

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
CAPSTONE COPPER CORP.  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022**

Capstone Copper Corp. ("Capstone Copper" or the "Company" or "we") has prepared the following management's discussion and analysis (the "MD&A") as of August 5, 2022 and it should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and notes thereto for the three and six months ended June 30, 2022. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts presented are United States ("US") dollars unless otherwise stated. "C\$" refers to Canadian dollars.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

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

Forward-looking statements relate to future events or future performance and reflect our expectations or beliefs regarding future events and the impacts of the ongoing and evolving COVID-19 pandemic and the evolving geopolitical environment. Forward-looking statements include, but are not limited to, statements with respect to the execution of our future growth projects, our financial liquidity and development of our projects, the estimation of Mineral Resources and Mineral Reserves, the success of the underground paste backfill and tailings filtration projects at Cozamin, the timing and cost of the construction of the paste backfill and dry stack tailings plant at Cozamin, the success and timing of the Mantos Blancos Concentrator Debottlenecking Project, the timing and cost of the Mantoverde Development Project, the timing and results of the PV4 study, timing and success of the Jeti Technology, the successful execution of a port services agreement with Puerto Abierto S.A., the expected reduction in capital requirements for the Santo Domingo project, the timing and success of the Cobalt Study for Santo Domingo, the timing and results of the integrated plan for Mantoverde - Santo Domingo, the realization of Mineral Reserve estimates, the timing and amount of estimated future production, the costs of production and capital expenditures and reclamation, the budgets for exploration at Cozamin, Santo Domingo, Pinto Valley, Mantos Blancos, Mantoverde and other exploration projects, the timing and success of the Copper Cities project, the success of our mining operations, the continuing success of mineral exploration, the estimations for potential quantities and grade of inferred resources and exploration targets, our ability to fund future exploration activities, our ability to finance the Santo Domingo project and other current or future projects and expansions, environmental risks, unanticipated reclamation expenses and title disputes, the success of the synergies and catalysts related to the Transaction, and the anticipated future production, costs of production, including the cost of sulphuric acid and oil and other fuel, capital expenditures and reclamation of the Company's operations and development projects and the risks included in our continuous disclosure filings on SEDAR at [www.sedar.com](http://www.sedar.com). The potential effects of the COVID-19 pandemic on our business and operations are unknown at this time, including Capstone Copper's ability to manage challenges and restrictions arising from COVID-19 in the communities in which Capstone Copper operates and our ability to continue to safely operate.. The impact of COVID-19 to Capstone Copper is dependent on a number of factors outside of our control and knowledge, including the effectiveness of the measures taken by public health and governmental authorities to combat the spread of the disease, global economic uncertainties and outlook due to the disease, supply chain delays resulting in lack of availability of supplies, goods and equipment, and evolving restrictions relating to mining activities and to travel in certain jurisdictions in which we operate.

In certain cases, forward-looking statements can be identified by the use of words such as "anticipates", "approximately", "believes", "budget", "estimates", "expects", "forecasts", "guidance", "intends", "plans", "scheduled", "target", or variations of such words and phrases, or statements that certain actions, events or results "be achieved", "could", "may", "might", "occur", "should", "will be taken" or "would" or the negative of these terms or comparable terminology. In this document certain forward-looking statements are identified by words including "anticipated", "expected", "guidance" and "plan". By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or

implied by the forward-looking statements. Such factors include, amongst others, risks related to inherent hazards associated with mining operations and closure of mining projects, future prices of copper and other metals, compliance with financial covenants, surety bonding, our ability to raise capital, Capstone Copper's ability to acquire properties for growth, counterparty risks associated with sales of our metals, use of financial derivative instruments and associated counterparty risks, foreign currency exchange rate fluctuations, market access restrictions or tariffs, changes in general economic conditions, availability and quality of water, accuracy of Mineral Resource and Mineral Reserve estimates, operating in foreign jurisdictions with risk of changes to governmental regulation, compliance with governmental regulations, compliance with environmental laws and regulations, reliance on approvals, licences and permits from governmental authorities and potential legal challenges to permit applications, contractual risks including but not limited to, our ability to meet the completion test requirements under the Cozamin Silver Stream Agreement with Wheaton Precious Metals Corp. ("Wheaton"), our ability to meet certain closing conditions under the Santo Domingo Gold Stream Agreement with Wheaton, acting as Indemnitor for Minto Metals Corp.'s surety bond obligations post divestiture, impact of climate change and changes to climatic conditions at our operations and projects, changes in regulatory requirements and policy related to climate change and greenhouse gas ("GHG") emissions, land reclamation and mine closure obligations, aboriginal title claims and rights to consultation and accommodation, risks relating to widespread epidemics or pandemic outbreak including the COVID-19 pandemic; the impact of COVID-19 on our workforce, risks related to construction activities at our operations and development projects, suppliers and other essential resources and what effect those impacts, if they occur, would have on our business, including our ability to access goods and supplies, the ability to transport our products and impacts on employee productivity, the risks in connection with the operations, cash flow and results of Capstone Copper relating to the unknown duration and impact of the COVID-19 pandemic, impacts of inflation, geopolitical events and the effects of global supply chain disruptions, uncertainties and risks related to the potential development of the Santo Domingo project, risks related to the Mantos Blancos Concentrator Debottlenecking Project and the Mantoverde Development Project, increased operating and capital costs, increased cost of reclamation, challenges to title to our mineral properties, increased taxes in jurisdictions the Company operates or is subject to tax, changes in tax regimes we are subject to and any changes in law or interpretation of law may be difficult to react to in an efficient manner, maintaining ongoing social licence to operate, seismicity and its effects on our operations and communities in which we operate, dependence on key management personnel, potential conflicts of interest involving our directors and officers, corruption and bribery, limitations inherent in our insurance coverage, labour relations, increasing input costs such as those related to sulphuric acid, electricity, fuel and supplies, increasing inflation rates, competition in the mining industry including but not limited to competition for skilled labour, risks associated with joint venture partners and non-controlling shareholders or associates, our ability to integrate new acquisitions and new technology into our operations, cybersecurity threats, legal proceedings, the volatility of the price of the Common Shares, the uncertainty of maintaining a liquid trading market for the Common Shares, risks related to dilution to existing shareholders if stock options or other convertible securities are exercised, the history of Capstone Copper with respect to not paying dividends and anticipation of not paying dividends in the foreseeable future and sales of Common Shares by existing shareholders can reduce trading prices, and other risks of the mining industry as well as those factors detailed from time to time in the Company's interim and annual financial statements and MD&A of those statements and Annual Information Form, all of which are filed and available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company has attempted to identify important factors that could cause our actual results, performance or achievements to differ materially from those described in our forward-looking statements, there may be other factors that cause our results, performance or achievements not to be as anticipated, estimated or intended. There can be no assurance that our forward-looking statements will prove to be accurate, as our actual results, performance or achievements could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on our forward-looking statements.

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## Nature of Business

The accompanying condensed consolidated interim financial statements have been prepared as at June 30, 2022, after giving effect to the business combination of Capstone Mining Corp. ("Capstone Mining") and Mantos Copper (Bermuda) Ltd. ("Mantos"), which was completed on March 23, 2022 (the "Transaction"). Mantos is the legal acquirer of Capstone Mining, and after the Transaction, the combined entity changed its name to Capstone Copper Corp. The Company is listed on the Toronto Stock Exchange ("TSX").

Mantos was incorporated on August 15, 2015, and migrated to British Columbia, Canada on March 23, 2022 as part of the Transaction. Mantos (now Capstone Copper) has owned and operated two mines in Chile since 2015. The Mantos Blancos open-pit mine is located 45 kilometers northeast of the city of Antofagasta and the 70%-owned Mantoverde open-pit mine is located 50 kilometers southeast of the town of Chañaral.

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

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

The Company continues to evaluate the potential impacts arising from COVID-19 on all aspects of its business. For the three and six months ended June 30, 2022 and 2021, there were no significant financial impacts on the Company.

## Q2 2022 Highlights and Significant Items

### Q2 2022 Financial and Operational Highlights

- **Net income of \$92.0 million, or \$0.11 per share. Adjusted net loss<sup>1</sup> of \$10.8 million or \$(0.01) per share for Q2 2022**, with the main adjustments for Q2 2022 being \$114.6 million of non-cash unrealized gain on derivative contracts and \$14.0 million non-cash recovery on share-based compensation. Net income and adjusted net loss<sup>1</sup> were impacted by negative provisional pricing adjustments during the quarter related to the drop in realized copper prices<sup>1</sup> (Q2 2022: \$3.66/lb versus Q2 2021: \$4.78/lb) which amounted to \$58.3 million in losses, compared to positive gain of \$13.3 million in Q1 2022.
- **Adjusted EBITDA<sup>1</sup> of \$114.7 million** compared to \$128.0 million in Q2 2021, with the main adjustments being non-cash unrealized gain on derivative contracts, non-cash recovery on share-based compensation, and unrealized provisional pricing adjustments on revenue.
- **Operating cash flow before changes in working capital of \$40.7 million** in Q2 2022 compared to \$139.5 million in Q2 2021 which was inclusive of a \$30 million gold precious metal stream deposit. The variance is related to the decrease in copper prices, increase in operating costs, and higher cash taxes in Mexico and Chile.
- **Consolidated copper production of 45.2 thousand tonnes at C1 cash costs<sup>1</sup> of \$2.78/lb** of copper produced for Q2 2022, which consisted of 13.3 thousand tonnes at Pinto Valley, 6.4 thousand tonnes at Cozamin, 12.4 thousand tonnes at Mantos Blancos, and 13.1 thousand tonnes at Mantoverde.
- **2022 Production and C1 cash costs<sup>1</sup> guidance for the nine-month period (April 1, 2022 to December 31, 2022) is re-iterated.**
- In light of the recent drop in copper prices, the Company has taken the following proactive measures:
  - Capital guidance has been reduced by \$40 million mainly at Santo Domingo and Pinto Valley
  - Initiated operating cost reduction reviews at all mine sites
  - Elimination of higher cost Glencore debt facility
  - H2 2022 copper hedges in place for 36 thousand tonnes with a weighted average protected price of \$3.73/lb, protecting all of the expected oxide production
  - Capital allocation focused on completion of Mantoverde Development Project ("MVDP"), future pipeline growth yet to be sanctioned post completion of various optimization studies underway
  - In addition, key input costs for acid, fuel and freight are starting to decline in Q3 2022
- On July 22, 2022, the Company closed the amendment and extension of the Capstone corporate revolving credit facility ("RCF") from \$225 million to \$500 million plus \$100 million accordion and extended the RCF by four years to May 12, 2026.
- **Mantos Blancos Concentrator Debottlenecking Project ("MB-CDP")** is ramping up to design capacity to achieve targeted throughput rates and recoveries in Q3 2022.
- **Mantoverde Development Project** remains on schedule and on budget. Major construction is progressing well on the primary crusher, concentrate thickener and tie-in of the water desalination plant. Procurement, contracts and engineering are over 99% complete, with manufacturing and fabrication approximately 95% complete. Overall project completion was 60% as of the end of July 2022.
- **Mantoverde-Santo Domingo ("MV-SD") District Integration Plan** will outline the approach Capstone Copper is taking to maximize value creation (including synergies) across the district. The integration plan will describe the optimized flowsheet during the Chile analyst tour and Investor Day during the week of November 14<sup>th</sup>.

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

### Mantos and Capstone Mining Transaction

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

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

Following completion of the Transaction, Capstone Copper operates four mines, including two mines run by Mantos Copper in Chile since 2015: The Mantos Blancos (100% owned) open-pit copper mine is located 45 kilometers northeast of Antofagasta in the Antofagasta Region and produces copper concentrate and copper cathodes. The Mantoverde (70% owned) open-pit mine is located 50 kilometers southeast of Chanaral, in the region of Atacama and produces copper cathodes. Mantoverde is the site of the MVDP sulphide expansion, currently in construction.

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

### Mantoverde Development Project

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

We expect completion of the MVDP to increase production from approximately 49,000 tonnes of copper (cathodes only) in our current guidance for the period from April to December 2022 (annualized) to 120,000 tonnes of copper (copper concentrate and cathodes) post project completion in 2024. In parallel, C1 cash costs<sup>1</sup> are expected to decrease from \$3.70/lb in current guidance for the period from April to December 2022 to between \$1.70/lb to \$1.80/lb in 2024 after project completion and ramp up. The decline in expected costs will be driven by the mine's transition to becoming a primary producer of copper concentrate. The mine will also benefit from the production of approximately 31,000 ounces of gold per year that will generate by-product credits. Upon completion of MVDP, approximately 75% of Mantoverde's production will come from the lower-cost sulphide copper.

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

As of June 30, 2022, the MVDP had achieved overall progress of 58% and construction progress of 25% and the schedule remains intact and the target for construction completion remains late 2023. Work completed in Q2 2022 includes:

- Assembly completed on first electric rope shovel; mine electrical loop available in mid-August for operational commissioning.
- Foundations for the primary crusher, stockpile reclaim, mills and floatation circuit are advancing well with earthworks on the truck shop and thickeners near completion.
- Procurement, contracts and engineering are 99% complete, with manufacturing and fabrication approximately 95% complete.
- Overall project completion was 60% as of the end of July 2022.

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

As of June 30, 2022, the cost of the different components of the project, including the EPC lump sum turnkey continue on track with the budget. The total project capital budget remains at \$825 million and spend to date totals \$418 million. Capstone is expected to spend an additional \$233 million in H2 2022 and the balance of \$175 million in 2023. The EPC contract total budget is approximately \$525 million of which \$263 million has been spent to date. The majority of the capital costs are fixed due to the nature of the lump sum turn-key contract with Ausenco of \$525 million or 64% of the revised capital. In addition, the major mining equipment was price fixed prior to the current inflationary environment for approximately \$140 million or 17% of the revised capital which brings the total fixed component to 81%.

### Mantos Blancos Concentrator Debottlenecking Project

The purpose of the MB-CDP is to increase throughput capacity at the sulphide concentrator plant from 11,000 tonnes per day ("tpd") to 20,000 tpd (or from 4.2 million tonnes per year to 7.3 million tonnes per year). This will more than replace declining oxide production levels at Mantos Blancos.

The ramp-up progress continued in the quarter and the final modifications and adjustments were finalized in Q2 2022. The throughput continues to improve with the focus being sustaining throughput at targeted levels and achieving plant stability through-out the entire process.

In parallel, C1 cash costs<sup>1</sup> are anticipated to decrease from current guidance of \$2.38/lb for the period from April to December 2022 to ~\$2.00/lb in 2023 as an even greater share of Mantos Blancos' production is sourced from the Sulphide concentrator plant and improving sulphide C1 cash costs<sup>1</sup> on higher throughput.

### Mantos Blancos Phase II

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

### Mantoverde Phase II

Mantoverde is currently analyzing the next stage of the MVDP. Alternatives are being considered to expand the plant capacity by either the addition of a new ball mill and secondary equipment or a complete new processing line, to process part of the 77% of resources unutilized by the Phase I of the MVDP. A conceptual study will be developed during the second half of 2022 to assess the best option for the next stage of MVDP which will be incorporated into a feasibility study targeted for H2 2023.

