentrate sales not yet finalized at year end.

	2022 $	2021 $
Copper in concentrate	5,305	2,888
Gold in concentrate	1,731	816
Silver in concentrate	296	(152)
	7,332	**3,552**

16 Expenses by nature

	2022 $	2021 $
Direct mining and milling costs	221,394	163,735
Employee compensation and benefits	56,574	56,299
Depreciation	25,457	23,537
Transportation costs	9,294	13,749
Cost of sales	**312,719**	**257,320**
General and administration:		
Corporate employee compensation and benefits	8,310	4,850
Corporate and mine site administrative expenses	8,756	8,610
	17,066	13,460
	329,785	**270,780**

(In thousands of Canadian dollars, except where otherwise stated)

17 Finance expense

	2022 $	2021 $
Interest on loans	29,602	26,129
Amortization of loan financing fees	3,498	5,330
Loan guarantee fee	-	40
Unwinding of discount on restoration provision	536	78
	33,636	**31,577**

18 Related party transactions

All transactions with related parties have occurred in the normal course of the Company's operations.

a. During the year ended December 31, 2022, the Company sold copper concentrates under the provision of a long-term contract with MMC for revenues totalling $301,467 (2021 – $578,202) including pricing adjustments.

b. During the year ended December 31, 2022, the Company received an unsecured non-revolving US$10 million term loan from MMC bearing interest rate of 5.565%. This loan with interest of US$104 was repaid subsequent to December 31, 2022.

   During the year ended December 31, 2021, the Company accrued interest on a subordinated loan with MMC totalling $203. The subordinated loan and accrued interest was repaid on June 9, 2021.

c. During the year ended December 31, 2021, the Company accrued to MMC a guarantee fee related to a term loan of $45. The cumulative amount of guarantee fees payable of $3,514 was settled on June 9, 2021.

d. Prior to 2021, Company received aggregate funding advances from MMC totalling $154,117. These advances bore interest at rates from 2.88% to 4.80% with total interest during the year ended December 31, 2021 of $1,879. The cumulative funding advances of $154,117 and related accumulated interest was repaid on June 8, 2021.

e. Compensation of key management:

   Key management includes the Company's directors and officers. Compensation awarded to key management includes:

	2022 $	2021 $
Salaries, bonuses and short-term employee benefits	6,481	7,002
Share-based compensation	644	12,367
	7,125	**19,369**

(In thousands of Canadian dollars, except where otherwise stated)

19 Supplementary cash flow disclosure

a. As at December 31, 2022, cash and cash equivalents consists of guaranteed investment certificates of $234 (2021 – $1,457) and $83,419 in cash (2021 - $170,445) held in bank accounts.

b. A reconciliation of net changes in working capital items is as follows:

	2022 $	2021 $
Change in accounts receivable and prepaid expenses	(2,398)	(1,209)
Change in inventory	(5,071)	4,085
Change in tax liability	(1,578)	565
Change in accounts payable and accrued liabilities	27,767	(7,318)
Change in other assets	(4,076)	-
	14,644	**(3,877)**

c. The significant non-cash financing and investing transactions during the year ended December 31 are as follows:

	2022 $	2021 $
Increase (decrease) in accounts payable related to plant and equipment	(7,028)	8,694
Addition of plant and equipment through leases	(7,730)	(27,467)

d. During the year ended December 31, 2022, the Company paid B.C. mineral tax of $1,457 (2021 - $3,850) and income tax of $1,498.

20 Income tax

The Company and its subsidiaries are subject to Canadian federal and provincial tax for the estimated assessable profit for the years ended December 31, 2022 and 2021 at a rate of 27.00%.

Income tax expense comprises current and deferred tax. B.C. mineral taxes, which are based on a measure of income from mining operations, meet the definition of an income tax. Income tax expense is recognized in the statement of income (loss) except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

(In thousands of Canadian dollars, except where otherwise stated)

The tax recovery for the Company can be reconciled to the loss for the year per the consolidated statement of income and comprehensive income as follows:

	2022 $	2021 $
Earnings (loss) before income taxes	(68,318)	251,280
Statutory tax rate	27.00%	27.00%
Income tax expense (recovery)	(18,446)	67,846
Increase (decrease) due to:		
Non-deductible expenses and other	(1,738)	550
Losses for which no tax benefit has been recorded	10,501	5,880
B.C. mineral tax	(2,369)	29,648
Non-taxable (deductible) portion of loss	2,587	77
Taxable income (loss) allocated to non-controlling interest	-	(860)
Income tax expense (recovery)	**(9,465)**	**103,141**
Income tax expense (recovery) consists of:		
Deferred income tax expense (recovery)	(10,922)	95,338
Current income tax expense	-	1,498
Current B.C. mineral tax	1,457	6,305
	(9,465)	**103,141**

a. Deferred income tax assets and liabilities reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The significant components of the Company's recognized net deferred income tax liability at December 31, 2022 and 2021 are as follows:

	2022 $	2021 $
Non-capital losses	39,289	6,898
Capital leases	21,471	22,045
Decommissioning and restoration provision	5,521	8,068
Investment tax credits	4,640	4,645
Mineral tax credits	12,352	11,585
Property, plant and equipment expenditures	(161,956)	(143,121)
Inventory	(8,879)	(9,131)
Unrealized foreign exchange gain	(830)	(303)
Net deferred tax liability	**(88,392)**	**(99,314)**

(In thousands of Canadian dollars, except where otherwise stated)

The significant components of the Company's unrecognized deferred income tax assets at December 31, 2022 and 2021 are as follows:

	2022 $	2021 $
Deferred income taxes		
Non-capital loss carryforward	10,698	16,700
Capital losses	9,221	8,580
Share issue costs	(238)	217
Mineral property, plant and equipment	223	-
Unrealized foreign exchange	3,819	1,624
Other	1,749	64
	25,472	**27,185**

b. As at December 31, 2022, the Company has investment tax credits available for carry forward which may be applied to reduce future year's income taxes. These investment tax credits will expire as follows:

	2022 $	2021 $
2023	360	360
2028	608	608
2029	1,748	1,748
2030	1,156	1,156
2031	1,095	1,095
2032	275	275
2033	665	665
2039	334	-
2040	22	-
	6,263	**5,907**

As at December 31, 2022, the Company has non-capital losses available for carry forward which may be applied to reduce future year's taxable income. These losses, if not utilized will expire as follows:

	Canada
2034	60
2037	80
2039	14,059
2041	15,479
2042	154,540
	184,218

(In thousands of Canadian dollars, except where otherwise stated)

21 Financial instruments

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. Those categories are: financial assets at amortized cost, financial assets at fair value through profit and loss; and financial liabilities at amortized cost and financial liabilities at fair value through profit and loss.

The following table shows the carrying values of assets and liabilities for each of these categories at December 31, 2022 and 2021.

	2022 $	2021 $
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	83,653	171,902
Reclamation bonds and other assets	4,554	5,783
Financial assets at fair value through profit and loss		
Amounts due from concentrate sales (note 5)	23,848	24,827
Financial liabilities		
Financial liabilities at amortized cost		
Accounts payable (note 9)	48,909	20,982
Debt (note 11)	307,918	297,507
Lease liabilities (note 10)	59,173	61,072

The carrying values of cash and cash equivalents, reclamation bonds, accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments. The methods and assumptions used in estimating the fair value of other financial assets and liabilities are as follows:

- Amounts due from concentrate sales. Copper concentrate is sold under pricing arrangements where final prices are set at a specified future date based primarily on market copper prices. Amounts due from concentrate sales are recorded at fair value. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in copper market prices give rise to changes in fair value which are recognized as a component of revenue.

- Long-term debt. The Bonds carry a fixed rate of interest.

Fair Value hierarchy

The following table classifies financial assets and liabilities that are recognized on the balance sheet at fair value in a hierarchy that is based on significance of the inputs used in making the measurements.
The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of the Bonds is $306,189 and the carrying value is $307,918 at December 31, 2022.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at December 31, 2022:

	Level 1 $	Level 2 $	Level 3 $	Total fair value $
Financial assets				
Amounts due from concentrate sales (note 5)	-	23,848	-	23,848

Financial instrument risks factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

a. Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, reclamation bonds and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions. The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships using industry-standard contract terms. The carrying value of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

b. Market risks

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices of copper, gold and silver.

(In thousands of Canadian dollars, except where otherwise stated)

The Company's commodity price risk related to accounts receivable concerns changes in fair value of amounts due from concentrate sales reflecting copper concentrate sales provisionally priced based on the forward price curve at the end of each quarter.

The following table shows the impact on net earnings from changes in the fair values of financial instruments of a 10% change in the copper, gold and silver commodity prices, based on December 31, 2022 prices.

The impact of a 10% movement in commodity prices on provisionally priced metal sales as at December 31, 2022 is as follows:

	Impact of price change on net earnings	
	10% increase	**10% decrease**
	$	**$**
Accounts receivable		
Amounts due from concentrate sales	1,490	(1,490)

As at December 31, 2022, the Company had receivables related to approximately 22.7 million pounds of copper, 9,348 ounces of gold and 114,063 ounces of silver that was provisionally priced at US$3.62 per pound, US$1,734 per ounce and US$20.59 per ounce, respectively, to be settled at a future date.

In January 2022, the Company entered into zero-cost collar option contracts on 3.3 million pounds of copper per month, for a total of 39.6 million pounds of copper, with maturity dates ranging from January 2022 to December 2022, with a minimum copper strike price of US$4.00 per pound and an average ceiling price of US$4.91 per pound. For the year ended December 31, 2022, the Company received proceeds of $11,329 from collar option contracts on 19.8 million pounds of copper that were in the money while the collar options on 19.8 million pounds of copper expired unexercised.

During the year ended December 31, 2021, the Company purchased copper put option contracts on a total of 28.4 million pounds of copper with maturity dates from May 2021 to December 2021 and strike prices of US$3.75 per pound. The total cost of the put option contracts was $3,379.

Subsequent to December 31, 2022, zero-cost collar options were purchased for 3.3 million pounds of copper per month for January 2023 to June 2023 with a floor price of US$3.60 per pound and a ceiling price of US$4.40 per pound.

Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash and short-term deposits and interest paid on borrowings. The floating rate deposits expose the Company to cash flow interest rate risk. Fixed rate borrowings expose the company to fair value interest rate risk.

Deposits are invested on a short-term basis to ensure adequate liquidity for payment of operational and capital expenditures. To date, no interest-rate management products, such as swaps, are used in relation to deposits.

(In thousands of Canadian dollars, except where otherwise stated)

The Company's Bonds have a fixed interest rate; accordingly, the Company is subject to fair value interest rate risk, but not cash flow interest rate risk, on this instrument.

At December 31, 2022, the impact on full year net earnings of a 1% change in interest rate would be as follows:

	Impact of interest rate change on net earnings	
	1% increase	**1% decrease**
	$	**$**
Cash and cash equivalents	623	(623)

Currency risk

The Company incurs expenditures in Canadian, Australian and US dollars. The measurement and functional currency of the parent company is Canadian dollars. Foreign exchange risk arises because the amount of the Australian and US dollar cash and cash equivalents, receivables, payables and debt will vary in Canadian dollar terms due to changes in exchange rates.

The Company has not hedged its exposure to currency fluctuations. The majority of the Company's debt is denominated in US dollars. The currency risk on debt principal and interest payments are minimized as the Company receives US dollars on the sale of copper concentrate. The net impact of a 10% increase or decrease in the US dollar to the Canadian dollar exchange rate at December 31, 2022 would result in a $31,828 (2021 - $44,434) decrease or increase in net income.

Liquidity risk

The Company had the following balances and facilities available to them:

	2022	**2021**
	$	**$**
Cash and cash equivalents	83,653	171,902
Working capital	26,586	156,967

Maturity analysis of financial liabilities as at December 31, 2022 is as follows:

	Total	**< 1 year**	**2-3 years**	**4-5 years**	**Thereafter**
	$	**$**	**$**	**$**	**$**
Long-term debt	355,986	147,716	55,301	152,969	-
Lease obligations	59,173	15,618	26,956	13,811	2,788
Decommissioning & restoration provision	15,131	-	-	-	15,131
Trade accounts payable	48,909	48,909	-	-	-
	479,199	212,243	82,257	166,780	17,919

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by holding sufficient cash and scheduling long-term obligations based on estimated cash flows.

(In thousands of Canadian dollars, except where otherwise stated)

22 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide an adequate return on investment to shareholders and, to the extent possible, maintain a flexible capital structure that optimizes the cost of capital at acceptable risk. There were no changes to the Company's approach to capital management during the year ended December 31, 2022. In the management of capital, the Company includes the components of equity, net of cash and cash equivalents.

23 Segmented information

The Company is engaged in mining, exploration and development of mineral properties, and has an operating mine in Canada and previously held an exploration and evaluation project in Australia (see note 4). The corporate entities are responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury, finance and corporate administration.

Geographic information as follows:

	December 31, 2022	December 31, 2021
Assets by geographic region, at cost		
Canada		
Current assets	288,328	240,404
Non-current assets	811,639	716,744
	1,099,967	957,148
Australia		
Current assets	-	2,269
Non-current assets	-	64,501
	-	66,770

The Company sells all of its copper concentrates to MMC smelters in Japan based on quoted market prices of contained metals. During the year ended December 31, 2021, revenues attributed to the sale of copper concentrate to MMC totaled $301,467 (2021 - $578,202).

24 Commitments

Minimum Shipping Requirement

During the year ended December 31, 2022, the Company entered into a six year terminal services agreement ("the TSA") with Kinder Morgan Canada Terminals Limited Partnership ("Kinder Morgan") in which Kinder Morgan will provide terminal storage and loading facilities for the Company's concentrate. Under the TSA, there is a minimum shipping tonnage requirement of 130,000 tonnes of concentrate annually. For the year ended December 31, 2022, the Company recognized a penalty of $240 for not meeting the minimum shipping tonnage requirement.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

COPPER MOUNTAIN MINING CORPORATION

FOR THE YEAR ENDED DECEMBER 31, 2022

The following Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Copper Mountain Mining Corporation and its subsidiaries ("Copper Mountain" or the "Company"). This MD&A should be read in conjunction with Copper Mountain's audited consolidated financial statements for the years ended December 31, 2022 and 2021 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to year end financial reporting. This MD&A contains forward-looking statements that are subject to risks and uncertainties, as discussed in the cautionary note contained in this MD&A. The reader is cautioned not to place undue reliance on forward-looking statements. All figures in this MD&A are expressed in thousands of **Canadian dollars** except for share, per share, per pound and per ounce amounts, unless otherwise specified. References to "US$" are to United States dollars. This MD&A has been prepared as at March 23, 2023.

About Copper Mountain

Copper Mountain is a Canadian mining company focused on the development and production of base and precious metals. The Company, through its subsidiaries, owns 75% of the Copper Mountain Mine located in southern British Columbia. The Copper Mountain Mine produces on average about 100 million pounds of copper equivalent per year and is expected to increase to approximately 140 million pounds of copper equivalent on average per year, with a large resource that remains open laterally and at depth. Copper Mountain trades on the Toronto Stock Exchange under the symbol "CMMC" and Australian Stock Exchange under the symbol "C6C". For further information on Copper Mountain, reference should be made to its public filings (including its most recently filed annual information form ("AIF")) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.cumtn.com.

Cautionary Statement on Forward-Looking Information

This MD&A contains certain statements that may be deemed "forward-looking statements." All statements in this MD&A, other than statements of historical fact, that address the Company's outlook and guidance, exploration drilling, exploitation activities, entitlement to any contingent consideration under the Transaction (as defined below), anticipated production at the Copper Mountain Mine, expectations for other economic, business and/or competitive factors, and events or developments that the Company expects to occur, are forward-looking statements. Future estimates regarding production, capital and operating costs are based on National Instrument 43-101 technical reports and on mine plans and production schedules, which have been developed by the Company's personnel and independent consultants. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "targets" and similar expressions, or that events or conditions "will", ''would'', "may", "could", or "should" occur. Information inferred from the interpretation of drilling results and information concerning mineral resources and mineral reserves estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, but are not limited to: general business, economic, competitive, political and social uncertainties; actual results of reclamation activities; conclusions of economic evaluations; fluctuations in the value of the Canadian dollar relative to the United States dollar; fluctuations in the value of the Australian dollar relative to the United States dollar; changes in project parameters as plans continue to be refined; failure of equipment or process to operate as anticipated; changes in labour costs and other costs and availability of equipment or processes to operate as anticipated; accidents, labour disputes, material and labour shortages; other risks of the mining industry, including but not limited to reserve and resource reconciliations, environmental hazards, cave-ins, rock bursts, pit-wall failures, flooding, extreme weather events, including those related to climate change, and other acts of God or unfavorable operating conditions and losses; global economic events arising from the coronavirus (COVID-19) pandemic; global inflationary pressures driven by supply chain disruptions primarily caused by the ongoing COVID-19 pandemic and global energy cost increases following the invasion of Ukraine by Russia; detrimental events that interfere with transportation of concentrate or the smelters' ability to accept concentrate, including declaration of force majeure events, insurrection or war; delays in obtaining governmental approvals or revocation of governmental approvals; title risks and Aboriginal land claims; delays or unavailability in financing or in the completion of development or construction activities; the Company's ability to comply with its financial covenants under its bond terms and meet its future cash commitments; actual results of current exploration activities; volatility in the Company's publicly traded securities; the protection of the Company's information technology systems or a component of such systems impacting the Company's reputation and results of operations; impacts of the ransomware incident on business operations; and the factors discussed in the section entitled "Risk Factors" in the Company's AIF and in the Company's continuous disclosure filings available under its profile on SEDAR at www.sedar.com. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

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OVERVIEW

Copper Mountain is a copper-gold producing company that was incorporated under the provisions of the British Columbia *Business Corporations Act* on April 20, 2006. The Company owns 75% of the Copper Mountain Mine through a subsidiary and Mitsubishi Materials Corporation ("MMC") owns the remaining 25%.

The Copper Mountain Mine is situated 20 km south of Princeton, British Columbia, and 300 km east of the Port of Vancouver. Production of copper concentrate from the Copper Mountain Mine commenced in 2011. The property consists of 138 Crown-granted mineral claims, 145 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702 hectares or 67 square kilometres.

The mine is a conventional open pit, truck, and shovel operation. The mill consists of one SAG mill, three ball mills, a rougher flotation circuit, regrind mill, a cleaner flotation circuit, a concentrate thickener, and concentrate filters. The mill throughput is approximately 16.4 million tonnes per year. Copper concentrate from the mine is trucked to the Port of Vancouver where it is placed in a storage shed for loading onto ocean-going vessels for transportation to Japan.

On December 15, 2022, the Company sold its 100%-owned Eva Copper Project along with 210,000 hectares of exploration tenements in Queensland, Australia.

SUMMARY

During the quarter, the Company continued to experience lower production due to lower mill throughput and lower mill feed. Mill throughput was reduced in October because of a mechanical failure of the lower eccentric bushing of the primary crusher, which resulted in a two-day mill shutdown following seven days of reduced tonnage. Mill tonnage was further impacted by the preventative shutdown of the mill in late December associated with the ransomware attack that occurred late on December 27, 2022. Despite these downtime events, the mill operated in excess of 45,000 tpd for extended periods and hit record daily mill tonnage rates of 54,000 tpd. Lower than planned grade was a result of higher tonnage coming from the North Pit, as there was less tonnage of higher grade Phase 4 ore at the top of the deposit (for further details, see "*Operation Review"* in this MD&A). Approximately 65% of total feed was from the North Pit and approximately 35% was from Phase 4. Phase 4 grades averaged 0.29% Cu during the quarter compared to North Pit grades averaging 0.22%, producing a total mill feed grade of 0.24%. Recoveries improved during the quarter as the North Pit was developed beyond the upper oxidized benches and there was sufficient ore supply to feed the mill with high quality ore. Initial operations of the rougher expansion provided positive recovery benefits. Gold production and gold grades processed from the North Pit were higher than planned.