### Santo Domingo

Since closing of the Transaction, the Santo Domingo team has been integrated into the larger Capstone Copper team in Chile. The integrated project team is focused on identifying and evaluating the optimal integrated development plan for the Mantoverde-Santo Domingo district. The Mantoverde operation is located approximately ~35km southwest of the Santo Domingo project. The Company expects the integrated district plan to study alternatives and identify the best path forward to develop the copper (sulphides and oxides), gold, iron, and cobalt across both properties. An integrated development approach is likely to maximize potential synergies associated with the proximity of Santo Domingo to the existing Mantoverde operation, existing infrastructure (including a desalination plant, roads, power, and pipelines), and integration of other assets, such as the Santo Domingo port contract with Puerto Abierto S.A. and the rail option currently being assessed for products/supply transportation.

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

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

The revenue-enhancing opportunities include using excess electrowinning capacity at Mantoverde to potentially process both Santo Domingo oxide material and additional low-grade sulphides enabled by Jetti catalytic leach technologies which Capstone Copper has been first to implement at Pinto Valley. An updated base Santo Domingo feasibility study including district integration synergies will be released in H2 2023.

Santo Domingo contains oxide mineralization, which is located above the sulphide ore body and is part of the Santo Domingo and Iris Norte pre-stripping material. During Q2 2022, the Company continued with the exploration program, which is expected to be completed in Q3 2022. Preliminary metallurgical test results suggest the possibility to process Santo Domingo's oxides at Mantoverde's existing SX-EW plant. The results of the oxide drill program including an optimized flowsheet will be incorporated into an updated Santo Domingo feasibility study to be released in H1 2024.

#### Mantoverde-Santo Domingo Cobalt Feasibility Study:

A district cobalt plant for Mantoverde-Santo Domingo may also unlock cobalt production from Mantoverde while producing a by-product of sulphuric acid which can then be consumed internally to further significantly lower operating costs on the leaching process at Mantoverde.

The cobalt recovery process consists of a concentration step, an oxidation step, and a cobalt recovery step. The concentration step considers a conventional froth flotation circuit treating copper flotation tails to produce a cobaltiferous pyrite concentrate. For the base case, the pyrite concentrate, which contains between 0.5% and 0.7% Co, is oxidized in a fluidized bed roaster to produce a cobalt calcine and a concentrated sulphuric acid by-product. The calcine is then subjected to various leaching, precipitation, solvent extraction and crystallization steps to produce battery grade cobalt sulphate heptahydrate. Capstone is also evaluating alternatives that may include the direct sale of some or all the cobalt as intermediate product, such as mixed hydroxide precipitate, to a partner, JV or an independent third-party refiner. At an expected 4.7 thousand tonnes of cobalt production per year from Santo Domingo plus expected additional tonnage from Mantoverde, this would be one of the largest and lowest cost cobalt producers in the world. Additional benefits of this project include the generation of carbon-free energy from waste heat emitted by the roaster, and the production of by-product sulphuric acid which can be used for heap or dump leaching to produce low-cost copper cathodes at Mantoverde, Mantos Blancos or sold to other consumers within the district.

Along the same timeline (Q4 2022) we intend to release an updated cobalt resource for Santo Domingo, as well as an initial cobalt resource for Mantoverde. The full updated cobalt feasibility study will be released in H1 2024.

#### **PV4 Study**

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

- Expansion of the use of Jetti catalytic leach technology which has the potential to increase mill cut-off-grades and increase tonnage available for leaching. Column leach and test heap work are ongoing and the results will be included in the PV4 Study. An expanded dump leach strategy would translate to higher grades sent to the mill for processing and increased copper cathode production by expanding dump leach tonnage.
- Pyrite Agglomeration, with strong positive environmental, social and governance ("ESG") implications as it would divert acid-generating minerals including pyrite and chalcopyrite from tailings to the dump leach operation. Additional copper recovery and lower costs via the generation of acid would be key economic drivers for this project.

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

### Corporate Exploration Update

**Cozamin exploration:** The focus during Q2 2022 was on testing the Mala Noche Main Vein West Target with one surface rig and one underground rig from the west exploration crosscut station. Since the 2021-2022 exploration program started, approximately 43,500 meters of drilling have been completed from 53 holes and an additional 5,500 meters of drilling from 8 holes are planned for the remainder of this year. A proposed lower elevation mine cross-cut will allow for expedited infill drilling in 2023 to inform an updated mineral resource estimate in the second quarter of 2023. Surface drill testing of other targets along strike from the San Roberto and San Rafael mine areas are also planned for 2022.

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

**Planalto, Brazil:** Step-out drilling at the Planalto Iron Ore-Copper-Gold prospect in Brazil, under an earn-in agreement with Lara Exploration Ltd. ("Lara"), commenced in Q4 2021 and continued in Q2 2022. Lara is conducting the work and will report results when appropriate.

## Operational Overview

	Q2 2022	Q2 2021	2022 YTD	2021 YTD
<b>Copper production (000s tonnes)</b>				
<b><i>Sulphides business</i></b>				
Pinto Valley	13.3	13.4	27.7	29.9
Cozamin	6.4	6.3	12.3	11.4
Mantos Blancos	8.7	—	9.4	—
<b>Total sulphides</b>	<b>28.4</b>	<b>19.6</b>	<b>49.4</b>	<b>41.3</b>
<b><i>Cathode business</i></b>				
Mantos Blancos	3.7	—	4.0	—
Mantoverde <sup>2</sup>	13.1	—	14.3	—
<b>Total cathodes</b>	<b>16.8</b>	<b>—</b>	<b>18.3</b>	<b>—</b>
<b>Consolidated</b>	<b>45.2</b>	<b>19.6</b>	<b>67.7</b>	<b>41.3</b>
<b>Copper sales</b>				
Copper sold (000s tonnes)	45.5	19.6	71.0	41.9
Realized copper price <sup>1</sup> (\$/pound)	3.66	4.78	4.06	4.43
<b>C1 cash costs<sup>1</sup> (\$/pound) produced</b>				
<b><i>Sulphides business</i></b>				
Pinto Valley	2.82	2.33	2.70	2.12
Cozamin	1.25	0.99	1.19	0.96
Mantos Blancos	2.49	—	2.52	—
<b>Total sulphides</b>	<b>2.36</b>	<b>1.91</b>	<b>2.29</b>	<b>1.80</b>
<b><i>Cathode business</i></b>				
Mantos Blancos	3.67	—	3.72	—
Mantoverde	3.40	—	3.42	—
<b>Total cathodes</b>	<b>3.46</b>	<b>—</b>	<b>3.49</b>	<b>—</b>
<b>Consolidated</b>	<b>2.78</b>	<b>1.91</b>	<b>2.62</b>	<b>1.80</b>

<sup>2</sup> Mantoverde production shown on a 100% basis.

### Consolidated

Q2 2022 copper production was 130% higher than Q2 2021 primarily as a result of including a full quarter of production for the Mantos Blancos and Mantoverde mines.

2022 YTD consolidated production of 67.7 thousand tonnes of copper is higher than the 41.3 thousand tonnes in 2021 YTD, primarily as a result of the addition of Mantos Blancos and Mantoverde mines production.

2022 YTD C1 cash costs<sup>1</sup> of \$2.62/lb are a mix of sulphide and cathode business units compared to 2021 which was predominately sulphide production. Cathode production is from copper oxide ore that requires sulphuric acid leaching, solvent extraction and electrowinning (SX-EW) to produce copper cathodes which are a finished copper product for the market. Sulphide production requires a mill that utilizes a grinding and floatation process to recover sulphide minerals in a copper concentrate saleable as an intermediate product to smelters and refiners. Capstone's low-cost sulphide production is growing significantly with full production from Mantos Blancos expected in Q3 2022 and with the Mantoverde Development Project complete and ramp-up late next year. The cathode business unit was impacted by record high sulphuric acid prices in Q2 2022 but costs are expected to ease through H2 2022 as acid prices are currently declining along with other raw inputs.

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

### **Pinto Valley Mine**

Copper production of 13.3 thousand tonnes in Q2 2022 was consistent with Q2 2021 mainly due to lower throughput during the quarter (Q2 2022 \ 46,821 tpd versus Q2 2021 \ 49,170) as a result of plant maintenance and repairs on the tailings thickeners, and offset by slightly higher grades (Q2 2022 – 0.34% versus Q2 2021 - 0.33%).

2022 YTD production was 7% lower than the same period last year primarily attributed to slightly lower grades (2022 YTD – 0.33% versus 2021 YTD – 0.34%), lower recoveries (2022 YTD - 85.0% versus 2021 YTD - 86.9%) as well as lower mill throughput (52,585 tpd in 2022 YTD versus 53,608 tpd in 2021 YTD). The lower grade versus the same period last year is a function of the mining sequence, the grade will improve slightly over the remainder of the year as well as the mill throughput.

Q2 2022 C1 cash costs<sup>1</sup> of \$2.82/lb in Q2 2022 were higher than Q2 2021 of \$2.33/lb primarily due to increases in operating costs (\$0.38/lb), and increases in treatment and refining costs (\$0.13/lb).

2022 YTD C1 cash costs<sup>1</sup> of \$2.70/lb were \$0.58/lb higher compared to the same period last year of \$2.12/lb primarily due to decreased payable copper production (\$0.17/lb), increased operating costs due to inflationary pressures on diesel, power, grinding media; and higher spend on rental equipment, mining equipment tools, contractors and dust suppression (\$0.31/lb) and an increase in treatment and refining costs (\$0.11/lb).

### **Cozamin Mine**

Copper production of 6.4 thousand tonnes was 2% higher in Q2 2022 than in Q2 2021 as a result of higher throughput of 3,874 tpd, and higher grades (1.88% versus 1.86%). The optimized technical report plan is delivering higher grades in 2022, and the higher throughput is a result of upgrades to the mill that occurred in Q1 2022.

2022 YTD production was 8% higher than the same period last year and attributed to the higher mining rates as the mine uses the availability of the Calicanto ramp increasingly compared to the prior year and higher throughput as a result of upgrades to the mill in Q1 2022 (3,789 in 2022 YTD versus 3,588 in 2021 YTD), higher grades (2022 YTD – 1.86% versus 2021 YTD – 1.83%).

Q2 2022 C1 cash costs<sup>1</sup> were 25% higher than the same period last year due to increases in operating costs (\$0.23/lb) as a result of inflationary pressures on steel (grinding media), explosives, and insurance premiums, and planned higher spend on mechanical parts to increase equipment availability. There was also a decrease in by-product credits (\$0.09/lb) as a result of lower zinc production as well as lower silver production and prices.

2022 YTD C1 cash costs<sup>1</sup> were higher than the same period last year primarily due to inflationary price increases in steel (grinding media), explosives and insurance premiums, planned higher spend on mechanical parts to increase equipment availability and reliability (\$0.17/lb), lower zinc by-product credits due to planned lower zinc production, as well as lower silver prices (\$0.07/lb) and higher treatment and refining costs (\$0.03/lb), partially offset by higher copper production (-\$0.06/lb).

### **Mantos Blancos**

2022 YTD production (including the nine days in March 2022 after closing of the Transaction) was 13.4 thousand tonnes, 9.4 thousand tonnes of copper in concentrate and 4.0 thousand tonnes of cathode. C1 cash costs<sup>1</sup> were \$2.89/lb combined, \$2.52/lb for copper in concentrate and \$3.72/lb for cathode. The sulphide cash costs are expected to decline with the ramp up of the MB-CDP to full capacity in Q3 2022 and copper cathode cash costs are currently being impacted by high cost of acid which averaged \$275/tonne delivered in Q2 2022.

### **Mantoverde**

2022 YTD production (including the nine days in March 2022 after closing of the Transaction) was 14.3 thousand tonnes of copper cathode. C1 cash costs<sup>1</sup> were \$3.42/lb which were also impacted by high cost of acid.

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

## Financial Overview

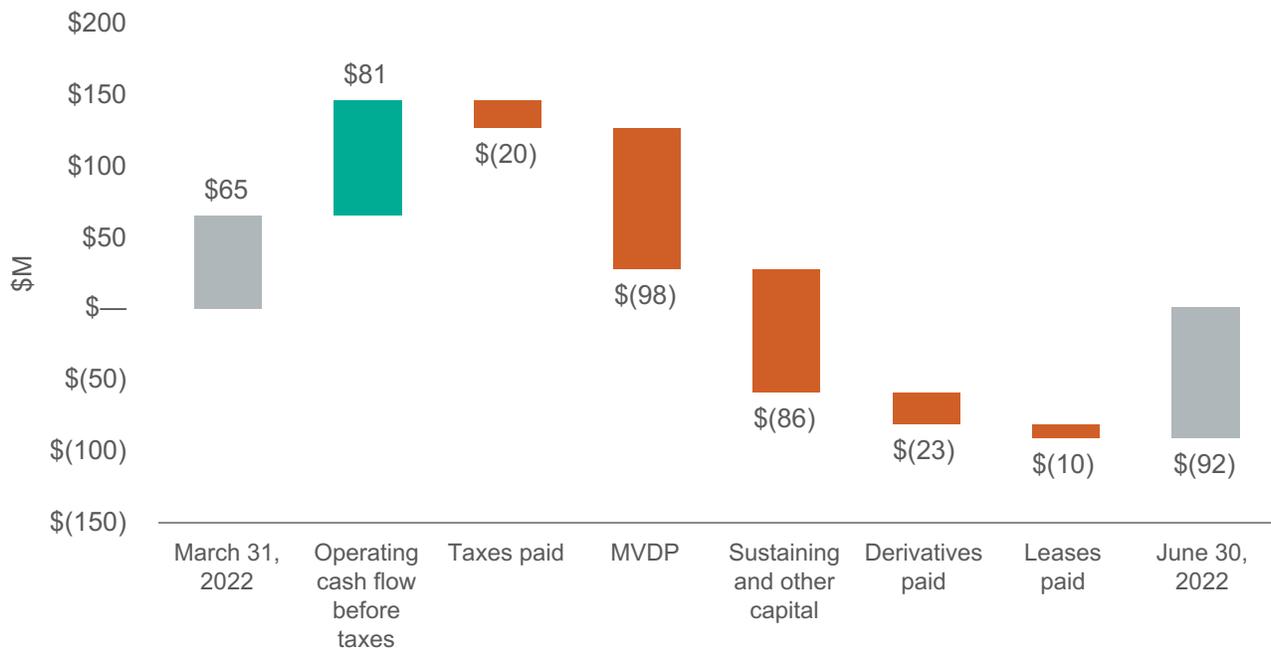
(\$ millions, except per share data)	Q2 2022	Q2 2021	2022 YTD	2021 YTD
<b>Revenue</b>	<b>356.6</b>	209.4	<b>624.7</b>	413.5
<b>Net income</b>	<b>92.0</b>	49.4	<b>127.1</b>	176.4
<b>Net income attributable to shareholders</b>	<b>75.1</b>	49.4	<b>109.1</b>	150.4
<i>Net income attributable to shareholders per common share - basic (\$)</i>	<b>0.11</b>	0.12	<b>0.19</b>	0.37
<i>Net income attributable to shareholders per common share - diluted (\$)</i>	<b>0.11</b>	0.12	<b>0.19</b>	0.36
<b>Adjusted net (loss) income<sup>1</sup></b>	<b>(10.8)</b>	68.7	<b>50.5</b>	133.2
<b>Adjusted net (loss) income attributable to shareholders<sup>1</sup></b>	<b>(4.5)</b>	68.7	<b>57.1</b>	133.2
<i>Adjusted net (loss) income attributable to shareholders per common share - basic</i>	<b>(0.01)</b>	0.17	<b>0.10</b>	0.33
<i>Adjusted net (loss) income attributable to shareholders per common share - diluted</i>	<b>(0.01)</b>	0.17	<b>0.10</b>	0.32
<b>Adjusted EBITDA<sup>1</sup></b>	<b>114.7</b>	128.0	<b>238.2</b>	246.7
<b>Cash flow from operating activities<sup>2</sup></b>	<b>61.6</b>	168.5	<b>51.8</b>	388.8
<i>Cash flow from operating activities per common share<sup>1</sup> - basic (\$)</i>	<b>0.09</b>	0.42	<b>0.09</b>	0.96
<b>Operating cash flow before changes in working capital<sup>1,2</sup></b>	<b>40.7</b>	139.5	<b>111.1</b>	384.4
<i>Operating cash flow before changes in working capital per common share<sup>1</sup> - basic (\$)</i>	<b>0.06</b>	0.35	<b>0.20</b>	0.95