A summary of the fourth quarter and full year 2022 is as follows:

- Production in Q4 2022 was 15.9 million pounds of copper equivalent, including 13.3 million pounds of copper, 4,791 ounces of gold, and 65,338 ounces of silver.
- Full year 2022 production was 64.1 million pounds of copper equivalent, including 52.9 million pounds of copper, 21,771 ounces of gold, and 247,291 ounces of silver.
- Revenue for Q4 2022 was $90.3 million and for the full year was $301.5 million.

- C1 cash cost[1] per pound of copper produced in Q4 2022 was US$3.88, all-in sustaining cost ("AISC")[1] per pound of copper produced was US$4.20 and all-in cost ("AIC")[1] per pound of copper produced was US$4.20.
- Full year 2022 C1 cash cost [1] per pound of copper produced was US$3.53, AISC[1] per pound of copper was US$4.20, and AIC[1] per pound of copper was US$4.78.
- Net income for Q4 2022 was $73.4 million or $0.35 per share and for the full year was $23.0 million or $0.15 per share. Net loss from continuing operations for Q4 2022 was $11.3 million, or ($0.05) per share and for the full year was $58.9 million, or ($0.23) per share.
- Adjusted net loss[1] for Q4 2022 was $20.6 million, or ($0.10) per-share[1] and for the full year was $48.0 million, or ($0.23) per share[1].
- Cash flow from operating activities for Q4 2022 was ($15.3) million, or ($0.07) per share[1] and for the full year was $19.5 million, or $0.09 per share[1].
- Cash and cash equivalents, and restricted cash at the end of 2022 was $214.6 million.
- Successfully commissioned the expansion of the rougher flotation circuit.
- Sold the Eva Copper Project and the Australian exploration tenements to Harmony Gold Mining Company Limited ("Harmony") for gross proceeds of up to US$230 million, which includes upfront cash consideration of US$170 million.
- Annual guidance for 2023:
  - Production of 88 to 98 million pounds of copper.
  - AIC of US$2.45 to US$2.95 per pound of copper produced.
- Subsequent to quarter end:
  - In January 2023, completed bond buyback resulting in the repurchase of the total planned aggregate principal amount of US$87 million of bonds, thereby reducing the Company's total nominal value of bonds outstanding to US$148 million.
  - Entered into monthly zero-cost collar option contracts for 3.32 million pounds of copper per month from January to June 2023, with a floor price of US$3.60 per pound and a ceiling price of US$4.40 per pound.
  - Announced the appointment of Patrick Merrin as President and CEO, effective April 24, 2023, following the retirement of Gil Clausen, current President and CEO, effective April 30, 2023.

[1] *The Company reports the non-GAAP financial measures of C1 cash cost, AISC, and AIC per pound of copper produced, adjusted net loss and cash flow from operating activities per share to manage and evaluate its operating performance. See "Non-GAAP Performance Measures" in this MD&A.*

Results and Highlights (100%)	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
(In thousands of CDN$, except for per share amounts)	$	$	$	$
Financial				
Revenue	90,279	136,755	301,467	578,202
Gross profit (loss)	(9,518)	72,175	(11,252)	320,882
Gross profit (loss) before depreciation(1)	(1,077)	74,441	14,205	344,419
Net income (loss) from continuing operations	(11,313)	32,073	(58,853)	149,353
Income (loss) per share from continuing operations – basic	$(0.05)	$0.11	$(0.23)	$0.50
Net income(2)	73,350	31,535	22,965	148,139
Income per share – basic(2)	$0.35	$0.11	$0.15	$0.50
Adjusted earnings (loss)(1)	(20,605)	23,830	(47,987)	131,483
Adjusted earnings (loss) per share – basic(1)	$(0.10)	$0.11	$(0.23)	$0.63
EBITDA(1)	(5,376)	68,262	(9,822)	307,430
Adjusted EBITDA(1)	(14,668)	60,019	1,044	289,560
Cash flow from operating activities(2)	(15,325)	50,420	19,474	315,456
Cash flow from operating activities per share – basic(1)(2)	$(0.07)	$0.24	$0.09	$1.50
Cash, cash equivalents, and restricted cash – end of period			214,643	178,414
Production				
Copper Equivalent (000s lb)	15,929	19,330	64,148	105,676
Copper (000s lb)	13,268	16,693	52,902	90,140
Gold (oz)	4,791	5,472	21,771	28,736
Silver (oz)	65,338	80,377	247,291	523,821
Unit costs and prices				
C1 cash cost per pound of copper produced (US$(net))(1)	3.88	2.17	3.53	1.49
AISC per pound of copper produced (US$)(1)	4.20	2.54	4.20	1.84
AIC per pound of copper produced (US$)(1)	4.20	2.76	4.78	2.12
Average realized copper price (US$/lb)	3.62	4.44	3.96	4.21

(1) Non-GAAP performance measure. See "*Non-GAAP Performance Measures*" in this MD&A for details.

(2) Net income (loss) figures above include the gain on the disposition of the Eva Copper Project and according to IFRS 5, the Eva Copper Project's results are included within cash flow amounts in both the current and comparative period.

OPERATIONS REVIEW

Mine Production Information

Copper Mountain Mine (100% Basis)	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2022 Annual	2021 Annual	2020 Annual
Mine								
Total tonnes mined (000s)	11,450	14,248	14,826	12,230	11,368	52,755	56,897	55,045
Ore tonnes mined (000s)	3,865	3,660	2,523	2,888	3,023	12,937	13,358	14,173
Waste tonnes (000s)	7,585	10,588	12,303	9,342	8,346	39,818	43,540	40,872
Stripping ratio	1.96	2.89	4.88	3.23	2.76	3.08	3.26	2.88
Mill								
Tonnes milled (000s)	3,103	3,378	3,258	2,968	3,124	12,707	13,406	14,336
Feed Grade (Cu%)	0.24	0.24	0.23	0.25	0.30	0.24	0.38	0.32
Recovery (%)	81.2	74.4	79.1	82.0	80.4	79.1	79.8	78.0
Operating time (%)	77.2	89.0	89.0	86.3	87.5	85.4	91.9	92.4
Tonnes milled (TPD)	33,725	36,721	35,806	32,978	33,957	34,814	36,729	39,169

Copper Mountain Mine (100% Basis)	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2022 Annual	2021 Annual	2020 Annual
Production								
Copper (000s lb)	13,268	13,159	13,251	13,224	16,693	52,902	90,140	77,551
Gold (oz)	4,791	6,053	5,792	5,135	5,472	21,771	28,736	29,227
Silver (oz)	65,338	64,331	61,628	55,993	80,377	247,291	523,821	392,424
Sales								
Copper (000s lb)	13,961	12,319	12,893	13,487	19,391	52,659	93,004	73,277
Gold (oz)	5,889	4,902	5,069	5,076	6,285	20,937	29,691	26,137
Silver (oz)	71,551	59,790	57,653	60,038	108,020	249,032	533,096	323,276
C1 cash cost per pound of copper produced (US$)[1]	3.88	3.70	2.92	3.58	2.17	3.53	1.49	1.53
AISC per pound of copper produced (US$)[1]	4.20	4.50	3.65	4.45	2.54	4.20	1.84	1.69
AIC per pound of copper produced (US$)[1]	4.20	4.95	4.93	5.08	2.76	4.78	2.12	1.90

(1) Non-GAAP performance measure. See "Non-GAAP Performance Measures" in this MD&A for details.

Operation Results – Three Months Ended December 31, 2022

Production

The Copper Mountain Mine produced 13.3 million pounds of copper, 4,791 ounces of gold, and 65,338 ounces of silver in Q4 2022, compared to 16.7 million pounds of copper, 5,472 ounces of gold, and 80,377 ounces of silver in Q4 2021. The lower production in Q4 2022 as compared to Q4 2021 was due to lower mill throughput and lower mill feed grades.

Mill feed grade in Q4 2022 was 0.24% Cu compared to 0.30% Cu in Q4 2021. Mill feed was delivered from Phase 4 (approximately 35%), and the North Pit (approximately 65%) during the quarter. Phase 4 delivered higher grade tonnes as planned, but lower tonnages of higher grade were present at the top of the deposit, thus more North Pit ore was used for mill feed than planned, resulting in the lower overall grade in the quarter. Phase 4 grades averaged 0.29% Cu during the quarter compared to North Pit grades averaging 0.22% Cu. Phase 4 higher grade ore is planned to be the main ore supply for 2023, driving increased production. Phase 4 has an average expected grade of 0.33% Cu. Grade and production in 2023 to date has been in line with budget.

The mill processed a total of 3.1 million tonnes of ore during the quarter compared to 3.1 million tonnes in Q4 2021, with mill availability averaging 77.2% for Q4 2022 compared to 87.5% in Q4 2021. As previously mentioned, mill throughput was impacted in October due to a mechanical failure of the lower eccentric bushing of the primary crusher, which resulted in a two-day mill shutdown following seven days of reduced tonnage. Mill tonnage was further reduced in late December associated with severe cold temperatures, followed by a shutdown of the mill in late December associated with the ransomware attack. Despite these significant downtime events, record daily mill tonnage rates were achieved during the quarter demonstrating the ability of the mill to operate at design tonnage rates.

Copper recovery was 81.2% in Q4 2022 compared to 80.4% in Q4 2021. Recoveries improved during the quarter as the North Pit was developed beyond the upper oxidized benches and there was sufficient ore supply to feed the mill with high quality ore. Initial operations of the rougher expansion provided positive recovery benefits, even when operating at higher tonnage rates. Copper recovery is expected to improve with full operation and optimization of the rougher flotation expansion, and optimization of the grinding circuit to achieve consistent finer grinds.