<sup>2</sup>Q2 2021 includes \$30.0 million gold stream proceeds, 2021 YTD includes \$180.0 million silver and gold stream proceeds

(\$ millions)	June 30, 2022	March 31, 2022	December 31, 2021
Total assets	<b>5,296.8</b>	5,524.6	1,728.0
Long term debt (excluding financing fees and purchase price allocation fair value adjustments) <sup>1</sup>	<b>441.6</b>	348.2	—
Total non-current financial liabilities	<b>497.1</b>	387.1	38.4
Total non-current liabilities	<b>1,638.7</b>	1,554.1	481.3
Cash and cash equivalents and short-term investments	<b>350.1</b>	413.1	264.4
Net (debt)/cash <sup>1</sup>	<b>(91.5)</b>	64.9	264.4

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

## Q2 2022 Change in Net (debt)/cash



Transition from a Net cash<sup>1</sup> position as at March 31, 2022, to Net (debt)<sup>1</sup> position as at June 30, 2022, is mainly attributed to a significantly higher capital spend on MVDP. In addition, operating cash flow was impacted by declining copper prices and higher tax installments in Mexico. Moreover, payments on the Mantoverde's hedges and lease payments were made in Q2 2022.

### Selected Quarterly Financial Information

(\$ millions, except per share data)	Q2 2022 <sup>(i)</sup>	Q1 2022 <sup>(ii)</sup>	Q4 2021 <sup>(iii)</sup>	Q3 2021	Q2 2021 <sup>(iv)</sup>	Q1 2021 <sup>(v)</sup>	Q4 2020 <sup>(vi)</sup>	Q3 2020 <sup>(vii)</sup>
Revenue	356.6	268.1	215.9	165.4	209.4	204.1	148.1	130.5
Earnings from mining operations	37.3	106.0	102.5	62.8	102.8	92.5	57.2	28.6
Net income attributable to shareholders	75.1	34.0	41.4	35.0	49.4	101.0	27.6	2.4
Net income per share attributable to shareholders - basic	0.11	0.08	0.10	0.09	0.12	0.25	0.07	0.01
Net income per share attributable to shareholders - diluted	0.11	0.08	0.10	0.08	0.12	0.24	0.07	0.01
Operating cash flow before changes in non-cash working capital <sup>1</sup>	40.7	70.4	104.9	67.1	140.4	244.5	65.3	44.9
Capital expenditures (including capitalized stripping)	188.1	102.5	42.2	36.0	50.4	28.4	31.2	32.2

<sup>(i)</sup> Revenue, Earnings from mining operations, Net income and Operating cash flow before changes in working capital in Q2 2022 includes \$45.5 million of negative non-cash provisional pricing adjustments.

<sup>(ii)</sup> Net income in Q1 2022 includes \$20 million of share unit expense and \$19.9 million of transaction and integration costs as a result of the Mantos Transaction.

<sup>(iii)</sup> Net income in Q4 2021 includes \$27 million of share unit expense.

<sup>(iv)</sup> Net income in Q2 2021 includes \$19 million of share unit expense.

<sup>(v)</sup> Net income in Q1 2021 includes \$92 million of impairment reversal on mineral properties as well as \$27 million of share unit expense.

<sup>(vi)</sup> Net income in Q4 2020 includes \$16 million of share unit expense.

<sup>(vii)</sup> Earnings from mining operations and Net income in Q2 2020 includes \$14 million of positive non-cash provisional pricing adjustments and \$8 million in reversals of inventory write-downs.

## Consolidated Results

### Consolidated Net Income Analysis

#### Net Income for the Three Months Ended June 30, 2022 and 2021

The Company recorded net income of \$92.0 million for the three months ended June 30, 2022 compared with net income of \$49.4 million in Q2 2021. The major differences are outlined below:



The difference quarter-over-quarter was driven by:

- Revenue: \$147.2 million or 70% of the increase was driven by higher copper volumes sold due to the addition of Mantos Blancos and Mantoverde (Q2 2022 – 45.5 thousand tonnes, Q2 2021 – 19.6 thousand tonnes), and partially offset by lower realized copper prices<sup>1</sup> (Q2 2022 - \$3.66 per pound, Q2 2021 - \$4.78 per pound). Gross copper revenue increased by \$160.3 million (\$208.9 million increase on higher volume sold and reduced by \$48.6 million on lower price).
- Production costs: \$181.8 million increase primarily driven by the addition of Mantos Blancos and Mantoverde (\$169.7 million):
  - Pinto Valley recorded \$10.4 million higher production costs in Q2 2022 compared to Q2 2021 as a result of higher costs driven by inflationary impact on supplies and diesel.
  - Cozamin production costs remained consistent with \$1.1 million higher production costs in Q2 2022 compared to Q2 2021.
  - Mantos Blancos recorded \$66.3 million production costs in Q2 2022 on 11.9 thousand tonnes of copper volumes sold.
  - Mantoverde recorded \$103.4 million production costs in Q2 2022 on 14.2 thousand tonnes of copper volumes sold.
- Depletion and amortization: \$30.9 million increase primarily due to the addition of Mantos Blancos and Mantoverde and an increase in copper volumes sold.
- Share-based compensation expense: \$32.7 million decrease as a result of mark to market adjustments on share unit liabilities to reflect the decrease in the share price during Q2 2022 (decrease from C\$7.07 per share at March 31, 2022 to C\$3.25 per share at June 30, 2022).
- Gain on derivatives: \$94.4 million increase primarily due to the \$105.6 million unrealized net gain on MVDP's financing derivative portfolio (consisting of copper, interest rate and foreign currency swaps), partially offset by the realized net loss of \$19.6 million on the portfolio, and a net gain of \$9.0 million on the Company's other derivatives (copper and foreign exchange). Copper forward curve prices dropped

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

from \$4.71/lb as at March 31, 2022, to \$3.75/lb as at June 30, 2022, resulting in an unrealized gain on copper hedges of \$121.4 million.

- Foreign exchange: \$9.3 million change primarily due to additional foreign exchange impacts from Mantos Blancos and Mantoverde as a result of a weakening Chilean Peso.
- Income taxes: \$16.5 million increase due to higher pre-tax income during Q2 2022 compared to Q2 2021.

### Net Income for the Six Months Ended June 30, 2022 and 2021

The Company recorded net income of \$127.1 million for the six months ended June 30, 2022 compared with net income of \$176.4 million in 2021 YTD. The major differences are outlined below:



The difference year-over-year was driven by:

- Revenue: \$211.2 million or 51% increase driven by higher copper volumes sold due to addition of Mantos Blancos and Mantoverde (2022 YTD – 71.0 thousand tonnes, 2021 YTD – 41.9 thousand tonnes), and partially offset by lower realized copper prices<sup>1</sup> (2022 YTD - \$4.06 per pound, 2021 YTD - \$4.43 per pound). Gross copper revenue increased by \$226.3 million (\$260.6 million increase on higher volume sold and reduced by \$34.3 million on lower price).
- Production costs: \$224.6 million increase primarily driven by inclusion of Mantos Blancos and Mantoverde:
  - Pinto Valley recorded \$20.8 million higher production costs in 2022 YTD compared to 2021 YTD as a result of higher costs driven by inflationary impact on supplies and diesel and additional spend on rental equipment and contractors.
  - Cozamin recorded \$3.5 million higher production costs in 2022 YTD compared to 2021 YTD as a result of higher copper volumes sold (2022 YTD – 11.5 thousand tonnes, 2021 YTD – 10.7 thousand tonnes).
  - Mantos Blancos recorded \$75.2 million production costs in 2022 YTD on 13.5 thousand tonnes of copper volumes sold.
  - Mantoverde recorded \$124.1 million production costs in 2022 YTD on 17.0 thousand tonnes of copper volumes sold.
- Depletion and amortization: \$38.5 million increase primarily due to the addition of Mantos Blancos and Mantoverde of \$32.5 million and \$5.9 million from the increase in copper volumes sold.
- Impairment reversal of \$92.4 million on mineral properties related to Santo Domingo recorded during Q1 2021.

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled “Alternative Performance Measures”.

- Share-based compensation: \$40.0 million decrease primarily due to decrease in share price in 2022 YTD (C\$5.58 opening price to C\$3.25 closing price as at June 30, 2022 vs. C\$2.38 opening price to C\$5.38 closing price as at June 30, 2021).
- Gain on derivatives: \$97.2 million increase primarily due to the \$112.3 million unrealized net gain on MVDP's financing derivative portfolio (consisting of copper, interest rates, and foreign currency swaps), partially offset by the realized net loss of \$25.1 million on the portfolio, and a net gain of \$10.1 million on the Company's other derivatives (copper and foreign exchange collars). Copper forward curve prices dropped from \$4.41/lb as at December 31, 2021, to \$3.75/lb as at June 30, 2022,, resulting in an unrealized gain on copper hedges of \$128.0 million.
- Foreign exchange: \$9.0 million change primarily due to additional foreign exchange impacts from Mantos Blancos and Mantoverde of \$7.4 million from a weakening Chilean Pesos.
- Transaction & Integration costs : \$22.5 million increase primarily due to the transaction (\$19.4 million) and integration costs (\$3.1 million) incurred as a result of the Transaction.
- Income taxes: \$13.8 million increase due to higher pre-tax income during 2022 YTD compared to 2021 YTD.

### Revenue

Revenue increased quarter-on-quarter (\$356.6 million versus \$209.4 million in Q2 2021) primarily due to 25.9 thousand tonnes higher copper volumes sold (45.5 thousand tonnes versus 19.6 thousand tonnes in Q2 2021) as a result of the additional sales from Mantos Blancos and Mantoverde mines, and partially offset by a lower realized copper price<sup>1</sup> (\$3.66 per pound versus \$4.78 per pound in Q2 2021).

YTD revenue increased year-on-year (\$624.7 million versus \$413.5 million in 2021 YTD) due to 29.1 thousand tonnes higher copper volumes sold (71.0 thousand tonnes versus 41.9 thousand tonnes in 2021 YTD) as a result of the additional sales from Mantos Blancos and Mantoverde mines, and partially offset by a lower realized copper price<sup>1</sup> (\$4.06 per pound versus \$4.43 per pound in 2021 YTD). Total silver revenue decreased as a result of decreased silver prices (average market prices \$23/oz versus \$26/oz in 2021 YTD), and partially offset by higher ounces sold (1,191,708 oz versus 805,000 oz in 2021 YTD).

### Realized Copper Prices<sup>1</sup>

(\$/pound)	2022		2021			
	Q1	Q2	Q1	Q2	Q3	Q4
Pinto Valley	4.81	3.66	4.15	4.85	4.10	4.66
Mantos Blancos	4.84	3.57	—	—	—	—
Mantoverde	4.64	3.78	—	—	—	—
Cozamin	4.75	3.52	4.02	4.62	4.24	4.48
Consolidated	4.78	3.66	4.12	4.78	4.15	4.61
LME Average	4.53	4.31	3.86	4.40	4.25	4.40
LME Close	4.69	3.74	4.01	4.26	4.10	4.40

The realized copper price<sup>1</sup> in Q2 2022 of \$3.66 per pound was lower than the LME average of \$4.31 per pound due to 16.7 thousand tonnes of copper priced at an average of \$4.70 per pound at March 31, 2022, which final settled or second provisionally invoiced at lower average prices during Q2 2022 resulting in a decrease in revenue of \$13.8 million, and by 29.7 thousand tonnes of copper provisionally priced at an average of \$3.75 per pound at June 30, 2022, which was lower than Q2 2022 average prices.

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

## Revenue by Mine

(\$ millions)	Q2 2022 <sup>2</sup>		Q2 2021 <sup>2</sup>		2022 YTD <sup>2</sup>		2021 YTD <sup>2</sup>	
Pinto Valley	101.4	28.4 %	140.8	67.2 %	259.2	41.5 %	294.9	71.3 %
Mantos								
Blancos	88.3	24.8 %	—	—	105.6	16.9 %	—	—
Mantoverde	117.2	32.9 %	—	—	145.0	23.2 %	—	—
Cozamin	49.7	13.9 %	68.6	32.8 %	114.9	18.4 %	118.6	28.7 %
Total revenue	356.6	100.0 %	209.4	100.0 %	624.7	100.0 %	413.5	100.0 %

<sup>2</sup> The current and subsequent periods may include final settlement quantity and/or price adjustments from prior shipments.

## Provisionally Priced Copper

Provisional pricing is a term in copper concentrate and copper cathode sales agreements that provides for provisional pricing of sales at the time of shipment, with final pricing being based on the monthly average LME copper price for specific future periods, normally ranging from one to four months after delivery to the customer.