Costs

C1 cash cost, AISC and AIC per pound of copper produced are non-GAAP financial measures. See "Non-GAAP Performance Measures" in this MD&A.

C1 cash cost per pound of copper produced, net of precious metal credits, for Q4 2022 was US$3.88, compared to US$2.17 in Q4 2021. The increase in C1 cash costs in Q4 2022 was primarily the result of lower copper production and other items, including higher operating costs and lower precious metal credits. Higher operating costs were primarily a result of cost increases associated with fuel, mill grinding media/steel, explosives and mobile equipment repairs.

AISC per pound of copper produced for Q4 2022 was US$4.20, compared to US$2.54 in Q4 2021. AISC carries forward from higher C1 cash costs in Q4 2022 with the addition of $5.7 million in AISC adjustments, which includes: $1.9 million for sustaining capital, $2.9 million for lease payments and $0.8 million for applicable mine administration costs. This compares to the addition of $7.8 million in AISC adjustments in Q4 2021, which included $4.9 million for sustaining capital, $2.5 million for lease payments, and $0.5 million for applicable mine administration expenditures.

AIC per pound of copper produced for Q4 2022 was US$4.20, compared to US$2.76 in Q4 2021. AIC carries forward from higher AISC, with the addition of deferred stripping mining costs, which are capitalized, and low-grade stockpile mining costs, which are recorded as inventory. There was no deferred stripping or mining of low-grade stockpile material in Q4 2022 as compared to $4.7 million deferred stripping costs in Q4 2021. As a result, AISC and AIC are the same for the period.

Operation Results – Full Year 2022

Production

During the year ended December 31, 2022, the Copper Mountain Mine produced 52.9 million pounds of copper, 21,771 ounces of gold, and 247,291 ounces of silver compared to 90.1 million pounds of copper, 28,736 ounces of gold, and 523,821 ounces of silver for the year ended December 31, 2021. This compares to the Company's revised 2022 copper production guidance of 55 to 60 million pounds. Lower mill feed grades and throughput are the primary drivers of lower production for the year ended December 31, 2022 compared to 2021.

Mill feed grade for the year ended December 31, 2022 averaged 0.24% Cu compared to 0.38% Cu for the year ended December 31, 2021. For the year ended December 31, 2022, lower grade ore was supplied from the North Pit, Phase 2, and the low-grade stockpile, while higher grade ore supply from Phase 4 was delayed due to waste stripping shortfalls. Phase 3 also had higher grades left in the highwall which could not be accessed during the year because of the need to single bench instead of double bench a section of this phase for geotechnical management. These higher grade areas will be recovered in a later phase. Phase 4 higher grade ore will be the main ore supply for 2023, driving increased production.

The mill processed a total of 12.7 million tonnes of ore during the year ended December 31, 2022 compared to 13.4 million tonnes in the year ended December 31, 2021. Throughput was reduced in Q1 2022 because of damage to the secondary crusher which was repaired in April 2022, challenges in processing high clay material through the crushing circuit in Q2 2022, a SAG ball quality issue experienced in Q3 2022, a primary crusher mechanical issue, and the ransomware attack in Q4 2022. This all resulted in average mill availability of 85.4% for the year ended December 31, 2022 compared to 91.9% for the year ended December 31, 2021.

Copper recovery was 79.1% for the year ended December 31, 2022 compared to 79.8% for the year ended December 31, 2021. The slightly lower recovery was a result of the impact of oxidized ore from the top benches of the North Pit.

Costs

C1 cash cost, AISC and AIC per pound of copper produced are non-GAAP financial measures. See "Non-GAAP Performance Measures" in this MD&A.

C1 cash cost per pound of copper produced, net of precious metal credits, for the year ended December 31, 2022 was US$3.53, compared to US$1.49 for the year ended December 31, 2021. The increase in C1 cash costs for the year ended December 31, 2022 was primarily a result of lower copper production, as well as higher operating costs and lower precious metal credits as compared to the year ended December 31, 2021. Increased operating costs for the year were largely a result of higher costs associated with fuel, mill grinding media/steel, mobile equipment repairs, and increased maintenance contractor support.

AISC per pound of copper produced for the year ended December 31, 2022 was US$4.20 compared to US$1.84 for the year ended December 31, 2021. AISC carries forward from C1 cash costs with the addition of $46.4 million in AISC adjustments for the year ended December 31, 2022, including $31.4 million for sustaining capital, $12.4 million for lease payments and $2.7 million for applicable mine administration costs.

This compares to the addition of $39.6 million in AISC adjustments for the year ended December 31, 2021, including $23.0 million for sustaining capital, $14.0 million for lease payments and $2.6 million for applicable mine administration expenditures. The AISC adjustments for the year ended December 31, 2022 were higher than December 31, 2021 primarily as a result of costs carried forward from higher C1 costs, but also from higher sustaining capital costs because of continued implementation of the mine's environmental water management systems.

AIC per pound of copper produced for the year ended December 31, 2022 was US$4.78 compared to US$2.12 for the year ended December 31, 2021. The Company's revised AIC guidance for 2022 was US$4.25 to US$4.50 per pound of copper produced. AIC carries forward from AISC with the addition of deferred stripping mining costs which are capitalized and totalled $39.8 million in the year ended December 31, 2022 compared to $31.2 million in the year ended December 31, 2021. The increase in deferred stripping is a result of the continued development of Phase 4 of the Main Pit to access the higher-grade ore and the commencement of development of the North Pit earlier in the year to access another ore source.

PROJECT DEVELOPMENT UPDATE

Copper Mountain Mine, Canada

In early October, the Company successfully commissioned the rougher flotation circuit expansion, thereby completing the final plant improvement and optimization project in 2022. The rougher flotation circuit is expected to support higher recoveries, especially on slower kinetic ore types. Initial operation of the rougher expansion has already provided positive recovery benefits.

The plant improvement and optimization projects completed earlier in 2022 included the installation of an additional large column flotation cell to increase cleaner circuit capacity, which was completed and fully commissioned during the second quarter. The large new flotation cell provides additional cleaner circuit capacity to handle higher mill feed grades at higher tonnage rates. A new filter press was also installed and commissioned during the year. This second filter press will allow for maintaining design mill tonnage rates during extended periods of higher grades, eliminating the requirement to reduce mill tonnage as was experienced in 2021. The new filter will also fully support the planned increased production levels in 2023 at any grade. Importantly, all projects were completed without lost time injuries.

EXPLORATION UPDATE

A large resource expansion drilling program, comprising approximately 61,000 metres of drilling, was completed at the Copper Mountain Mine earlier this year. Data from this successful drilling program were used to update the mineral resources and mineral reserves models, resulting in a 57% increase in the copper mineral reserves and an updated life-of-mine plan, as reported in the Company's news release dated September 28, 2022.

The Copper Mountain Mine is a large alkalic porphyry deposit with known copper-gold mineralization occurring over a 5 x 2 kilometre area. The deposit remains open both laterally and at depth, providing further reserve expansion potential. Multiple historical drill holes end in copper-gold mineralization and geophysical data suggest that the mineralizing system extends well below the current known resource. To evaluate this upside potential, a geoscience-based target definition program began in June 2022 and included relogging and resampling of historical drill core for multi-element geochemical analysis and petrographic study, reinterpretation of historical geophysical data (including IP chargeability/resistivity data, magnetotelurics, and airborne magnetic/radiometric data), and the creation of a new 3D geological model of the deposit.

This target definition program focused in particular on the identification of areas with the potential to host high-grade “root zones”, analogous to the deeper parts of the Red Chris porphyry in British Columbia (also an alkalic porphyry and of similar age), and the deposits in the Cadia-Ridgeway alkalic porphyry district in Australia. The program identified multiple such target areas and additional geophysical surveys are planned to better define individual drill targets. This new geophysical data, together with geochemical and alteration/mineralization style data from drill holes, will be used to rank and prioritize drill targets with drill testing having commenced during the first quarter of 2023.

CORPORATE UPDATE

Transactions

On December 15, 2022, the Company completed the sale of its wholly-owned Eva Copper Project and its 2,100km^2 exploration land package in Queensland, Australia to Harmony for total consideration of up to US$230 million (the “Transaction”).

Under the terms of the Transaction, Copper Mountain was entitled to receive gross upfront cash consideration of US$170 million on closing. Net of withholding taxes and certain purchase price adjustments, the Company received total cash of approximately US$149 million. In addition, Copper Mountain is entitled to receive contingent consideration comprised of the following:

A. Up to US$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain 10% of the incremental revenue generated from the Eva Copper Project and the Australian exploration land package above the revenue assuming a US$3.80/lb copper price; and

B. Up to US$30 million in cash, based on a contingent payment arrangement where Harmony will pay Copper Mountain US$0.03 per pound of contained copper for any SAMREC copper resource discovered and declared on a new deposit within the Eva Copper Project and the Australian exploration land package after the closing of the Transaction.

For more details please see the Company’s press release dated December 15, 2022 titled “*Copper Mountain Mining Completes Sale of the Eva Copper Project and the Australian Exploration Tenements*”. With the net proceeds, the Company repurchased US$87,000,000 principal amount of the Company’s US$250 million senior secured bonds (the “Bonds”) at an offer price of 103% of the nominal amount (plus accrued interest).

As a result of the sale, for accounting purposes, the Company recognized a gain on disposal of $84.3 million in Q4 2022. This gain was recognized by deducting $89.3 million net book value of assets disposed, $4.4 million foreign currency transaction adjustments, $4.4 million of bond amendment expenses, $6.4 million of transaction costs, and tax adjustments from cash proceeds received of $231.9 million.

Ransomware Attack

The Company was subject to a ransomware attack late on December 27, 2022 that affected the Company's internal IT systems at the Copper Mountain Mine and corporate office. As a result, the Company isolated operations, switched to manual processes, where possible, and the mill was preventatively shutdown to determine the effect on its control system. On January 1, 2023, the Company resumed operations of the primary crusher and on January 4, 2023 the mill was at full production. The Company has now returned to full business functionality in a safe and secure manner. Throughout the outage, all environmental management systems at the Copper Mountain Mine were operational, and there were no environmental incidents or injuries to personnel.