Gross revenue for the three months ended June 30, 2022 includes 51.4 thousand tonnes of copper sold subject to final settlement. Of this, the prices for 21.7 thousand tonnes are final at a weighted average price of \$4.38 per pound. The remaining 29.7 thousand tonnes are subject to price change upon final settlement at the end of the applicable quotational period, as follows:

Quotational Period	Pinto Valley	Mantos		Cozamin	Total	(\$/pound)
		Blancos	Mantoverde			Provisional Price
Jul-2022	2.4	3.7	4.0	—	10.1	3.75
Aug-2022	—	2.7	—	1.9	4.6	3.75
Sep-2022	2.8	2.4	—	2.1	7.3	3.75
Oct-2022	2.6	—	—	1.9	4.5	3.75
Nov-2022	3.2	—	—	—	3.2	3.75
Total	11.0	8.8	4.0	5.9	29.7	3.75

## Reconciliation of Realized Copper Price<sup>1</sup>

(\$ millions, except as noted)	Q2 2022	Q2 2021	2022 YTD	2021 YTD
<b>Gross copper revenue</b>				
Gross copper revenue on new shipments	<b>424.8</b>	193.1	<b>684.2</b>	394.4
Gross copper revenue on prior shipments	<b>(13.8)</b>	23.4	<b>(10.2)</b>	29.8
Provisional pricing changes to copper revenue	<b>(44.5)</b>	(10.1)	<b>(38.7)</b>	(15.2)
<b>Gross copper revenue</b>	<b>366.5</b>	206.4	<b>635.3</b>	409.0
Gross copper revenue on new shipments (\$/pound)	<b>4.24</b>	4.48	<b>4.37</b>	4.27
Gross copper revenue on prior shipments (\$/pound)	<b>(0.14)</b>	0.54	<b>(0.06)</b>	0.32
Provisional pricing changes to copper revenue (\$/pound)	<b>(0.44)</b>	(0.24)	<b>(0.25)</b>	(0.16)
<b>Realized copper price<sup>1</sup> (\$/pound)</b>	<b>3.66</b>	4.78	<b>4.06</b>	4.43
<b>LME average copper price (\$)</b>	<b>4.31</b>	4.40	<b>4.42</b>	4.13
<b>Gross copper revenue - reconciliation to financials</b>				
Gross copper revenue	<b>366.6</b>	206.4	<b>635.3</b>	409.0
Revenue from other metals	<b>9.3</b>	13.7	<b>22.4</b>	27.6
Treatment and selling	<b>(19.3)</b>	(10.7)	<b>(33.0)</b>	(23.1)
<b>Revenue per financials</b>	<b>356.6</b>	209.4	<b>624.7</b>	413.5
<b>Payable copper sold (tonnes)</b>	<b>45,492</b>	19,572	<b>71,000</b>	41,873

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

## Consolidated Cash Flow Analysis<sup>2</sup>

(\$ millions)	Q2 2022	Q2 2021	2022 YTD	2021 YTD
Operating cash flow before changes in working capital <sup>1, 3</sup>	40.7	139.5	111.1	384.4
Changes in non-cash working capital	26.1	28.4	(60.7)	4.2
Other non-cash changes	(5.2)	0.6	1.4	0.2
<b>Total cash flow from operating activities</b>	<b>61.6</b>	<b>168.5</b>	<b>51.8</b>	<b>388.8</b>
Total cash flow used in investing activities	(184.0)	(43.5)	(19.2)	(90.9)
Total cash flow from (used in) financing activities	60.6	1.5	53.8	(186.4)
Effect of foreign exchange rates on cash and cash equivalents	(0.9)	0.1	(0.3)	0.1
<b>Net change in cash and cash equivalents</b>	<b>(62.7)</b>	<b>126.6</b>	<b>86.1</b>	<b>111.6</b>
Opening cash and cash equivalents	410.9	41.6	262.1	56.6
<b>Closing cash and cash equivalents</b>	<b>348.2</b>	<b>168.2</b>	<b>348.2</b>	<b>168.2</b>

<sup>2</sup>Q2 2021 includes \$30.0 million gold stream proceeds, 2021 YTD includes \$180.0 million silver and gold stream proceeds

<sup>3</sup>Certain of prior period comparative figures have been reclassified to conform with the current year's presentation

### Changes in Cash Flows for the Three Months Ended June 30, 2022 and 2021

The net change in cash was \$(62.7) million in Q2 2022 compared to \$126.6 million in Q2 2021. The change was primarily due to:

- Cash flow from operating activities before changes in working capital<sup>1</sup> was lower by \$98.8 million. Revenue less production costs were lower in Q2 2022 versus Q2 2021 by \$34.0 million (Q2 2022 revenue of \$356.6 million less production costs of \$263.8 million compared to Q2 2021 revenue of \$209.4 million less production costs of \$82.6 million) due to lower copper prices and inflationary pressure on production costs. Also, higher taxes, realized loss on foreign exchange, transaction and integration costs, and \$30.0 million proceeds were received under a Gold Stream Agreement in Q2 2021 versus nil in Q2 2022.
- Changes in non-cash working capital in Q2 2022 was \$2.3 million lower compared to the same period last year primarily due an increase in inventories and decrease in accounts payable and accrued liabilities resulting from timing of payments made to vendors and withholding taxes, partially offset by a decrease in accounts receivable.
- Cash flows used in investing activities were \$140.5 million higher in Q2 2022 mainly due to capital expenditures on the MVDP and MB-CDP in Q2 2022.
- Cash flows from financing activities were \$59.1 million higher in Q2 2022 primarily due to \$100.0 million draw down on the MVDP Finance facility, partially offset by copper swap contract payments associated with the MVDP Finance facility, the Glencore facility quarterly repayment and lease payments, compared to low activity in Q2 2021.

### Changes in Cash Flows for the Six Months Ended June 30, 2022 and 2021

The net change in cash was \$86.1 million in 2022 YTD compared to \$111.6 million in 2021 YTD. The change was primarily due to:

- Operating cash flow before changes in working capital<sup>1</sup> was lower by \$(273.3) million. Revenue less production costs were lower in 2022 YTD versus 2021 YTD by \$12.4 million (2022 YTD revenue of \$624.7 million less production costs of \$390.8 million compared to 2021 YTD revenue of \$413.5 million less production costs of \$167.3 million) due to lower copper prices and inflationary pressure on production costs. Also, higher taxes, realized loss on foreign exchange, transaction and integration costs related to the Transaction were paid, and \$180.0 million proceeds were received in 2021 YTD under a Silver and Gold Stream Agreements versus nil in 2022 YTD.
- Changes in non-cash working capital was lower by \$64.9 million primarily due to a decrease in accounts payable driven by \$30.4 million higher share-based compensation payments and withholding tax payments of \$13.2 million related to the KORES transaction in 2022 YTD versus 2021 YTD, accrued and other liabilities and an increase in inventories and other assets, partially offset by a decrease in accounts receivable.
- Cash flows used in investing activities were \$71.7 million higher in 2022 YTD mainly due to addition of Mantos Blancos and Mantoverde mines. Cash used in investing activities for capital asset additions was offset by \$219.2 million received on the Transaction.

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

- Cash flows from financing activities were \$240.2 million higher in 2022 YTD primarily due to \$184.9 million of net repayments on the Revolving Credit Facility ("RCF") in 2021 YTD compared to net proceeds of \$86.7 million on the MVDP and MB-CDP project facilities.

**Operational Results**  
**Pinto Valley Mine – Miami, Arizona**  
**Operating Statistics**

	2022			2021				
	Q1	Q2	Total	Q1	Q2	Q3	Q4	Total
<b>Production (contained)<sup>2</sup></b>								
Copper in Concentrate (tonnes)	13,716	12,778	26,494	15,988	12,899	13,192	16,196	58,275
Cathode (tonnes)	636	556	1,192	527	497	538	622	2,184
Total Copper (tonnes)	14,352	13,334	27,686	16,515	13,396	13,730	16,818	60,459
<b>Mining</b>								
Waste (000s tonnes)	5,572	6,082	11,654	7,169	7,144	6,115	5,411	25,839
Ore (000s tonnes)	6,074	4,986	11,060	5,569	4,393	5,545	6,560	22,067
Total (000s tonnes)	11,646	11,068	22,714	12,738	11,537	11,660	11,971	47,906
Strip Ratio (Waste:Ore)	0.92	1.22	1.05	1.29	1.63	1.10	0.82	1.17
<b>Processing</b>								
Throughput (000s tonnes)	5,257	4,261	9,519	5,229	4,474	4,517	5,380	19,601
Tonnes per day	58,412	46,821	52,585	58,095	49,170	49,100	58,481	53,700
Grade (%) <sup>3</sup>	0.32	0.34	0.33	0.36	0.33	0.33	0.37	0.35
Recoveries (%) <sup>3</sup>	82.3	88.2	85.0	85.6	88.6	88.0	81.8	85.7
Property costs <sup>1</sup> (\$/t milled)	12.21	16.44	14.11	10.92	13.23	13.76	11.14	12.16
Payable copper produced (tonnes)	13,872	12,887	26,759	15,956	12,945	13,268	16,250	58,419
Copper C1 cash cost <sup>1</sup> (\$/pound payable copper produced)	2.60	2.82	2.70	1.94	2.33	2.44	2.00	2.16
Adjusted EBITDA <sup>1</sup> (\$ millions)	71.1	48.1	119.2	88.3	82.5	35.9	74.3	281.0

<sup>2</sup> Adjustments based on final settlements will be made in future quarters

<sup>3</sup> Grade and recoveries were estimated based on concentrate production and may be impacted by settlements from prior production periods.

**Operational and C1 Cash Costs<sup>1</sup> Update**

Copper production of 13.3 thousand tonnes in Q2 2022 remained flat compared to Q2 2021 mainly due to lower throughput during the quarter (Q2 2022 - 46,821 tpd versus Q2 2021 49,170) as a result of planned and unplanned maintenance and repairs on the tailings thickeners, and offset partially by higher grades (Q2 2022 – 0.34% versus Q2 2021 - 0.33%).

2022 YTD production was 7% lower than the same period last year primarily attributed to slightly lower grades (2022 YTD – 0.33% versus 2021 YTD – 0.34%), lower recoveries ( 2022 YTD - 85.0% versus 2021 YTD - 86.9%) as well as lower mill throughput (52,585 tpd in 2022 YTD versus 53,608 tpd in 2021 YTD). The lower grade versus the same period last year is a function of the mining sequence, the grade is expected to improve slightly over the remainder of the year. Additionally, throughput for the remainder of the year is expected to improve with no major shutdowns planned.

C1 cash costs<sup>1</sup> of \$2.82/lb in Q2 2022 were higher than Q2 2021 of \$2.33/lb primarily due to increases in operating costs (\$0.38/lb) as a result of inflationary pressures on diesel, power, grinding media and rental equipment, and increases in treatment and refining costs (\$0.13/lb). 2022 YTD C1 cash costs<sup>1</sup> of \$2.70/lb were \$0.58/lb higher compared to the same period last year of \$2.12/lb primarily due to decreased copper production (\$0.17/lb), increased operating costs due to inflationary pressures on diesel, power, grinding media; and higher spend on rental equipment, mining equipment tools, contractors and dust suppression (\$0.31/lb) and an increase in treatment and refining costs (\$0.11/lb).

### Investing Activities

Sustaining capital<sup>1</sup> in Q2 2022 of \$14.2 million was spent primarily on mining equipment component replacements, mine drill replacements, mill infrastructure, peak well water drilling, tailings and environmental projects, including pond containment for contaminated storm water, mill water overflows and pipe leaks. Expansionary capital<sup>1</sup> in Q2 2022 of \$3.3 million primarily related to the PV4 studies, peak well booster and tailings thickener pumping upgrade. Deferred stripping was consistent quarter over quarter.

(\$ millions)	Q2 2022	Q2 2021	2022 YTD	2021 YTD
Deferred stripping - cash	3.8	4.3	5.6	6.3
Deferred stripping - non cash	1.4	1.6	2.0	2.2
Deferred stripping (per financials)	5.2	5.9	7.6	8.5
Sustaining capital <sup>1</sup>	14.2	17.2	26.6	22.1
Expansionary capital <sup>1</sup>	3.3	3.9	6.2	5.7
Right of use assets - non cash	—	2.7	—	8.8
Pinto Valley segment mineral property, plant and equipment ("MPPE") additions (per financials)	22.7	29.7	40.4	45.1

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

## Mantos Blancos – Antofagasta, Chile

### Operating Statistics

The Mantos Blancos mine is an open-pit mine located in the Antofagasta region of Chile, approximately 45 kilometers northeast of Antofagasta. Mantos Blancos has sulphide and oxide operations with operations history dating back to 1960. The mine produces high-grade copper concentrate and +90% LME Grade A cathode copper from a SX-EW plant with a capacity of up to 60,000 tonnes of copper cathode per annum. The mine is undergoing a transition to a 20,000 tonne per day sulphide operation via the on-going MB-CDP with construction complete and ramp-up ongoing. The property consists of a large, under explored land package consisting of 57,620 hectares. Mantos Blancos is 100% owned by the Company and year to date amounts include results for the nine days from from March 23 to March 31, 2022.

	Q1	2022 Q2	Total
<b>Production</b> (contained metal and cathode) <sup>2</sup>			
Copper in Concentrate (tonnes)	704	8,685	9,389
Cathode (tonnes)	330	3,713	4,043
Total Copper (tonnes)	1,034	12,398	13,432
<b>Mining</b>			
Waste (000s tonnes)	—	11,671	11,671
Ore (000s tonnes)	—	8,409	8,409
Total (000s tonnes)	—	20,080	20,080
Strip Ratio (Waste:Ore)	—	1.39	1.39
Stockpile (000s tonnes)	—	801	801
Total material moved (000s tonnes)	—	20,881	801
<b>Mill operations</b>			
Tonnes per day	—	15,218	15,218
Grade (%) <sup>3</sup>	—	0.90	0.90
Recoveries (%) <sup>3</sup>	—	69.7	69.7
<b>Dump operations</b>			
Throughput (000s tonnes)	—	3,138	3,138
Grade (%) <sup>3</sup>	—	0.18	0.18
<b>Silver</b>			
Production contained (oz)	22	314	336
Payable copper produced (tonnes)	1,011	12,129	13,140
Sulphides C1 cash cost <sup>1</sup> (\$/pound payable copper produced)	—	2.49	2.52
Cathode C1 cash cost <sup>1</sup> (\$/pound payable copper produced)	—	3.67	3.72
Combined C1 cash cost <sup>1</sup> (\$/pound payable copper produced)	3.33	2.85	2.89
Adjusted EBITDA <sup>1</sup> (\$ millions)	8.3	34.1	42.4

<sup>2</sup> Adjustments based on final settlements will be made in future quarters

<sup>3</sup> Grade and recoveries were estimated based on concentrate production and may be impacted by settlements from prior production periods.

2022 YTD production was 13.4 thousand tonnes which is within production guidance range. Tonnes per day milled was 15,218, mill head grade was 0.90%, recoveries 69.7%. Dumps throughput was 3.1 million tonnes with 0.18% grades.

2022 YTD C1 cash costs<sup>1</sup>, combined, were \$2.89/lb.

### Investing Activities

Sustaining capital<sup>1</sup> in Q2 2022 of \$6.8 million was spent primarily on mining equipment component replacements, maintenance of electrical and pump system in addition to enable phase VI of East Dump. Expansionary capital<sup>1</sup> in Q2 2022 of \$10.6 million related to the MB-CDP. Deferred stripping in Q2 2022 was \$16.3 million.

Capitalized exploration expenditures totaled \$0.3 million for Q2 2022. This was associated with sonic drilling targeting the West Dump area.