The Company has since enhanced its security and monitoring tools with additional protection and continues to work with external advisors to review and evaluate additional security measures that could be implemented to further protect the Company's systems. Ensuring the safety and security of the Company's systems remain one of the Company's top priorities. See also "*Risks and Uncertainties*".

OUTLOOK

This section of the MD&A provides management's production and cost estimates for 2023. These are "forward-looking statements" and subject to the cautionary note regarding the risks associated with forward-looking statements contained in this MD&A. C1 cash costs, AISC and AIC per pound of copper produced are non-GAAP financial measures. See "Non-GAAP Financial Measures" in this MD&A.

Production Guidance

The Company expects 2023 copper production to be between 88 and 98 million pounds, with gold production between 20,000 and 30,000 ounces and silver production between 350,000 and 400,000 ounces. The Company forecasts production and grade to increase sequentially through the first three quarters of the year, with the third quarter expected to be the strongest quarter of the year. Mill feed is expected to be primarily from the higher-grade Phase 4 area and the North Pit. Average grades for the year are expected to be approximately 0.31%. Production to date in 2023 has been in line with budget.

With the completion of the plant improvement projects in 2022, mill throughput is expected to be higher in 2023 and average 45,000 tonnes per day, with recoveries expected to average approximately 84%. Production in 2023 reflects minor adjustments to the mine plan over the next five years. These adjustments are focused on maximizing cash flow by minimizing costs and eliminating production and grade variability year over year. Total production over the five years remains unchanged from the prior production plan announced in September 2022.

Production	2023 Guidance
Copper Production	88 to 98 million pounds
Gold Production	20,000 to 30,000 ounces
Silver Production	350,000 to 400,000 ounces

Cost Guidance

Costs across all metrics are expected to be significantly lower compared to 2022 driven by higher production, lower mining costs as the optimized mine plan requires shorter haul distances, the use of Trolley Assist lowering diesel consumption, and lower sustaining capital and deferred stripping. A summary of cost per pound guidance is provided below. All dollars are in US Dollars and assume a CAD to USD exchange rate of 1.32 to 1.

Costs per pound of copper produced	**2023 Guidance**
C1 Cash Costs(1,2)	US$2.00 to US$2.50
All-in Sustaining Cost ("AISC")(1,2)	US$2.40 to US$2.90
AIC(1,2)	US$2.45 to US$2.95

(1) The Company reports the non-GAAP financial measures of C1 cash cost, AISC, and AIC per pound of copper produced to manage and evaluate its operating performance. See "Non-GAAP Performance Measures" in this MD&A.

(2) Costs guidance is net of previous metal credits and assumes a gold price of US$1,740 per ounce and a silver price of US$21.54 per ounce.

AISC includes sustaining capital of approximately US$17 to US$20 million, which relates primarily to mill maintenance and environmental monitoring systems. AIC includes deferred stripping which is expected to be between US$5 and US$10 million. Total development capital is expected to be minimal in 2023, between US$3 and US$5 million.

As a result of the target definition drilling program completed in 2022, and as described under "*Exploration Update"* below, the Company has a two-phase capitalized exploration program. Phase 1 is budgeted to be approximately US$3 million and is focused on drilling ten high priority targets focused on higher-grade mineralization at depth.

Capital Expenditures	**2023 Guidance**
Sustaining Capital	US$17 to US$20 million
Deferred Stripping	US$5 to US$10 million
Expansionary Capital	US$3 to US$5 million
Capitalized Exploration (Phase 1)	Approx. US$3 million

FINANCIAL REVIEW

The quarterly financial information was derived from quarterly financial statements that are prepared in accordance with IFRS applicable to interim financial reporting. Adjusted net income and adjusted earnings per share are non-GAAP performance measures and do not have standardized meaning prescribed by IFRS. These measures are used internally by management which serve to provide additional information. See "*Non-GAAP Performance Measures*" in this MD&A for details.

Financial Results from Continuing Operations	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
(In thousands of CDN$, except for per share amounts)	$	$	$	$
Revenue				
Copper	75,062	121,582	255,539	515,409
Gold	16,577	16,461	52,186	67,275
Silver	2,141	3,107	6,379	16,660
Treatment and refining	(3,501)	(4,395)	(12,637)	(21,142)
	90,279	**136,755**	**301,467**	**578,202**
Cost of sales				
Direct mining and milling	(71,995)	(44,056)	(221,394)	(163,735)
Employee compensation	(16,587)	(14,892)	(56,574)	(56,299)
Depreciation	(8,441)	(2,266)	(25,457)	(23,537)
Transportation	(2,774)	(3,366)	(9,294)	(13,749)
Gross profit (loss)	**(9,518)**	**72,175**	**(11,252)**	**320,882**
General and administration	(2,433)	(2,340)	(17,066)	(13,460)
Share-based compensation	(1,418)	(4,361)	2,840	(16,993)
Operating income (loss)	**(13,369)**	**65,474**	**(25,478)**	**290,429**
Other income	179	40	597	177
Finance expense	(8,703)	(7,937)	(33,636)	(31,576)
Gain (loss) on derivatives	(2,530)	(659)	11,329	(3,368)
Foreign exchange gain (loss)	2,082	1,181	(21,130)	(3,168)
Income (loss) before tax	**(22,341)**	**58,099**	**(68,318)**	**252,494**
Current tax recovery (expense)	(1,039)	207	(1,457)	(7,803)
Deferred tax recovery (expense)	12,067	(26,233)	10,922	(95,338)
Net income (loss)	**(11,313)**	**32,073**	**(58,853)**	**149,353**
Adjustments				
Pricing adjustments on concentrate sales	(9,740)	(7,721)	1,065	(24,406)
(Gain) loss on derivatives	2,530	659	(11,329)	3,368
Foreign exchange (gain) loss	(2,082)	(1,181)	21,130	3,168
Adjusted net income (loss) [1]	**(20,605)**	**23,830**	**(48,987)**	**131,483**
Earnings (loss) per share - basic	**(0.05)**	**0.11**	**(0.23)**	**0.50**
Adjusted earnings (loss) per share[1] **- basic**	**(0.10)**	**0.11**	**(0.23)**	**0.63**

[1] Non-GAAP performance measure. See "Non-GAAP Performance Measures" in this MD&A for details.

The revenue and profit of the Company depend on the prices of the commodities that the Company sells as well as the fluctuation of operating expenses incurred in the production of copper concentrates. Commodity prices are influenced globally by macro-economic conditions. The copper, gold, and silver that are produced by the Company are sold at prevailing market prices and, as such, the prices for these products can fluctuate significantly and, have a material effect on the financial results of the Company.

The gross profit of the Company is made up of revenue, less operating expenses including depreciation and amortization. Income and expenses that are not a part of the production of copper concentrate are presented after gross profit. Cost of sales includes all expenses required to produce copper concentrate such as labour, energy, operating supplies, marketing, and distribution costs incurred on the transportation of copper concentrate to market. Due to the location of its operation, the Company is highly dependent on third parties for the provision of trucking, port, and other distribution services. Contractual disputes, demurrage charges, port capacity issues, availability of vessels, weather problems, and other factors can have a material effect on the Company's ability to transport materials.

Copper Mountain's costs are dictated mainly by production volumes, the costs for labour, and operating supplies, as well as by strip ratios, haul distances, ore grades, distribution costs, foreign exchange rates, and costs related to non-routine maintenance projects. Production volumes mainly affect variable operating and distribution costs.

Financial Results – Three Months Ended December 31, 2022

Summary

The Company shipped and sold 14.0 million pounds of copper, 5,889 ounces of gold, and 71,551 ounces of silver during Q4 2022 compared to 19.4 million pounds of copper, 6,285 ounces of gold, and 108,020 ounces of silver for Q4 2021. During the quarter, the Company recognized revenue of $90.3 million, net of pricing adjustments and treatment charges, based on an average realized copper price of US$3.62 per pound. This compares, to revenue of $136.8 million, net of pricing adjustments and treatment charges, at an average realized copper price of US$4.44 per pound for Q4 2021. The Company generated a gross loss of $9.5 million in Q4 2022 compared to a gross profit of $72.2 million in Q4 2021.

The Company reported a net loss from continuing operations of $11.3 million for Q4 2022 compared to net income of $32.1 million for Q4 2021. The variance in net income for Q4 2022, compared to Q4 2021, was due to several items, including:

- Lower revenue in Q4 2022 because of a 28% decrease in pounds of copper sold and a 6% and 34% decrease in gold and silver sold, respectively, in Q4 2022 (further details under "*Operations Review*" in this MD&A);
- Lower realized metal prices in Q4 2022 of 18%, 4%, and 8% in copper, gold, and silver prices, respectively; and,
- Higher cost of sales in Q4 2022 because of inflationary pressures, higher operating and production costs with no mine operating costs going to deferred stripping in the period.

Revenue

In Q4 2022, revenue was $90.3 million, net of pricing adjustments and treatment charges, compared to revenue of $136.8 million in Q4 2021. Revenue in Q4 2022 is based on the sale of 14.0 million pounds of copper, 5,889 ounces of gold, and 71,551 ounces of silver. This compares to 19.4 million pounds of copper, 6,285 ounces of gold, and 108,020 ounces of silver sold in Q4 2021. As noted above, the decrease in revenue was due to lower quantities of all metals sold at lower realized prices. Lower quantities of metals sold was a result of lower metal production in Q4 2022 compared to Q4 2021.

The following table reflects the metal prices realized by the Company and the quantities of metal sold during the period:

	Realized Metal Prices Three months ended December 31,		Quantities of Metal Sold Three months ended December 31,	
	2022	**2021**	**2022**	**2021**
Copper[1] – 000s lb	$3.62	$4.44	13,961	19,391
Gold[1] – oz	$1,724	$1,796	5,889	6,285
Silver[1] – oz	$21.61	$23.41	71,551	108,020

[1]Metal prices stated as US dollars per pound for copper and per ounce for gold and silver.

Cost of Sales

Cost of sales in Q4 2022 was $100.0 million compared to $64.6 million for Q4 2021. The elevated cost of sales, despite lower revenue, can largely be attributed to cost increases associated with fuel, mill grinding media/steel, explosives, mobile equipment repairs, and other operating costs across the mine site. Cost of sales is also affected by the allocation of mine operating costs to deferred stripping. No costs were allocated to deferred stripping in Q4 2022, compared to $5.3 million (including $0.6 million of depreciation) that was allocated to deferred stripping in Q4 2021.

Depreciation and Depletion

Depreciation expense through cost of sales in Q4 2022 was $8.4 million compared to $2.3 million for Q4 2021. The increase in depreciation for the year ended December 31, 2022 is due to several reasons, including a $3.1 million adjustment to decrease depreciation in Q3 2021 to the actual annual amount, and no deferred stripping occurred in Q4 2022 as compared to Q4 2021, which allocated $0.6 million of depreciation to deferred stripping.

Share-based Compensation

The Company recorded an expense of $1.4 million in share-based compensation in Q4 2022, compared to an expense of $4.4 million in Q4 2021. The lower expense in Q4 2022 was due to mark-to-market adjustments on share unit liabilities to reflect the decrease in the Company’s share price during the period. The expense can vary from quarter to quarter as the Company’s share price varies.

Finance Expense

The Company recorded Q4 2022 finance expense of $8.7 million compared to $7.9 million incurred in Q4 2021. Finance expense primarily consists of interest on loans and the amortization of loan-related financing fees. A large portion of finance expenses are denominated in US dollars and the expense can vary from quarter to quarter as the US dollar and Canadian dollar exchange rates varies.

Foreign Exchange

The Company recorded a Q4 2022 foreign exchange gain of $2.1 million compared to a $1.2 million gain in Q4 2021. Foreign exchange gains and losses are primarily related to the Company’s US dollar denominated debt and US dollar denominated cash balances. Any variance is due to the net foreign exchange adjustment required to be made to the Company’s US dollar debt and US dollar cash balances, as the US dollar to Canadian dollar exchange rate varies.

Tax Expense

The Company recorded a deferred tax recovery of $12.1 million in Q4 2022 compared to a $26.2 million deferred tax expense in Q4 2021. The recovery is due to loss before tax of $22.3 million realized in Q4 2022 as compared to the income before tax of $58.1 million realized in Q4 2021.

Financial Results – Full Year 2022

Summary

The Company shipped and sold 52.7 million pounds of copper, 20,937 ounces of gold, and 249,032 ounces of silver during the year ended December 31, 2022 compared to 93.0 million pounds of copper, 29,691 ounces of gold and 533,096 ounces of silver for the year ended December 31, 2021. During the year ended December 31, 2022, the Company recognized revenue of $301.5 million, net of pricing adjustments and treatment charges, based on an average realized copper price of US$3.96 per pound, compared to revenue of $578.2 million, net of pricing adjustments and treatment charges, at an average realized copper price of US$4.21 per pound for the year ended December 31, 2021. During the year ended December 31, 2022, the Company generated a gross loss of $11.3 million compared to a gross profit of $320.9 million for the year ended December 31, 2021.

The Company reported a net loss from continuing operations of $58.9 million for the year ended December 31, 2022 compared to net income of $149.4 million for the year ended December 31, 2021. The variance in the net loss for the year ended December 31, 2022, compared to the net income of the year ended December 31, 2021, was due to several items, including:

- Lower revenue for the year ended December 31, 2022 as a result of a 43% decrease in pounds of copper sold and a 29% and 53% decrease in gold and silver sold, respectively, compared to the year ended December 31, 2021. The decrease in production was a result of challenges described above under "*Operations Review*";
- Lower realized metal prices for the year ended December 31, 2022 as compared to the year ended December 31, 2021 including 6% and 15% lower copper and silver prices, respectively;
- Higher cost of sales for the year ended December 31, 2022 as a result of inflationary pressures and higher operating and production costs as compared to the year ended December 31, 2021; and
- A higher foreign exchange loss for the year ended December 31, 2022 of $21.1 million compared to a $3.2 million loss for the year ended December 31, 2021.

Revenue

For the year ended December 31, 2022, revenue was $301.5 million, net of pricing adjustments and treatment charges, compared to $578.2 million for the year ended December 31, 2021. Revenue for the year ended December 31, 2022 is based on the sale of 52.7 million pounds of copper, 20,937 ounces of gold, and 249,032 ounces of silver. This compares to 93.0 million pounds of copper, 29,691 ounces of gold, and 533,096 ounces of silver sold in the year ended December 31, 2021. As noted above, the decrease in revenue was due to lower quantities of all metal sold at lower realized prices. Lower quantities of metal sold was a result of lower metal production for the year ended December 31, 2022 as compared to the year ended December 31, 2021.

The following table reflects the metal prices realized by the Company and the quantities of metal sold during the period:

	Realized Metal Prices Year ended December 31,		Quantities of Metal Sold Year ended December 31,	
	2022	2021	2022	2021
Copper[(1)] – 000s lb	$3.96	$4.21	52,659	93,004
Gold[(1)] – oz	$1,796	$1,801	20,937	29,691
Silver[(1)] – oz	$21.61	$25.42	249,032	533,096

[(1)]Metal prices stated as US dollars per pound for copper, and per ounce for gold and silver.

Cost of Sales

Cost of sales for the year ended December 31, 2022 was $312.7 million compared to $257.3 million for the year ended December 31, 2021. The elevated cost of sales, despite lower revenues, can largely be attributed to cost increases associated with fuel, mill grinding media/steel, explosives, mobile equipment repairs, and other operating costs across the mine site, including increased maintenance contractor support earlier in the year.

Cost of sales is net of $42.4 million of mining costs (including $2.6 million in depreciation), allocated to deferred stripping in the year ended December 31, 2022 compared to $35.5 million of mining costs (including $4.4 million in depreciation) in the year ended December 31, 2021.

General and Administrative

The Company recorded general and administrative costs of $17.1 million for the year ended December 31, 2022 compared to $13.5 million incurred in the year ended December 31, 2021. The increase was primarily due to one-time expenses incurred relating to the departure of two senior executives earlier in the year, and lower travel expenses in 2021 because of COVID-19 restrictions.

Share-based Compensation

The Company recorded a recovery of $2.8 million in share-based compensation in the year ended December 31, 2022, compared to an expense of $17.0 million for the year ended December 31, 2021. The recovery was due to mark-to-market adjustments on share unit liabilities to reflect the decrease in the Company's share price during the year ended December 31, 2022.

Finance Expense

The Company recorded a finance expense of $33.6 million for the year ended December 31, 2022 compared to $31.6 million incurred in the year ended December 31, 2021. Finance expense primarily consists of interest on loans and the amortization of loan-related financing fees. Finance expense is also impacted by foreign exchange rates, with interest on US dollar denominated debt also paid in US dollars.

Derivative Gain

The Company recorded a derivative gain of $11.3 million for the year ended December 31, 2022 from the copper collar option contracts compared to a derivative loss of $3.4 million for the year ended December 31, 2021 from the copper put option contracts.

Foreign Exchange

The Company recorded a foreign exchange loss of $21.1 million during the year ended December 31, 2022 compared to a $3.2 million loss in during the year ended December 31, 2021. Foreign exchange gains and losses are primarily related to the Company's debt which is denominated in US dollars. Any variance is due to the non-cash foreign exchange adjustment required to be made to the Company's US dollar debt, as the US dollar and Canadian dollar exchange rates varies.

Tax Expense

The Company recorded a deferred tax recovery of $10.9 million for the year ended December 31, 2022 compared to $95.3 million of deferred tax expense for the year ended December 31, 2021. The recovery is due to a loss recognized in the year ended December 31, 2022 as compared to income in the year ended December 31, 2021. A loss before tax of $68.3 million was realized in the year ended December 31, 2022 as compared to the income before tax of $252.5 million realized in the year ended December 31, 2021.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table contains selected GAAP and non-GAAP financial information derived from the Company's unaudited quarterly consolidated financial statements for each of the eight most recent quarters and should be read in conjunction with the annual consolidated financial statements which are reported under IFRS.

From continuing operations	**2022**				**2021**			
(In thousands of CDN$, unless otherwise indicated)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	90,279	58,256	59,074	93,858	136,755	137,176	142,604	162,207
Net income (loss)	(11,313)	(39,292)	(4,051)	(4,197)	32,073	26,077	38,816	52,387
Earnings (loss) per share – basic	(0.05)	(0.15)	(0.01)	(0.03)	0.11	0.09	0.13	0.18
Adjusted net income (loss)[(1)]	(20,605)	(22,919)	4,314	(8,805)	23,830	41,647	32,317	33,689
Adjusted earnings (loss) per share – basic[(1)]	(0.10)	(0.11)	0.02	(0.04)	0.11	0.20	0.15	0.16
EBITDA[(1)]	(5,376)	(24,088)	8,422	11,221	68,262	61,802	81,112	96,254
Adjusted EBITDA[(1)]	(14,668)	(7,715)	16,814	6,613	60,019	77,372	74,613	77,556
Cash flow from operating activities	(15,325)	(7,518)	9,003	33,214	50,420	90,869	94,574	79,593
Average realized copper price (US$)	$3.62	$3.52	$4.18	$4.54	$4.44	$4.27	$4.33	$3.90
C1 cash cost per pound of copper produced (US$) [(1)]	$3.88	$3.70	$2.92	$3.58	$2.17	$1.50	$1.38	$1.15
Copper sales (000's lbs)	13,961	12,319	12,893	13,487	19,391	24,416	21,696	27,501

[(1)] Non-GAAP performance measure. See: "*Non-GAAP Performance Measures*" in this MD&A for details.