(\$ millions)	2022 YTD
Deferred stripping	16.3
Sustaining capital <sup>1</sup>	6.8
Expansionary capital <sup>1</sup>	10.6
Capitalized interest on construction in progress	3.6
Asset retirement obligation changes - non-cash	17.2
Brownfield exploration	0.3
Mantos Blancos segment MPPE additions (per financials)	54.8

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

## Mantoverde – Atacama, Chile

### Operating Statistics

The Mantoverde mine is an open-pit mine located in the Atacama region of Chile, approximately 45 kilometers from the coast and approximately 30 kilometers southwest of Santo Domingo Project. Current oxide operations have been in production since 1995, with a current SX-EW plant capacity of 60,000 tonnes of cathode copper per annum. MVDP contract commenced in February 2021 and the project is expected to increase production at Mantoverde from approximately 37,000 tonnes of oxide in 2020 to approximately 120,000 in 2024 of which the majority is from sulphide production. The property consists of a large under explored land package of 39,485 hectares. Mantoverde is 70% owned by the Company and 30% owned by Mitsubishi Materials Corp.

	Q1	2022 Q2	Total
<b>Production (contained)<sup>2, 3</sup></b>			
Cathode (tonnes)	1,208	13,049	14,257
<b>Mining</b>			
Waste (000s tonnes)	—	13,501	13,501
Ore (000s tonnes)	—	5,876	5,876
Total (000s tonnes)	—	19,377	19,377
Strip Ratio (Waste:Ore)	—	2.30	2.30
Rehandled Ore (000s tonnes)	—	3,366	3,366
Total material moved (000s tonnes)	—	22,743	22,743
<b>Heap operations</b>			
Throughput (000s tonnes)	—	2,763	2,763
Grade (%)	—	0.49	0.49
Recoveries (%)	—	75.67	75.67
<b>Dump operations</b>			
Throughput (000s tonnes)	—	2,644	2,644
Grade (%)	—	0.17	0.17
Recoveries (%)	—	41.93	41.93
Payable copper produced (tonnes)	1,208	13,050	14,258
Copper C1 cash cost <sup>1</sup> (\$/pound payable copper produced)	3.63	3.40	3.42
Adjusted EBITDA <sup>1</sup> (\$ millions)	7.2	5.8	13.0

<sup>2</sup> Adjustments based on final settlements will be made in future quarters

<sup>3</sup> Production shown on a 100% basis.

2022 YTD production was 14.3 thousand tonnes which is above the high end of production guidance range. Heap operation grade was 0.49% and recoveries 75.67%. Dump operations grade was 0.17% and recoveries 41.93%.

2022 YTD C1 cash costs<sup>1</sup> were \$3.42/lb, below the lowest guidance range.

### Investing Activities

Sustaining capital<sup>1</sup> in Q2 2022 of \$7.2 million was spent primarily to enable a new leaching area (4<sup>th</sup> level), new South Dump II area, new acid tank and mining equipment component replacements. Expansionary capital<sup>1</sup> in Q2 2022 of \$75.1 million related to MVDP. Pre-stripping in Q2 2022 totaled \$20.1 million. Right of use assets addition of \$20.4 million was mining equipment.

Capitalized exploration expenditures totaled \$0.4 million for Q2 2022. This was associated with scout drilling performed on the east side of the Llano Sur area and for testing mineralization at depth.

(\$ millions)	2022 YTD
Pre-stripping	20.1
Sustaining capital <sup>1</sup>	7.2
Expansionary capital <sup>1</sup>	75.1
Capitalized interest on construction in progress	4.4
Asset retirement obligation changes - non cash	16.6
Right of use assets - non cash	20.4
Brownfield exploration	0.4
Mantoverde segment MPPE additions (per financials)	144.2

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

**Cozamin Mine – Zacatecas, Mexico**  
**Operating Statistics**

	2022			2021				
	Q1	Q2	Total	Q1	Q2	Q3	Q4	Total
<b>Production (contained)<sup>2</sup></b>								
Copper (tonnes)	5,921	6,397	12,318	5,166	6,250	6,420	6,582	24,418
Silver (000s ounces)	798	271	1,069	343	364	398	426	1,531
Zinc (000s pounds)	271	439	710	2,715	1,885	710	928	6,238
<b>Mining</b>								
Ore (000s tonnes)	342	346	688	328	332	345	353	1,358
<b>Processing</b>								
Milled (000s tonnes)	333	352	685	301	348	355	355	1,359
Tonnes per day	3,704	3,874	3,789	3,345	3,828	3,854	3,863	3,724
<b>Copper</b>								
Grade (%) <sup>3</sup>	1.84	1.88	1.86	1.79	1.86	1.87	1.92	1.86
Recoveries (%)	96.6	96.7	96.7	96.0	96.3	96.7	96.6	96.4
<b>Silver</b>								
Grade (%) <sup>3</sup>	41.9	36.4	39.1	43.8	39.6	41.8	45.1	42.5
Recoveries (%)	82.6	82.0	82.3	80.9	82.1	83.6	82.7	82.4
<b>Zinc</b>								
Grade (%) <sup>3</sup>	0.43	0.33	0.38	0.84	0.53	0.45	0.48	0.56
Recoveries (%)	25.4	10.7	18.8	48.6	46.7	20.3	24.7	37.0
Property costs <sup>1</sup> (\$/t milled)	48.20	48.95	48.57	46.27	41.65	44.10	43.79	43.87
Payable copper produced (tonnes)	5,690	6,144	11,834	4,957	6,002	6,169	6,325	23,453
Copper C1 cash cost <sup>1</sup> (\$/pound payable copper produced)	1.12	1.25	1.19	0.91	1.00	0.93	0.99	0.96
Adjusted EBITDA <sup>1</sup> (\$ millions)	44.7	36.7	81.4	34.7	50.0	41.2	45.8	171.7

<sup>2</sup> Adjustments based on final settlements will be made in the future quarters.

<sup>3</sup> Grade and recoveries were estimated based on concentrate production and may be impacted by settlements from prior production periods.

**Operational and C1 Cash Costs<sup>1</sup> Update**

Copper production of 6.4 thousand tonnes was 2% higher in Q2 2022 than in Q2 2021 as a result of higher throughput of 3,874 tpd, and higher grades (1.88% versus 1.86%). The optimized technical report plan is delivering higher grades in 2022, and the higher throughput is a result of upgrades to the mill that occurred in Q1 2022.

2022 YTD production was 8% higher than the same period last year and attributed to the higher mining rates as the mine uses the availability of the Calicanto ramp increasingly compared to the prior year and higher throughput as a result of upgrades to the mill in Q1 2022. (3,789 in 2022 YTD versus 3,588 in 2021 YTD) and higher grades (2022 YTD – 1.86% versus 2021 YTD – 1.83%).

Q2 2022 C1 cash costs<sup>1</sup> were 25% higher than the same period last year due to increases in operating costs (\$0.23/lb) as a result of inflationary pressures on steel (grinding media), explosives, and insurance premiums, and planned higher spend on mechanical parts to increase equipment availability. There was also a decrease in by-product credits (\$0.09/lb) as a result of lower zinc production as well as lower silver production and prices.

2022 YTD C1 cash costs<sup>1</sup> were higher than the same period last year primarily due to inflationary price increases in steel (grinding media), explosives and insurance premiums, planned higher spend on mechanical parts to increase equipment availability and reliability (\$0.17/lb), lower by-product credits due to planned lower zinc production, as well as lower silver prices (\$0.07/lb) and higher treatment and refining costs (\$0.03/lb), partially offset by higher copper production (-\$0.06/lb).

### Investing Activities

Sustaining capital<sup>1</sup> and expansionary capital<sup>1</sup> spending at Cozamin totaled \$15.5 million for Q2 2022. Sustaining capital<sup>1</sup> was related to mine development and mine equipment. Capital spending included \$8.7 million of expansionary capital<sup>1</sup> on the filtered (dry stack) tailings and pastefill facility project. Total project costs to date are \$31.8 million and the project is expected to total \$55 million. The plant is expected to be ramping up in H1 2023.

Capitalized exploration expenditures totaled \$0.8 million for Q2 2022. This was spent on testing the MNV West Target with one surface rig and one underground rig from the west exploration crosscut station.

(\$ millions)	Q2 2022	Q2 2021	2022 YTD	2021 YTD
Sustaining capital <sup>1</sup>	6.8	6.6	15.2	11.0
Expansionary capital <sup>1</sup>	8.7	5.1	18.5	5.3
Brownfield exploration	0.8	1.4	1.7	2.4
Right of use assets-non cash	—	—	0.3	—
Cozamin segment MPPE additions (per financials)	16.3	13.1	35.7	18.7

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

## Santo Domingo Project – Chile (Copper and Iron) Investing Activities

Since closing of the Transaction, the Santo Domingo team has been integrated into the larger Capstone Copper team in Chile. The integrated project team is focused on identifying and evaluating the optimal integrated development plan for the Mantoverde-Santo Domingo district. The Mantoverde operation is located approximately ~35km southwest of the Santo Domingo project. The Company expects the integrated district plan to study alternatives and identify the best path forward to develop the copper (sulphides and oxides), gold, iron, and cobalt across both properties. An integrated development approach is likely to maximize potential synergies associated with the proximity of Santo Domingo to the existing Mantoverde operation, existing infrastructure (including a desalination plant, roads, power, and pipelines), and integration of other assets, such as the Santo Domingo port contract with Puerto Abierto S.A. and the rail option currently being assessed for products/supply transportation.

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

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

The revenue-enhancing opportunities include using excess electrowinning capacity at Mantoverde to potentially process both Santo Domingo oxide material and additional low-grade sulphides enabled by Jetti catalytic leach technologies which Capstone Copper has been first to implement at Pinto Valley. An updated base Santo Domingo feasibility study including district integration synergies will be released in H2 2023.

Santo Domingo contains oxide mineralization, which is located above the sulphide ore body and is part of the Santo Domingo and Iris Norte pre-stripping material. During Q2 2022, the Company continued with the exploration program, which is expected to be completed in Q3 2022. Preliminary metallurgical test results suggest the possibility to process Santo Domingo's oxides at Mantoverde's existing SX-EW plant. The results of the oxide drill program including an optimized flowsheet will be incorporated into an updated Santo Domingo feasibility study to be released in H1 2024.

### Mantoverde-Santo Domingo Cobalt feasibility study:

A district cobalt plant for Mantoverde-Santo Domingo may also unlock cobalt production from Mantoverde while producing a by-product of sulphuric acid which can then be consumed internally to further significantly lower operating costs on the leaching process at Mantoverde.

The cobalt recovery process consists of a concentration step, an oxidation step, and a cobalt recovery step. The concentration step considers a conventional froth flotation circuit treating copper flotation tails to produce a cobaltiferous pyrite concentrate. For the base case, the pyrite concentrate, which contains between 0.5% and 0.7% Co, is oxidized in a fluidized bed roaster to produce a cobalt calcine and a concentrated sulphuric acid by-product. The calcine is then subjected to various leaching, precipitation, solvent extraction and crystallization steps to produce battery grade cobalt sulphate heptahydrate. Capstone is also evaluating alternatives that may include the direct sale of some or all the cobalt as intermediate product, such as mixed hydroxide precipitate, to a partner, JV or an independent third-party refiner. At an expected 4.7 thousand tonnes of cobalt production per year from Santo Domingo plus expected additional tonnage from Mantoverde, this would be one of the largest and lowest cost cobalt producers in the world. Additional benefits of this project include the generation of carbon-free energy from waste heat emitted by the roaster, and the production of by-product sulphuric acid which can be used for heap or dump leaching to produce low-cost copper cathodes at Mantoverde, Mantos Blancos or sold to other consumers within the district.

Along the same timeline (Q4 2022) we intend to release an updated cobalt resource for Santo Domingo, as well as an initial cobalt resource for Mantoverde. The full updated cobalt feasibility study will be released in H1 2024.

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

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

(\$ millions)	Q2 2022	Q2 2021	2022 YTD	2021 YTD
Capitalized project costs	6.0	5.8	15.5	13.2

## Exploration

(\$millions)	Q2 2022	Q2 2021	2022 YTD	2021 YTD
Greenfield exploration (expensed to income statement)	3.4	0.7	5.3	0.7
Brownfield exploration (capitalized to mineral properties):				
Mantos Blancos	0.3	—	0.3	—
Mantoverde	0.4	—	0.4	—
Cozamin	0.8	1.0	1.7	1.0
<b>Total exploration</b>	<b>4.9</b>	<b>1.7</b>	<b>7.7</b>	<b>1.7</b>

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

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

Production and C1 cash costs<sup>1</sup> guidance published in May 2022 is reiterated. Capital guidance has been reduced by \$40 million in relation to the recent drop in copper prices.

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

	April 1 – December 31, 2022 Copper Production (‘000s tonnes)	C1 Cash Costs <sup>1</sup> (US\$ per payable lb Cu Produced)
<b>Sulphides Business</b>		
Pinto Valley	41.0 – 45.0	\$2.45 – \$2.60
Cozamin	18.0 – 20.0	\$1.10 – \$1.25
Mantos Blancos	32.0 – 35.0	\$1.95 – \$2.10
<b>Total Sulphides</b>	<b>91.0 – 100.0</b>	<b>\$2.00 – \$2.15</b>
<b>Cathode Business</b>		
Mantos Blancos	10.0 – 11.0	\$3.45 – \$3.60
Mantoverde <sup>2</sup>	35.0 – 39.0	\$3.60 – \$3.80
<b>Total Cathodes</b>	<b>45.0 – 50.0</b>	<b>\$3.55 – \$3.75</b>
<b>Consolidated Cu Production</b>	<b>136.0 - 150.0</b>	<b>\$2.55 – \$2.70</b>

<sup>2</sup> Mantoverde production shown on a 100% basis.

Updated Capital and Exploration guidance (April to December 2022) is as follows:

	Pinto Valley	Mantos Blancos	Mantoverde (100% basis)	Cozamin	Santo Domingo	Other	Total
<b>Capital Expenditure (\$ millions)</b>							
Sustaining capital <sup>1</sup>	55	20	20	25	—	—	120
Capitalized stripping	5	55	—	—	—	—	60
Expansionary capital <sup>1</sup>	15	20	305	35	25	—	400
<b>Total Capital Expenditure</b>	<b>75</b>	<b>95</b>	<b>325</b>	<b>60</b>	<b>25</b>	<b>—</b>	<b>580</b>
<b>Exploration (\$ millions)</b>							
Brownfield (Cozamin and Chile)	—	1	1	2	2	—	6
Greenfield (Brazil and Chile)	—	—	—	—	—	2	2
Greenfield (Copper Cities, Arizona)	7	—	—	—	—	—	7
<b>Total Exploration</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>15</b>

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled “Alternative Performance Measures”.

As a precaution related to the drop in copper prices, we have made initial reductions and deferrals to our capital plans. Capital guidance for April to December 2022 has been reduced from \$620 million to \$580 million. The \$40 million in net reductions includes a lag in MVDP spending from 2022 to 2023 of \$25 million, a reduction of \$15 million at Santo Domingo, related primarily to reduced scope of work related to the C17 bypass and cobalt study, and reductions to sustaining capital of \$10 million at Pinto Valley. These were partially offset by an increase to the Cozamin pastefill project costs of \$10 million, primarily a result of scope changes and increases to estimated piping, raisebore and underground development costs.