Financial results for the last eight quarters include the impact of the variability of copper prices and foreign exchange rates that impact realized sale prices and variability in the quarterly sales volumes due to timing of shipments, which impacts revenue recognition.

Cash flow from operating activities and net income (loss) attributable to the shareholders vary from period to period primarily because of operational performance discussed above, and non-cash items such as changes in foreign exchange rates, share-based compensation charges, inventory write-downs and, in previous periods, valuation of the interest rate swap related to a portion of the Company's long-term debt denominated in US dollars.

LIQUIDITY AND CAPITAL RESOURCES

Cash

The Company's cash and cash equivalents and restricted cash at December 31, 2022 was $214.6 million, which included restricted cash of $131.0 million. The restricted cash contains cash held in escrow for the repurchase of US$87 million in principal of the Bonds, at an offer price of 103% of the nominal amount (plus accrued interest), in addition to cash placed into a debt service reserve account that is funded equally each month and will be applied to the Company's interest and semi-annual US$5.0 million principal installment payments relating to the Bonds. This compares to cash and cash equivalents and restricted cash of $178.4 million at December 31, 2021.

During the year ended December 31, 2022, the Company generated $19.5 million of positive cash flow from operating activities at the Copper Mountain Mine compared to $315.5 million for the year ended December 31, 2021.

During the year ended December 31, 2022, the cash flows from investing activities were $51.4 million. Such amount is comprised of deferred stripping costs of $39.8 million, sustaining capital of $31.4 million, Copper Mountain exploration of $5.4 million and development expenditures of $79.5 million, which includes Eva Copper Project development work of $24.1 million, and Copper Mountain Mine development work for the plant optimization and improvement projects (cleaner column, filter press expansion and the rougher expansion) and the Trolley Assist project. Included within investing activities is the net cash proceeds from the sale of the Eva Copper Project of $202.6 million and $5.0 million of refunds and redemptions from reclamation bonds and security deposits.

During the year ended December 31, 2022, the Company used a net of $163.4 million in its financing activities. This is comprised primarily of restricted cash transferred to the debt service reserve account for the semi-annual bond payment and cash held in escrow for the repurchase of US$87.0 million in Bond principal payments. Other expenditures include semi-annual principal installment payments of US$10.0 million, interest payments of US$29.6 million and $12.4 million in lease payments on mining equipment.

Working Capital

As at December 31, 2022, the Company had working capital (current assets less current liabilities) of $26.6 million, including restricted cash of $131.0 million held in escrow and debt service reserve account for bond payments compared to working capital of $150.5 million at December 31, 2021 net of $6.5 million of restricted cash.

Debt

The Company holds debt and financial liabilities in both Canadian and US dollars.

The Company's US debt position is summarized in the following table:

(In thousands of CDN$, except for ratio amounts and where otherwise noted)	December 31, 2022 $	December 31, 2021 $	December 31, 2020 $
Bonds ($US)	235,000	245,000	-
Senior credit facility (US$)	-	-	69,660

(In thousands of CDN$, except for ratio amounts and where otherwise noted)	December 31, 2022 $	December 31, 2021 $	December 31, 2020 $
Term loan (US$)	-	-	48,000
Related party loan (US$)	-	-	108,345
Subordinated loan (US$)	-	-	11,474
Leases (US$)	43,689	48,172	37,111
Total debt (US$ in thousands)	**278,689**	**293,172**	**274,590**
Period-end foreign exchange rate (US$ to CAD$)	1.3544	1.2678	1.2732
Total debt (CDN$ in thousands)	**377,453**	**371,683**	**349,608**

Shareholders' Equity

As of December 31, 2022, the Company had 213,841,261 common shares outstanding and shareholders' equity was $414.4 million, compared to $371.7 million at December 31, 2021.

Commitments and Contractual Obligations

As at December 31, 2022, the Company had the following consolidated contractual obligations:

		Annual Repayments due from December 31,					
(In thousands of CDN$)	**Total** **$**	**2022** **$**	**2023** **$**	**2024** **$**	**2025** **$**	**2026** **$**	**Over 5 years** **$**
Bonds	307,918	13,544	13,544	13,544	13,544	253,742	-
Lease obligation	59,173	15,618	14,398	12,558	9,917	3,894	2,788
Mine closure and reclamation	15,131	-	-	-	-	-	15,131
Total contractual obligations	382,222	29,162	27,942	26,102	23,461	257,636	17,919

Capital Resources

As at December 31, 2022, the Company had $214.6 million in cash and cash equivalents on hand, including restricted cash of $131.0 million. The Company expects to meet future cash commitments from existing cash on hand and anticipated cash flows generated from the Copper Mountain Mine. The Company's Bonds have financial covenants that include minimum liquidity requirements based on a leverage ratio, as defined under the Bond terms.

To facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the board of directors. The Company manages liquidity by continuously monitoring and forecasting cash flows based on changes in operations and economic conditions to facilitate the management of its capital requirements. If required, the Company may adjust its capital structure by issuing new shares, issuing new debt or retiring existing debt.

The Company's investment policy is to invest its cash in highly liquid interest-bearing investments that are readily convertible to known amounts of cash or in cashable Guaranteed Investment Certificates at major Canadian, United States, or Australian banks. There were no changes to the Company's approach to capital management during the period ended December 31, 2022.

As at December 31, 2022, the Company had a total of $0.5 million on deposit and a surety bond in the amount of $21.1 million with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain Mine.

Financial Instruments and Risks

The Company's financial assets and liabilities consist of cash and cash equivalents, accounts receivable, reclamation bonds, accounts payable and accrued liabilities, due to related parties, finance leases, zero-cost collar option contracts, and long-term debt.

The Company's activities expose it to a variety of financial risks, including: market risk (including currency risk, interest rate risk, inflation risk, and commodity price risk); credit risk; and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks in cooperation with the Company's operating units. The board provides, when appropriate, guidance for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, inflation risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

The financial instruments risk factors and the Company’s exposure to these risks are disclosed in Note 21 of the Company’s 2022 audited annual consolidated financial statements. For a discussion on the methods used to value financial instruments, as well as significant assumptions, refer also to Note 3 of the Company’s 2022 audited annual consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at December 31, 2022.

RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of the Company’s operations and have been measured at their fair value and under individual contracts.

- During the year ended December 31, 2022, the Company sold copper concentrates under the provision of a long-term contract with MMC, for revenues totaling $301.5 million (2021 – $578.2 million) including pricing adjustments.
- On June 9, 2021, the Company repaid to MMC, the balance of a subordinated loan of $9.6 million, funding advances of $154.1 million, and guarantee fees of $3.5 million with accumulated interest. For the nine months ended September 30, 2021, the Company incurred $1.2 million of interest to MMC on these instruments.
- On October 21, 2022, the Company entered into an unsecured non-revolving US$10.0 million term loan bearing 5.565% interest with MMC for working capital purposes. The Company drew down the full amount in October and repaid the full amount in January 2023.

Key management includes the Company's directors and officers. Compensation awarded to key management includes:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
(In thousands of CDN$)	$	$	$	$
Salaries and short-term employee benefits	588	1,847	6,481	7,002
Share-based compensation	1,853	1,318	644	12,367
Total	**2,441**	**3,165**	**7,125**	**19,369**

ACCOUNTING POLICIES AND ESTIMATES

Critical accounting estimates

The Company's significant accounting policies are presented in Note 3 of the Company's 2022 audited annual consolidated financial statements. The preparation of consolidated financial statements in accordance with IFRS requires management to establish accounting policies and to make judgement, estimates, and assumptions that affect both the amount and timing of assets, liabilities, income, and expenses. Some of these estimates require judgments about matters that are inherently uncertain.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- Mineral reserves and resources;
- Recoverable amount of property, plant, and equipment;
- Depletion and depreciation of property, plant, and equipment;
- Decommissioning obligations;
- Deferred stripping;
- Net realizable value of inventories; and
- Income and resources taxes.

Change in accounting policies

No changes to accounting policies have been made in the period ended December 31, 2022, with the exception of the amendments to IAS 16, Property, Plant and Equipment – Proceeds before Intended Use ("IAS 16"), which became effective on January 1, 2022. The amendments to IAS 16 did not have a significant impact on the Company's financial statements. The accounting policies adopted in the preparation of the Company's condensed consolidated interim financial statements are based on IFRS and interpretations effective as of December 31, 2022.

NON-GAAP PERFORMANCE MEASURES

This document includes certain non-GAAP performance measures that do not have a standardized meaning prescribed by IFRS. These measures may differ from those used and may not be comparable to such measures as reported by other issuers. The Company believes that these measures are commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company’s performance. These performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures have been derived from the Company’s financial statements and applied on a consistent basis. The calculation and an explanation of these measures is provided below and such measures should be read in conjunction with the Company’s financial statements.

Cash Costs per Pound

Copper cash costs per pound is a key performance measure that management uses to monitor performance. Management uses this metric to assess the performance and overall efficiency and effectiveness of mining operations. Cash costs is not an IFRS measure and, although it is calculated according to accepted industry practice, the Company’s disclosed cash costs may not be directly comparable to other base metal producers. Cash costs per pound produced is calculated by dividing the aggregate of the applicable costs by copper pounds produced. These measures are calculated on a consistent basis for the periods presented.

C1 Cash Costs

C1 cash costs is a metric representing the cash cost per unit of extracting and processing the Company’s principal metal product, copper, to a condition in which it may be delivered to customers net of gold and silver credits from concentrates sold. It is provided in order to support peer group comparability and to provide investors and other stakeholders with additional information about the underlying cash costs of Copper Mountain and the impact of gold and silver credits on the operations’ cost structure. C1 cash costs are relevant to understanding the Company’s operating profitability and ability to generate cash flow. When calculating costs associated with producing a pound of copper, the Company deducts gold and silver revenue credits as the production cost is reduced as a result of selling these products.