Key assumptions included in the original 2022 guidance are \$280/tonne sulphuric acid prices, \$100 per barrel WTI oil price, \$24/oz silver prices and 20:1 Mexican Peso to US dollar foreign exchange rate and 800 Chilean Peso to US Dollar foreign exchange rate. Capstone is starting to see relief in input pricing assumptions including acid, fuel, freight costs plus weakening in the Chilean peso.

## Liquidity and Financial Position Review

### Working Capital

Working capital was \$222.9 million at June 30, 2022 compared with \$136.5 million at December 31, 2021, as follows:

(\$ millions)	June 30, 2022	December 31, 2021
<b>Current assets</b>		
Cash and cash equivalents	348.2	262.1
Short-term investments	1.9	2.3
Receivables	121.3	33.5
Inventories	134.3	62.8
Derivative assets	25.4	0.5
Other assets	48.6	5.5
<b>Total current assets</b>	<b>679.7</b>	<b>366.7</b>
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	291.3	97.4
Current portion of long-term debt	28.9	—
Lease liabilities	29.4	3.4
Income taxes payable	9.8	29.4
Derivative liabilities	34.8	0.3
Other liabilities	62.6	99.7
<b>Total current liabilities</b>	<b>456.8</b>	<b>230.2</b>
<b>Working capital</b>	<b>222.9</b>	<b>136.5</b>

Cash and cash equivalents increased by \$86.1 million from December 31, 2021 to June 30, 2022. The increase primarily relates to inflows of Mantos' cash balances of \$219 million assumed on the transaction as at March 23, 2022 and net drawdown on the project financing facilities of \$87 million, and partially offset by cash outflows related to the share unit settlement of \$48 million, transaction costs of \$19.9 million, derivative and interest payments of \$32 million, and higher cash taxes paid of \$54 million. The Statement of Cash Flows within the Company's condensed interim consolidated financial statements contains further details.

As at June 30, 2022, the Company held \$1.9 million of highly liquid short-term investments in exchange traded funds. Given their liquid nature, management liquidates these short-term investments to meet cash demands on an as-needed basis.

Receivables increased by \$87.8 million primarily due to the addition of Mantos' receivable balances of \$109.0 million as at June 30, 2022, and partially offset by lower concentrates receivables at Pinto Valley and Cozamin as a result of the decrease in copper prices.

Inventories increased by \$71.5 million primarily related to the addition of Mantos' inventory balances of \$79.6 million (\$26.4 million of supplies, \$32.2 million of copper concentrates, and \$21.0 million of copper cathode) as at June 30, 2022.

Derivative assets increased by \$24.9 million primarily related to the current portion of the interest rate swaps included as part of Mantoverde's project finance facility package and copper zero cost collars entered into during Q2 2022.

Other assets increased by \$43.1 million primarily due to the addition of Mantos' \$28.6 million of prepaid expenses and other deposits as at June 30, 2022 and net insurance prepayments.

Accounts payable and accrued liabilities increased by \$193.9 million primarily due to the addition of Mantos' accounts payable balances of \$212.5 million as at June 30, 2022.

Derivative liabilities increased by \$34.5 million at June 30, 2022 due to the current portion of the copper commodity and CLP foreign currency derivative contract that were required as part of the Mantoverde project finance facility.

Other liabilities decreased by \$37.0 million primarily due to the decrease in the current portion of share-based payment obligations of \$39.7 million driven by the decrease in share price during 2022.

### **Purchase of Non-Controlling Interest from KORES**

At June 30, 2022, a liability of \$83.9 million has been recognized in other liabilities (\$44.5 million in current and \$39.4 million in non-current) equal to the discounted amount of the remaining \$90.0 million to be paid to KORES as part of the agreement to purchase its 30% share of Acquisition Co. The discounted amount of the remaining \$90.0 million will be accreted up to its face value at 5% per year. During the six months ended June 30, 2022, \$2.0 million of accretion was recorded in other interest expense in the condensed interim consolidated statements of income.

### **Credit Facilities**

#### *Mantos Blancos Concentrator Development Project Debt Facility*

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

Interest on borrowings under the MB-CDP Debt Facility is payable quarterly at a variable rate of 3-month US LIBOR plus a margin of 4.5% per year and repayment terms require that the Company make repayment installments quarterly, equal to a percentage of the aggregate loans outstanding at the end of the period. The repayment installment required as at June 30, 2022 was equal to 4.375% of the aggregate loan balance. The loan is secured by a comprehensive security package covering substantially all of Mantos Copper S.A.'s assets.

These agreements include affirmative and negative covenants and grant the counterparties security interests over specified assets of the Company. If certain events of default occur, Glencore could terminate their respective agreements in exchange for potentially substantial termination payments. As at June 30, 2022, the Company was in compliance with these covenants.

Subsequent to the quarter, the Company repaid the MB-CDP Debt facility using funds drawn from the RCF.

#### *Mantoverde Development Project Facility*

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

Interest on borrowings under the MVDP facility is payable quarterly at a variable rate of 3-month US\$ LIBOR plus a margin per year (i.e., 1.65% for the Covered Facility and, with respect to the Uncovered Facility, a rate of 3.75% and with respect to the ECA Direct Facility a rate of 4.00% pre-completion of the MVDP and decreasing to 3.50% and 3.75% respectively post-completion of the MVDP). Pursuant to the Covered Facility, an export credit agency guarantees premium of 2.05% per year is also payable quarterly and calculated over amounts outstanding under the Covered Facility. The MVDP facility is secured by a comprehensive security package covering substantially all

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

of Mantoverde's assets. These facilities amortize from the earlier of September 30, 2024 and 180 days after project completion. The Uncovered Facility amortizes over a 10 year period and the Covered Facility and ECA Direct Facility amortize over 12 years.

Subsequent to the quarter, the Company drew \$100 million from the MVDP facility.

#### *Revolving Credit Facility*

On May 12, 2022, Capstone Mining amended its corporate RCF and added Capstone Copper as a borrower. The amended RCF increased the total available amount to \$500 million, plus a \$100 million accordion option available 180 days after closing, and has a maturity of four years from closing and an interest cost of adjusted term Secured Overnight Financing Rate ("SOFR") plus a margin of 1.875% - 2.75% depending on the total net leverage ratio with reference to the included entities only. The amended RCF became effective on July 22, 2022 after all the required security was in place and customary closing conditions were met.

The interest rate at June 30, 2022 was US LIBOR plus 2.50% (2021 - US LIBOR plus 2.50%) with a standby fee of 0.56% (2021 – 0.56%) payable on the undrawn balance (adjustable in certain circumstances).

The RCF in effect at June 30, 2022 is secured against the present and future real and personal property, assets and undertakings of Capstone Mining (other than defined excluded entities, Acquisition Co., Far West Mining Ltd., Minera Santo Domingo SCM, and Far West Exploration S.A., and subject to certain exclusions for Capstone Mining Chile SpA). Companies which are not part of the Capstone Mining subgroup, including but not limited to Capstone Copper, Mantos Copper Holding SpA, Mantoverde S.A., and Mantos Copper S.A. are not part of Capstone Mining's RCF. As part of the amended RCF, Mantoverde S.A., Mantos Delaware LLC were added to the list of defined excluded entities.

The RCF requires Capstone Mining to maintain certain financial ratios relating to debt and interest coverage. Capstone Mining was in compliance with these covenants as at June 30, 2022. As at June 30, 2022, the balance of the RCF is \$nil (December 31, 2021 - \$nil)

As at June 30, 2022, Capstone Copper is in a net (debt)<sup>1</sup> position of \$95.1 million with \$441.6 million long-term debt drawn in total. As at June 30, 2022, \$310 million was drawn on the MVDP facility and \$131.6 million on the MB-CDP facility.

Subsequent to the quarter, the Company drew on the RCF to repay the existing MB-CDP Debt Facility.

#### **Provisions**

Provisions of \$276.1 million at June 30, 2022 includes the following:

- \$244.3 million for reclamation and closure cost obligations at Capstone Copper's operating mines;
- \$25.0 million related to other long-term obligations at the Cozamin and Chilean mines; and
- \$6.8 million for the long-term portion of the share-based payment obligations associated with the Share Unit Plan. The current portion of the share-based payment obligations of \$10.4 million is recorded in other liabilities.

Share-based payment obligations decreased by \$61.0 million during 2022 YTD. The decrease was primarily driven by the decrease in share price during the period.

#### **Precious Metal Streams**

##### **Cozamin Silver Stream**

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

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

The Company recorded the upfront cash consideration received as deferred revenue and recognizes amounts in revenue as silver is delivered under the arrangement. For the period ended June 30, 2022, the amount of the deferred revenue liability recognized as revenue was \$6.4 million.

### **Santo Domingo Gold Stream**

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

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

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

The non-current portion of the deferred revenue liability for both stream arrangements on the balance sheet at June 30, 2022 was \$163.2 million.

### **Financial Capability**

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

### **Capital Management**

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

### **Hedging**

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

- Financial hedges were executed on foreign exchange rates to protect approximately 75% of the Company's Mexican Peso exposure through to December 2022, through Mexican Peso to US dollar exchange rate zero cost collars (being purchased puts and sold calls with offsetting values at inception). There was no realized gain or loss on these Mexican Peso zero cost collars for the three and six months ended June 30, 2022.
- Financial hedges were executed on foreign exchange rates to protect approximately 75% of the Santo Domingo's Chilean Peso exposure through to December 2022 and to protect approximately 50% of the Company's attributable Chilean Peso exposure on operating costs at Mantoverde and Mantos Blancos from April 2022 through to December 2023. All through Chilean Peso to US dollar exchange rate zero cost collars (being purchased puts and sold calls with offsetting values at inception). There was no realized gain or loss on the Chilean Peso zero cost collars for the three and six months ended June 30, 2022.

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

- The Company entered into zero cost collars whereby it sold a series of call option contracts and purchased a series of put option contracts for nil cash premium. The contracts were for a total of 26,700 tonnes of copper covering the period from May 2022 through December 2022, and have a floor and weighted average ceiling price of \$4.00/lb and \$4.86/lb, respectively. The intent is to ensure positive operating margins on the production of cathodes. There was no realized gain or loss on the zero cost collars for the three and six months ended June 30, 2022.
- As a condition of the project financing for the MVDP, Mantoverde was required to effect certain hedging strategies as follows:
  - Fixed-for-floating copper swaps covering 65% of copper cathode production at an average price per tonne at inception of \$7,698 (~\$3.49/lb) through to June 30, 2024;
  - Fixed-for-floating LIBOR swaps at 1.015% for 10-years, with a 0% floor on the LIBOR rate within the first five years (expiring in September 2025);
  - CLP:US\$ foreign exchange rate forwards at an average price of 727.4 and notional amount of approximately US\$103 million that mature in May 2024 to hedge 100% of the forecasted EPC contract costs denominated in CLP; and
  - CLF:US\$ foreign exchange rate forwards at an average price of 41.7 and notional amount of approximately \$304.1 million that mature in May 2024 to hedge 100% of the forecasted EPC contract costs denominated in CLF.
- The realized loss on Mantoverde's derivative portfolio was \$19.6 million and \$25.1 million for the three and six months ended June 30, 2022, respectively.
- Pinto Valley contracted for fixed diesel prices with a supplier on its expected 2022 diesel consumption at \$2.13/gallon. The contracted diesel price has resulted in cost savings of \$4.7 million and \$7.0 million during the three and six months ended June 30, 2022, respectively.

## Commitments

### *Royalty Agreements*

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

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

### *Agreement with Jetti Resources, LLC ("Jetti")*

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

### *Off-take agreements*

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

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

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

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

#### *Construction and other related contracts*

The Company entered into the EPC with Ausenco Chile Limitada for an estimated aggregate cost of \$525 million. As at June 30, 2022, capital expenditures committed, but not yet incurred, were \$275.3 million.

#### *Purchase Commitments*

The Company has a contractual arrangement extending until 2038 to purchase power for our Mantos Blancos operations. This arrangement requires payments of approximately \$25 million per year.

The Company has a contractual arrangement extending until 2039 to purchase power for our Mantoverde operations. This arrangement requires payments of approximately \$48 million per year.

The Company has a contractual arrangement extending until 2033 to purchase water for our Mantos Blancos operations. This arrangement requires payments of approximately \$20 million per year.

#### *Other*

The Company has provided a guarantee to the Chilean Internal Revenue Service that all value added taxes and other taxes receivable amounts refunded, plus interest, will be repaid if construction of the Santo Domingo development project is not completed by August 31, 2026.

### **Risks and Uncertainties**

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

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

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

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

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

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

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

Disruptions in the supply chain for critical components for operations or critical equipment and materials for our construction projects may cause operational and project delays which are outside of Capstone Copper's control. As a result of the COVID-19 pandemic, construction of the MB-CDP was delayed as a result of the impact on the supply chain of critical parts for construction. Even so, the MB-CDP reached completion in late 2021 and ramp-up is continuing. In addition, while construction on the MVDP began in February 2021 and the related project financing reflects the expectation that the project will be completed in 2024, there is no certainty that there will not be delays to the completion of the MVDP as a result of the COVID-19 pandemic or any other health epidemics.

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

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

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

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

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

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

- the supply/demand balance for any given metal;
- international economic and political conditions;
- tariffs or taxes imposed by governments;
- expectations of inflation or deflation;
- international currency exchange rates;
- interest rates;
- global or regional consumptive patterns;
- speculative activities;

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

- global or regional crises or breakout and spread of contagious illnesses or diseases;
- increased production due to new mine developments;
- decreased production due to mine closures;
- improved mining and production methods;
- availability and costs of metal substitutes;
- new technologies that use other materials in place of our products;
- metal stock levels maintained by producers and others; and
- inventory carry costs.

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

***We face challenges associated with integrating the operations, technologies and personnel of Capstone Mining and Mantos Copper.***

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

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

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

Other risks of foreign operations include political or social and civil unrest, labour disputes and unrest, invalidation of governmental orders and permits, corruption, organized crime, theft, sabotage, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries including nationalization of mines, government action or inaction on climate change, trade disputes, foreign taxation, royalties, price controls, delays

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

in obtaining or renewing or the inability to obtain or renew necessary environmental permits, opposition to mining from local communities and environmental or other non-governmental organizations, social perception impacting our social licence to operate, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports and increased financing costs. Local economic conditions, including but not limited to higher incidences of criminal activity and violence in areas, such as Mexico can also adversely affect the security of our people, operations and the availability of supplies. Capstone Copper may encounter social and community issues including but not limited to public expression against our activities, protests, road blockages, work stoppages, or other forms of expression, which may have a negative impact on our reputation and operations or projects. Opposition to our mining activities by local landowners, the ejidos, communities, or activist groups may cause significant delays or increased costs to operations, and the advancement of exploration or development projects, and could require Capstone Copper to enter into agreements with such groups or local governments.