All-in Sustaining Costs (AISC)

AISC is an extension of C1 cash costs discussed above and is also a key performance measure used by management to measure performance. Management uses this measure to analyze margins achieved on existing assets while sustaining and maintaining production at current levels. Development capital, including deferred stripping and certain exploration costs are excluded from this definition as these are costs typically incurred to extend mine life or materially increase the productive capacity of existing assets, or for new operations. As this measure seeks to present a full cost of copper production associated with sustaining current operations, mining costs associated with sustaining capital, certain applicable corporate administration costs and mining equipment lease costs are included.

All-in Costs (AIC)

AIC is an extended cash-based cost metric providing further information on the total cash, capital, and overhead outlay per unit of copper produced in both the short-term and over the full life cycle of the Company’s operations. As a result, deferred stripping and mining costs allocated to the low-grade stockpile on a cash basis are included as these development activities are performed in support of future mining operations under the existing life-of-mine plan. As this measure seeks to present the total cost of copper production associated with sustaining current and future operations, it allows Copper Mountain to assess the ability to support current and future production from the generation of operating cash flows.

A reconciliation of site cash costs, C1 cash costs, AISC, and AIC is provided below:

Cash Costs per Pound Produced (100%)	**Three months ended December 31,**		**Year ended December 31,**	
	2022	**2021**	**2022**	**2021**
(In thousands of CDN$, unless otherwise noted)	**$**	**$**	**$**	**$**
Cost of sales	99,797	64,580	312,719	257,320
Adjustments				
Depreciation and depletion	(8,441)	(2,266)	(25,457)	(23,537)
Change in inventory	(6,157)	(1,436)	1,570	(2,466)
Transportation costs	(4,628)	(4,821)	(14,880)	(21,153)
Site cash costs	**80,571**	**56,057**	**273,952**	**210,164**
Adjustments				
Transportation costs	4,628	4,821	14,880	21,153
Treatment and refining costs	3,501	4,395	12,637	21,142
By-product credits (gold and silver)	(18,718)	(19,568)	(58,565)	(83,935)
C1 cash cost	**69,982**	**45,705**	**242,904**	**168,524**
Adjustments				
Sustaining capital	1,949	4,869	31,413	22,971
Lease payments	2,940	2,451	12,354	14,029
Applicable administration	787	452	2,657	2,643
All-in sustaining costs (AISC)	**75,658**	**53,477**	**289,328**	**208,167**
Adjustments				
Deferred stripping	-	4,657	39,818	31,161
All-in costs (AIC)	**75,658**	**58,134**	**329,146**	**239,328**
Average foreign exchange rate (CDN$ to US$)	0.7364	0.7935	0.7688	0.7978
Copper production (000s lb)	13,268	16,693	52,902	90,139
C1 cash costs (US$/lb produced (net))	**$3.88**	**$2.17**	**$3.53**	**$1.49**
All-in sustaining costs (AISC) (US$/lb produced (net))	**$4.20**	**$2.54**	**$4.20**	**$1.84**
All-in costs (AIC) (US$/lb produced (net))	**$4.20**	**$2.76**	**$4.78**	**$2.12**
Average realized copper price (US$/lb)	$3.62	$4.44	$3.96	$4.21

Adjusted Net Income

Adjusted net income removes the effects of the following transactions from operating income as reported under IFRS:

- Pricing adjustments on concentrate and metal sales;
- Derivative gains/losses;
- Foreign exchange gains/losses; and

- Non-recurring transactions.

Management believes that these transactions do not reflect the underlying operational performance of the Company's mining operations and are also not indicative of future operating results.

Adjusted Net Income	**Three months ended December 31,**		**Year ended December 31,**	
	2022	**2021**	**2022**	**2021**
(In thousands of CDN$, except per share amounts)	**$**	**$**	**$**	**$**
Net income (loss) from continuing operations	(11,313)	32,073	(58,853)	149,353
Adjustments				
Pricing adjustments on concentrate sales	(9,740)	(7,721)	1,065	(24,406)
(Gain) loss on derivative	2,530	659	(11,329)	3,368
Foreign exchange (gain) loss	(2,082)	(1,181)	21,130	3,168
Adjusted net income (loss)	**(20,605)**	**23,830**	**(47,987)**	**131,483**
Weighted average number of common shares outstanding, as reported – basic (thousands)	213,837	209,921	212,837	209,320
Adjusted earnings (loss) per share - basic	**$(0.10)**	**$0.11**	**$(0.23)**	**$0.63**

EBITDA and Adjusted EBITDA

EBITDA and adjusted EBITDA are non-GAAP performance measures and represent net earnings before interest, income taxes, and depreciation. EBITDA is presented because it is an important supplemental measure of the Company's performance and is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in the industry, many of which present EBITDA when reporting their results. The Company believes EBITDA is an appropriate supplemental measure of debt service capacity and performance of its operations.

Adjusted EBITDA is presented as a further supplemental measure of the Company's performance and ability to service debt. Adjusted EBITDA is prepared by adjusting EBITDA to eliminate the impact of several items that are not considered indicative of ongoing operating performance.

Adjusted EBITDA is calculated by adding to EBITDA certain items of expense and deducting from EBITDA certain items of income that are not likely to recur or are not indicative of the Company's future operating performance consisting of:

- Pricing adjustments on concentrate and metal sales;
- Derivative gains/losses;
- Foreign exchange gains/losses; and
- Non-recurring transactions.

While some of the adjustments are recurring, other non-recurring expenses do not reflect the underlying performance of the Company's core mining business and are not necessarily indicative of future results. Furthermore, gains/losses on derivative instruments, and foreign currency translation gains/losses are not necessarily reflective of the underlying operating results for the reporting periods presented.

EBITDA and Adjusted EBITDA	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
(In thousands of CDN$)	$	$	$	$
Net income (loss) from continuing operations	(11,313)	32,073	(58,853)	149,353
Adjustments				
Finance income	(179)	(40)	(597)	(177)
Finance expense	8,703	7,937	33,636	31,576
Depreciation	8,441	2,266	25,457	23,537
Current income and resource tax expense (recovery)	1,039	(207)	1,457	7,803
Deferred income and resource tax expense (recovery)	(12,067)	26,233	(10,922)	95,338
EBITDA	**(5,376)**	**68,262**	**(9,822)**	**307,430**
Adjustments				
Mark to market adjustments on concentrate sales	(9,740)	(7,721)	1,065	(24,406)
(Gain) loss on derivative	2,530	659	(11,329)	3,368
Foreign exchange (gain) loss	(2,082)	(1,181)	21,130	3,168
Adjusted EBITDA	**(14,668)**	**60,019**	**1,044**	**289,560**

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for the design and operation of disclosure controls and procedures.

Internal controls over financial reporting

Management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting, and uses the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's controls. The Company's internal control over financial reporting is designed to provide reasonable assurance of the reliability of its financial reporting and preparation of the financial statements. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2022 and provided reasonable assurance of the reliability of the Company's financial reporting and preparation of the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial reporting and disclosure.

Changes in internal controls over financial reporting

There have been no changes in the Company's internal control over financial reporting and disclosure controls and procedures during the period ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

RISKS AND UNCERTAINTIES

The mining industry involves many risks which are inherent to the nature of the business, global economic trends and economic, environmental and social conditions in the geographical areas of operation. As a result, the Company is subject to a number of risks and uncertainties, each of which could have an adverse effect on its operating results, business prospects or financial position. Typical risk factors include copper, gold and silver price fluctuations, foreign currency fluctuations, and operating uncertainties encountered in the mining business. Future government, legal or regulatory changes could affect any aspect of the Company's business, including, among other things, environmental issues, land claims, permitting and taxation costs all of which could adversely affect the ability of the Company to operate the Copper Mountain Mine. However, sometimes other risks show up that are not typical, like the recent uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on demand and prices for the commodities the Company produces and on global financial markets. Further, climate change may, among other things, cause or result in changes in precipitation and increases in extreme weather events (such as the severe flooding and cold temperatures experienced at the Copper Mountain Mine in 2021). Extreme weather events have the potential to further disrupt operations at the Copper Mountain Mine and impact transportation infrastructure. These risks and uncertainties are managed by experienced managers, advisors and consultants, by adjusting annual plans and by cost control initiatives and maintaining adequate liquidity for the Company's operations.

Cyber-attacks or other breaches of information technology security could have an adverse impact on the Company's business.

As discussed above, the Company was subject to a ransomware attack late on December 27, 2022 that affected the Company's internal IT systems at its Copper Mountain Mine and corporate office. As a result, the Company isolated operations, switched to manual processes, where possible, and the mill was preventatively shut-down to determine the effect on its control system. On January 1, 2023, the Company resumed operations of the primary crusher at the Copper Mountain Mine and, on January 4, 2023, the mill was at full production. The Company has now returned to full business functionality in a safe and secure manner. Throughout the outage, all environmental management systems at the Copper Mountain Mine were operational, and there were no environmental incidents or injuries to personnel.

The Company relies on certain internal processes, infrastructure and information technology systems, including infrastructure and systems operated by third parties, to efficiently operate the Company's business in a secure manner. The inability to continue to enhance or prevent a failure of these internal processes, infrastructure or information technology systems could negatively impact the ability to operate the Company's business.

Cyber-attacks or other breaches of network or IT systems security may in the future cause disruptions to the Company's operations. The prevalence and sophistication of these types of threats are increasing and the Company's frequently evolving security measures may not be sufficient to prevent the damage that such threats can inflict on assets and information. The theft, unauthorized use or publication of confidential business information could harm the Company's competitive position and/or otherwise adversely affect the Company's business. The Company's security measures may also be breached due to employee error, malfeasance, system errors or vulnerabilities, including vulnerabilities of vendors, suppliers, their products or otherwise. To the extent that any security breach results in inappropriate disclosure of customers' confidential information, the loss, theft or unauthorized processing of personal information, or disruption of operations, the Company may incur liability, be subject to legal action and suffer damage to its reputation.

For a comprehensive list of risks, please refer to the Company’s AIF.