In addition, risks of operations in Mexico include extreme fluctuations in currency exchange rates, high rates of inflation, significant changes in laws and regulations including but not limited to tax and royalty regulations, labor regimes, failures of security, policing and justice systems, corruption, and incidents such as hostage taking and expropriation. There are uncertainties regarding Mexico's approved 2022 Economic Package and Tax Reform, that may have an impact on Cozamin's operations and profitability.

Additionally, as a response to the civil unrest in Chile, a referendum for a new Constitution is in progress and may result in a change to the Chilean political regime and mining related regulations including, but not limited to, changes to royalty structures and environmental and community protection requirements. These risks in Mexico and Chile may limit or disrupt Capstone Copper's projects, reduce financial viability of local operations, restrict the movement of funds, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation.

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

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

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

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

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

In late June 2022, a legislative proposal was introduced that, if implemented as proposed, would affect mining entities with sales of 50,000 metric tonnes of fine copper, or the equivalent substance converted into metric tonnes of fine copper and had two components. The first component is an ad valorem tax between 1% and 2% for companies that produce between 50,000 and 200,000 tonnes of fine copper a year and a rate between 1% and 4% for those that produce more than 200,000 tonnes per year. The second component is a rate between 2% and 32% on the operational margin for copper prices between \$2 per pound and \$5 per pound. The proposal will

need approval from both the Lower House and Senate and as such, the final form and timing of adoption of the mining royalty bill is still unknown.

If adopted and enacted, the proposed royalty bill may have an impact on Mantos Blancos, Mantoverde and Santo Domingo's operations and profitability and would have significant negative implications for future investment in the Chilean copper industry more broadly, reducing the attractiveness of new copper projects. Companies with tax stability agreements in place should be protected from the potential new royalty bill. Capstone Copper retains a tax stability agreement at Santo Domingo with respect to mining royalties which becomes effective post commercial production for a period of 15 years. Certain investment and other criteria need to be met to maintain the tax stability agreement. This may limit or disrupt Capstone Copper's projects, reduce financial viability of local operations, restrict the movement of funds or result in the deprivation of contract rights.

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

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

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

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

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

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

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

the completion requirements in the Santo Domingo Gold Stream Agreement on or before the third anniversary of the agreement date will result in a delay payment. A continued failure to achieve the completion requirements under the Santo Domingo Gold Stream Agreement will result in a refund to Wheaton.

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

On February 11, 2021, Mantoverde entered into agreements with a lending syndicate of international banks and export credit agencies for a total debt financing package of \$572 million in connection with the financing of the MVDP. These project finance facilities are subject to affirmative, financial and restrictive covenants that include, for example, obligations to maintain the security interests in favor of the lenders over substantially all of the respective project's property and shares, insurance coverage, maintenance of off-take agreements, compliance with environmental and social matters, restrictions on new financial indebtedness, distributions and dispositions, and compliance with certain financial ratios. These facilities are also subject to mandatory prepayment events under certain circumstances, including upon the cancellation or breach of certain off-take arrangements or an unapproved change of control and periodic partial excess cash sweeps. Failure to comply with these covenants may affect future utilizations under the project finance facilities or lead to an event of default, which could cause the relevant lenders to declare the respective borrower in default on its existing obligations. If such an event of default were declared and remained uncured, all borrowed amounts under the relevant facilities could become due and payable immediately. If Capstone Copper was unable to repay the borrowed amounts or otherwise perform its obligations under the project finance facilities, the lenders could be entitled, in certain circumstances, to enforce their liens and security interests and take possession of the secured assets, including the assets that comprise the Mantoverde mine.

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

***Surety bonding risks.***

Capstone Copper secures its obligations for reclamation and closure costs with surety bonds provided by leading global insurance companies in favour of regulatory authorities in Arizona and Chile. The regulators could increase Capstone Copper's bonding obligations or request additional financial guarantees for reclamation and closure activities. Further, these surety bonds include the right of the surety bond provider to terminate the relationship with Capstone Copper or a Capstone Copper subsidiary on providing notice of up to 90 days. The surety bond provider would, however, remain liable to the regulatory authorities for all bonded obligations existing prior to the termination of the bond in the event Capstone Copper failed to deliver alternative security satisfactory to the regulator. There is no assurance that the Company will be successful in obtaining alternative surety bond providers or alternative financial guarantee mechanisms at satisfactory terms or at all and could have an impact on the Company's financial results and growth prospects. Failure to furnish a satisfactory financial guarantee to the regulators could result in a suspension of operations.

Capstone Mining remains an Indemnitor for Minto Metals Corp.'s surety bond obligations in the Yukon and could be liable for the bonded obligations in the event Minto Metals Corp. does not satisfy those obligations or if the surety requires additional or alternative security or the regulators require additional bonding amounts and Minto Metals Corp. is unable to satisfy the new requirements. If Minto Metals Corp. is unable to furnish satisfactory financial guarantee to the regulators, this could result in a default to the Minto Metals Corp. surety bond and Capstone Mining may become liable for the outstanding reclamation liabilities including but not limited to the costs up to the amount of the bond, which could have a material adverse effect on Capstone Copper's business, financial condition and prospects.

***Our operations are dependent on the availability of water.***

Water is critical to the mining process, water is a finite resource significant to society, our local communities and the ecosystem, and its use is highly regulated in jurisdictions where we operate. Water availability is integral to the operations at the Pinto Valley mine. A lack of necessary water for a prolonged period of time could affect operations at the Pinto Valley mine and materially adversely affect our results of operations. Capstone Copper

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

has entered into a Water Supply Agreement with BHP Copper Co. (“BHP Copper”), but such agreement is subject to water availability and BHP Copper’s own requirements. There is no guarantee that this agreement, which is in effect until October 2025, with two five year renewal periods if the parties agree, will be renewed on reasonable terms or be adequate for future operational expansions or extensions to the life of mine. The Mantos Blancos water supply is based on long term contracts with water companies one of which extracts water from concessions belonging to the Chilean government. There is no guarantee that these agreements will be renewed on reasonable terms or be adequate for future operational expansions or extensions to the life of mine. Capstone Copper may have to secure future water sources that could increase operational costs or additional capital expenditures. There is no guarantee that future water sources are available or at reasonable costs and could have an adverse impact on our financial condition. Our efforts to maximize water efficiency and minimize water usage may not be sufficient to combat existing drought conditions or changes in water availability due to climate change.

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

***Financial covenant compliance risks.***

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

***Financing requirement risks.***

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

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

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

In addition, under Capstone Copper’s off-take agreements, Capstone Copper or its customers may suspend or cancel delivery during a period of force majeure. Events of force majeure under the agreements may include acts of nature, strikes, fires, floods, wars, transportation delays, governmental actions or other events that are beyond the control of the affected party and interferes with performance by such party of its obligations under the off-take agreement. In addition, a longstanding event of force majeure may give rise to a right to terminate the relevant off-

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled “Alternative Performance Measures”.

take agreement. Any suspension or cancellation of deliveries under off-take agreements that are not replaced by delivery under new contracts or sales on the spot market, or the termination of off-take agreements for force majeure, could have a material adverse effect on Capstone Copper's business, financial condition, results of operations or prospects.

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

***We may face market access restrictions or tariffs.***

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

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

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

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

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

- a global credit/liquidity issue could impact the cost and availability of financing and our or our customers' overall liquidity;
- volatility of prices for copper, zinc, iron, gold, and/or silver may impact our future revenues, profits and cashflows;
- recessionary pressures could adversely impact demand for our production;
- volatile energy and sulphuric acid prices, commodity and consumables prices and currency exchange rates could negatively impact potential production costs; and

- devaluation and volatility of global stock markets could impact the valuation of Capstone Copper's securities, which may impact Capstone Copper's ability to raise funds through future issuances of equity.

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

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

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

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

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

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

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

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

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

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

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

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

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

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

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

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

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

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

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

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

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

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

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

The potential physical impacts of climate change on our operations are highly uncertain and are particular to the geographic circumstances in areas in which we operate. These may include changes in precipitation and storm

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

patterns and intensities, prolonged droughts, water shortages, wildfires, changing sea levels and changing temperatures. Extreme weather events have the potential to impact our mining operations, exploration and development projects and supply chains. Additionally, global climatic conditions can impact the capacity for insurance available in the market which could have a negative effect on Capstone Copper's financial condition or risk exposure.

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

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

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

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

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

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

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

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

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

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

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

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

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

***There are uncertainties and risks related to the MB-CDP and the MVDP.***

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

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

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

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

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

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

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

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

Furthermore, any failure or unavailability of Capstone Copper's development or operational infrastructure, including through equipment failure or disruption to Capstone Copper's transportation arrangements, could

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

adversely affect the production output from Capstone Copper's mines or impact Capstone Copper's exploration activities or the development of a mine or project.

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

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

***We are dependent on key management personnel.***

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

***Our directors and officers may have interests that conflict with Capstone Copper's interests.***

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

***Corruption and bribery risk.***

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

***Capstone Copper's insurance does not cover all potential losses, liabilities and damage related to Capstone Copper's business and certain risks are uninsured or uninsurable.***

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

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

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

Approximately 399 of the hourly employees at the Pinto Valley mine are represented by six unions, governed by one collective bargaining agreement negotiated by the United Steelworkers Union which expired May 29, 2022 and has been extended indefinitely with the option to cancel by either party with ten days notice. Negotiations are ongoing. We cannot predict at this time whether we will be able to reach new agreements with our unionized workforce without a work stoppage or other labour unrest, and any such new agreements may not be on terms favourable to Capstone Copper. Additional groups of non-union employees may seek union representation in the future. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in jurisdictions where Capstone Copper conducts business. Changes in such legislation or otherwise in our relationship with our employees may result in higher ongoing labour costs, employee turnover, strikes, lockouts or other work stoppages, any of which could have a material adverse effect on our business, results of operations and financial condition.

***Capstone Copper may experience cybersecurity threats.***

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

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

The mining industry is competitive in all of its phases. Capstone Copper faces strong competition from other mining companies in connection with the acquisition of properties producing or capable of producing metals. Many of these companies have greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more diversification, more effective risk management policies and procedures and/or a greater ability than Capstone Copper to withstand losses. Our competitors may be able to respond more quickly to new laws or regulations or emerging technologies or devote greater resources to the expansion or efficiency of their operations than we can. There is no guarantee that our investment in new technologies will result in improved operational or financial performance or our overall competitiveness in the long term, including but not limited to the Eriez HydroFloat Coarse Particle Flotation Technology and the Jeti catalyst

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

technology. The performance of the Jetty catalyst technology may not result in the level of copper cathode recovery anticipated at our Sx-Ew plant. Once commissioned, the performance of our paste and backfill plant may not be as anticipated. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships amongst themselves or with third parties.

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

***We acquired the Pinto Valley mine on an "as is where is" basis, we provided indemnities to BHP Copper and have limited recourse against BHP Copper with respect to many potential liabilities related to the Pinto Valley mine.***

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

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

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

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

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

the perception that activities are likely, may disrupt Capstone Copper's operations or supply chains and lead to an adverse financial impact or an increase in costs to further manage the security risk.

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

***Legal proceedings.***

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

***The price of Common Shares is volatile.***

Publicly quoted securities are subject to a relatively high degree of price volatility. It should be expected that continued fluctuations in price will occur, and no assurances can be made as to whether the share prices will increase or decrease in the future. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of many companies, particularly those considered exploration or development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The factors influencing such volatility include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares is also likely to be significantly affected by short-term changes in precious metal prices or other mineral prices, the results of further exploration activities, currency exchange fluctuations and Capstone Copper's financial condition or results of operations as reflected in its earnings reports. Other factors unrelated to the performance of Capstone Copper that may have an effect on the price of the Common Shares include the following: the extent of analyst coverage available to investors concerning the business of Capstone Copper may be limited if investment banks with research capabilities do not follow Capstone Copper's securities; lessening in trading volume and general market interest in Capstone Copper's securities may affect an investor's ability to trade significant numbers of securities of Capstone Copper; and a substantial decline in the price of the securities of Capstone Copper that persists for a significant period of time could cause Capstone Copper's securities to be delisted from an exchange, further reducing market liquidity.

Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. Capstone Copper may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

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

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

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

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

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

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

**Sales by existing shareholders can reduce share prices.**

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

**Concentration of Share Ownership of Capstone Copper.**

As at the date hereof, Orion collectively owns approximately 32.35% of the outstanding Common Shares and Hadrian Capital Partners Inc. owns approximately 14.65% of the outstanding Common Shares. As long as these shareholders maintain their significant positions in Capstone Copper, they will have the ability to exercise influence with respect to the affairs of Capstone Copper and significantly affect the outcome of matters upon which shareholders are entitled to vote. Furthermore, there is a risk that Capstone Copper's securities are less liquid and trade at a relative discount compared to circumstances where these shareholders did not have the ability to influence or determine matters affecting Capstone Copper. Moreover, there is a risk that their significant interests in Capstone Copper discourages transactions involving a change of control of Capstone Copper, including transaction in which an investor, as a holder of Capstone Copper's securities, would otherwise receive a premium for its Capstone Copper's securities over the then-current market price. A disposition of shares by these shareholders could adversely affect the market price of the Common Shares.

Pursuant to the Registration and Nomination Rights Agreement (as defined below), provided Orion maintains certain levels of ownership of the Common Shares, Orion: (i) has rights to nominate up to two individuals to sit on our Board of Directors, (ii) may demand we file one or more prospectuses or otherwise facilitate sales of Orion's shares.

**Transactions with Related Parties**

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

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

- MMC has a 30% non-controlling interest in Mantoverde S.A. as part of the project financing for Mantoverde's Development Project.
- Orion Resource Partners ("Orion") were Mantos' largest shareholder and on completion of the Transaction hold approximately 32% shareholder interest in Capstone Copper. The amounts previously due from a related party relates to a loan granted by Capstone Copper (previously Mantos Copper (Bermuda) Ltd.) to Orion Fund JV Ltd. Amounts previously due to a related party relates to a loan granted by Orion Fund JV Ltd. to Mantos Copper Holdings SpA. These amounts were settled during June 2022 via a non-cash assignment and offset agreement.

**Off Balance Sheet Arrangements**

As at June 30, 2022, the Company had no off-balance-sheet arrangements other than the following:

- those disclosed under Commitments in the condensed interim consolidated financial statements for the three and six months ended June 30, 2022;
- capital expenditure commitments totaling \$275 million;
- the indemnification for Minto as disclosed under Other Assets in the condensed interim consolidated financial statements for the three and six months ended June 30, 2022; and
- seven surety bonds totaling \$228.4 million.

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

## Accounting Changes

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

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

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

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

## Changes in Accounting Policies and Critical Accounting Estimates and Judgments

Significant accounting policies as well as any changes in accounting policies are discussed in Note 3 "Significant Accounting Policies, Estimates and Judgements" of the June 30, 2022 condensed interim consolidated financial statements.

## **Alternative Performance Measures**

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

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

### **C1 Cash Costs Per Payable Pound of Copper Produced**

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

### **All-in Sustaining Costs Per Payable Pound of Copper Produced**

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

### **Net debt / Net cash**

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

### **Available Liquidity**

Available liquidity is a performance measure used by the Company to assess its financial position and is composed of RCF credit capacity, Cash and cash equivalents and Short-term investments. Available liquidity excludes undrawn portions of committed funding arrangements at the mine or project level as these amounts can only be drawn on a periodic basis in line with the contractual arrangements and are for use on development project capital. Because of these limitations on availability and flexibility, we do not include these undrawn amounts in "Available liquidity". For clarity, Available liquidity does not include undrawn amounts on the \$520 million Mantoverde DP facility, the Mantoverde \$60 million cost overrun facility from MMC, nor the \$260 million undrawn portion of the Gold stream from Wheaton related to the Santo Domingo project.

### **Operating Cash Flow before Changes in Working Capital per Common Share**

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

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

**Adjusted Net (Loss) Income**

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

**EBITDA**

EBITDA is net income attributable to shareholders before net finance expense, tax expense, and depletion and amortization.

**Adjusted EBITDA**

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

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

**Property Cost per Tonne Milled**

Property cost per tonne milled is a key performance measure that management uses to monitor performance. Management uses this measure to assess how well the Company's producing mines are performing and to monitor costs and assess overall efficiency and effectiveness of the mining operations.

**Sustaining Capital**

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

**Expansionary Capital**

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

**Realized copper price (per pound)**

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

**Breakdown of C1 Cash Costs and All-in Sustaining Cost Per Pound of Payable Copper Produced**  
 Three Months Ended June 30, 2022

	Q2 2022				Total
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	
Payable copper produced (000s pounds)	28,411	26,740	28,767	13,544	97,462
<b>(\$ millions)</b>					
Production costs of metal produced (per financials)	76.5	66.3	103.4	17.6	263.8
Transportation cost to point of sale	(6.5)	—	—	(1.2)	(7.7)
Inventory working capital adjustments	(0.7)	4.5	(6.8)	0.5	(2.5)
Cash production costs of metal produced	69.3	70.8	96.6	16.9	253.6
<b>(\$/pound)</b>					
Production costs					
Mining	0.68	0.89	0.84	0.75	0.80
Milling/Processing	1.43	1.55	2.34	0.27	1.57
G&A	0.33	0.21	0.18	0.22	0.24
C1P sub-total	2.44	2.65	3.36	1.24	2.61
By-product credits	(0.13)	(0.02)	—	(0.29)	(0.09)
Treatment and selling costs	0.51	0.22	0.04	0.30	0.26
<b>C1 cash cost (\$/pound)</b>	<b>2.82</b>	<b>2.85</b>	<b>3.40</b>	<b>1.25</b>	<b>2.78</b>
<b>(\$/pound)</b>					
Royalties	0.01	0.05	—	0.09	0.03
Production-phase capitalized stripping / Mineralized drift	0.04	0.56	—	0.04	0.17
Sustaining capital	0.50	0.23	0.23	0.46	0.34
Sustaining leases	0.02	—	—	—	0.01
Accretion of reclamation obligation	—	0.01	0.01	0.02	0.01
Amortization of reclamation asset	0.01	—	—	0.01	0.01
Corporate G&A, excluding depreciation					0.07
All-in sustaining cost adjustments	0.58	0.85	0.24	0.62	0.64
<b>All-in sustaining cost (\$/pound)</b>	<b>3.40</b>	<b>3.70</b>	<b>3.64</b>	<b>1.87</b>	<b>3.42</b>

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

Three Months Ended June 30, 2021

	Q2 2021		
	Pinto Valley	Cozamin	Total
Payable copper produced (000s pounds)	28,539	13,232	41,771
<b>(\$ millions)</b>			
Production costs of metal produced (per financials)	66.1	16.5	82.6
Transportation cost to point of sale	(5.8)	(1.0)	(6.8)
Inventory write-down	—	—	—
Realized gain on Mexican Peso derivatives	—	(0.7)	(0.7)
Inventory working capital adjustments	(2.2)	(0.1)	(2.3)
Cash production costs of metal produced	58.1	14.7	72.8
<b>(\$/pound)</b>			
Production costs			
Mining	0.55	0.67	0.59
Milling/Processing	1.19	0.26	0.90
G&A	0.29	0.17	0.25
C1P sub-total	2.03	1.10	1.74
By-product credits	(0.08)	(0.39)	(0.18)
Treatment and selling costs	0.38	0.28	0.35
<b>C1 cash cost (\$/pound)</b>	<b>2.33</b>	<b>0.99</b>	<b>1.91</b>
<b>(\$/pound)</b>			
Royalties	0.01	0.15	0.05
Production-phase capitalized stripping / Mineralized drift	0.10	0.03	0.08
Sustaining capital	0.61	0.47	0.56
Sustaining leases	(0.03)	—	(0.02)
Accretion of reclamation obligation	—	0.01	—
Amortization of reclamation asset	0.01	0.01	0.01
Corporate G&A, excluding depreciation			0.09
All-in sustaining cost adjustments	0.70	0.67	0.77
<b>All-in sustaining cost (\$/pound)</b>	<b>3.03</b>	<b>1.66</b>	<b>2.68</b>

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

**Breakdown of C1 Cash Costs and All-in Sustaining Cost Per Pound of Payable Copper Produced**  
Six Months Ended June 30, 2022

	2022 YTD				Total
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	
Payable copper produced (000s pounds)	58,993	28,968	31,431	26,089	145,481
<b>(\$ millions)</b>					
Production costs of metal produced (per financials)	157.6	75.2	124.1	33.9	390.8
Transportation cost to point of sale	(13.7)	—	—	(2.2)	(15.9)
Inventory write-down	(0.1)	—	—	—	(0.1)
Inventory working capital adjustments	(8.6)	2.8	(17.9)	0.5	(23.2)
<b>Cash production costs of metal produced</b>	<b>135.2</b>	<b>78.0</b>	<b>106.2</b>	<b>32.2</b>	<b>351.6</b>
By-Product Credits Estimated	(3.1)	—	—	(4.9)	(8.0)
Selling Costs Estimated	16.8	0.3	0.1	3.7	20.9
<b>Total Cash costs</b>	<b>148.9</b>	<b>78.3</b>	<b>106.3</b>	<b>31.0</b>	<b>364.5</b>
<b>(\$/pound)</b>					
Production costs					
Mining	0.68	0.92	0.85	0.74	0.77
Milling/Processing	1.30	1.57	2.35	0.28	1.40
G&A	0.31	0.21	0.18	0.22	0.24
C1P sub-total	2.29	2.70	3.38	1.24	2.41
By-product credits	(0.12)	(0.02)	—	(0.35)	(0.11)
Treatment and selling costs	0.53	0.21	0.04	0.30	0.32
<b>C1 cash cost (\$/pound PRODUCED)</b>	<b>2.70</b>	<b>2.89</b>	<b>3.42</b>	<b>1.19</b>	<b>2.62</b>
<b>(\$/pound)</b>					
Royalties	0.02	0.05	—	0.09	0.03
Production-phase capitalized stripping / Mineralized drift	0.02	0.52	—	0.04	0.12
Sustaining capital	0.45	0.24	0.24	0.54	0.39
Sustaining leases	0.02	—	—	—	0.01
Accretion of reclamation obligation	—	0.02	0.02	0.02	0.01
Amortization of reclamation asset	0.01	—	0.01	0.01	0.01
Corporate G&A, excluding depreciation					0.08
All-in sustaining cost adjustments	0.52	0.83	0.27	0.70	0.65
<b>All-in sustaining cost (\$/pound PRODUCED)</b>	<b>3.22</b>	<b>3.72</b>	<b>3.69</b>	<b>1.89</b>	<b>3.27</b>

<sup>2</sup> Includes nine days of Mantos mines production and costs.

Six Months Ended June 30, 2021

	2021 YTD		Total
	Pinto Valley	Cozamin	
Payable copper produced (000s pounds)	63,716	24,160	87,876
<b>(\$ millions)</b>			
Production costs of metal produced (per financials)	136.8	30.4	167.2
Transportation cost to point of sale	(13.2)	(1.7)	(14.9)
Inventory write-down	—	—	—
Realized gain on Mexican Peso derivatives	—	(1.3)	(1.3)
Inventory working capital adjustments	(7.6)	(0.1)	(7.7)
Cash production costs of metal produced	116.0	27.3	143.3
By-Product Credits Estimated	(3.5)	(5.9)	(9.4)
Selling Costs Estimated	13.9	3.2	17.1
Total Cash costs	126.4	24.6	151.0
<b>(\$/pound)</b>			
Production costs			
Mining	0.54	0.68	0.59
Milling/Processing	1.04	0.28	0.82
G&A	0.24	0.18	0.22
C1P sub-total	1.82	1.14	1.63
By-product credits	(0.09)	(0.47)	(0.19)
Treatment and selling costs	0.39	0.29	0.36
<b>C1 cash cost (\$/pound PRODUCED)</b>	2.12	0.96	1.80
<b>(\$/pound)</b>			
Royalties	0.01	0.15	0.04
Production-phase capitalized stripping / Mineralized drift	0.07	0.04	0.06
Sustaining capital	0.35	0.41	0.37
Sustaining leases	0.01	—	0.01
Accretion of reclamation obligation	—	0.01	—
Amortization of reclamation asset	0.01	0.01	0.01
Corporate G&A, excluding depreciation			0.09
All-in sustaining cost adjustments	0.45	0.62	0.58
<b>All-in sustaining cost (\$/pound PRODUCED)</b>	2.57	1.58	2.38

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

## Reconciliation of Net (debt) / Net cash

(\$ millions)	June 30, 2022	December 31, 2021
Long term debt (per financials), excluding deferred financing costs of nil and nil and PPA fair value adjustments of 16.1 and nil	(441.6)	—
<i>Add:</i>		
Cash and cash equivalents (per financials)	348.2	262.1
Short term investments (per financials)	1.9	2.3
<b>Net (debt)/cash</b>	<b>(91.5)</b>	<b>264.4</b>

## Reconciliation of Available Liquidity

(\$ millions)	June 30, 2022	December 31, 2021
Revolving credit facility capacity	225.0	225.0
Cash and cash equivalents (per financials)	348.2	262.1
Short term investments (per financials)	1.9	2.3
<b>Available liquidity</b>	<b>575.1</b>	<b>489.4</b>

## Reconciliation of Cash Flow from Operating Activities per Common Share

(\$ millions, except share and per share amounts)	Q2 2022	Q2 2021	2022 YTD	2021 YTD
Cash flow from operating activities (per financials)	61.6	168.5	51.8	388.8
Weighted average common shares - basic (per financials)	687,351,065	405,157,458	563,518,049	404,235,769
<b>Cash flow from operating activities per share</b>	<b>0.09</b>	<b>0.42</b>	<b>0.09</b>	<b>0.96</b>

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

(\$ millions, except share and per share amounts)	Q2 2022	Q2 2021	2022 YTD	2021 YTD
Operating cash flow (per financials)	61.6	168.5	51.8	388.8
Adjustment for changes in working capital (per financials)	(26.1)	(28.4)	60.7	(4.2)
Other non-cash changes <sup>2</sup>	5.2	(0.6)	(1.4)	(0.2)
<b>Operating cash flow before changes in working capital<sup>1,2</sup></b>	<b>40.7</b>	<b>139.5</b>	<b>111.1</b>	<b>384.4</b>
Weighted average common shares - basic (per financials)	687,351,065	405,157,458	563,518,049	404,235,769
<b>Operating cash flow before changes in working capital<sup>1</sup> per share (\$)</b>	<b>0.06</b>	<b>0.34</b>	<b>0.20</b>	<b>0.95</b>

<sup>2</sup> Certain of prior period comparative figures have been reclassified to conform with the current year's presentation

## Reconciliation of Adjusted Net Income

(\$ millions, except share and per share amounts)	Q2 2022	Q2 2021	2022 YTD	2021 YTD
Net income (per financials)	92.0	49.4	127.1	176.4
Inventory write-down - production costs	0.1	—	0.6	—
Unrealized (gain) loss on derivative contracts	(114.6)	0.4	(122.3)	1.5
Share-based compensation (recovery) expense	(14.0)	18.7	5.8	45.8
Unrealized foreign exchange (gain) loss	(16.9)	1.7	(17.4)	2.1
Mantos acquisition transaction costs	—	—	19.4	—
Other expense - non-recurring fees	2.6	0.1	3.1	0.1
Restructuring costs	2.7	—	2.7	—
Change in fair value of contingent receivable (RE:Minto)	—	(1.2)	—	(4.1)
Gain on disposal of assets	(0.3)	—	(0.4)	—
Reversal of impairment on mineral properties (RE: Santo Domingo)	—	—	—	(92.4)
Non-recurring fees on streaming transactions	—	0.1	—	0.9
G&A - care and maintenance	0.1	0.1	0.2	0.1
Insurance proceeds received	(1.4)	—	(2.4)	—
Tax effect on the above adjustments	38.9	(0.6)	34.1	2.8
<b>Adjusted net (loss) income</b>	<b>(10.8)</b>	68.7	<b>50.5</b>	133.2
Adjusted net (loss) income attributable to:				
Shareholders of Capstone Copper Corp.	(4.5)	68.7	57.1	133.2
Non-controlling interests	(6.3)	—	(6.6)	(0.5)
	<b>(10.8)</b>	68.7	<b>50.5</b>	132.7
Weighted average common shares - basic (per financials)	687,351,065	405,157,458	563,518,049	404,235,769
<b>Adjusted net (loss) income attributable to shareholders of Capstone Copper Corp. per common share - basic (\$)</b>	<b>(0.01)</b>	0.17	<b>0.10</b>	0.33
Weighted average common shares - diluted (per financials)	693,502,628	414,905,516	569,974,273	413,634,091
<b>Adjusted net (loss) income attributable to shareholders of Capstone Copper Corp. per common share - diluted (\$)</b>	<b>(0.01)</b>	0.17	<b>0.10</b>	0.32

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

## Reconciliation of Adjusted EBITDA

(\$ millions)	Q2 2022	Q2 2021	2022 YTD	2021 YTD
Net income (per financials)	92.0	49.4	127.1	176.4
Net finance costs	6.7	4.3	12.1	7.2
Taxes	40.7	24.2	61.4	47.6
Depletion and amortization	53.0	22.2	86.2	47.8
<b>EBITDA</b>	<b>192.4</b>	<b>100.1</b>	<b>286.8</b>	<b>279.0</b>
Share-based compensation (recovery) expense	(14.0)	18.7	5.8	45.8
Inventory write-down - production costs	0.1	—	0.6	—
Realized loss on MVDP financing derivatives	19.7	—	25.1	—
Unrealized (gain) loss on derivatives	(114.6)	0.4	(122.3)	1.5
Gain on disposal of assets	(0.3)	—	(0.4)	—
Unrealized foreign exchange (gain) loss	(16.9)	1.7	(17.4)	2.1
Mantos acquisition transaction costs	—	—	19.4	—
Other expense - non-recurring fees	2.6	0.1	3.1	0.1
Restructuring costs	2.7	—	2.7	—
Unrealized provisional pricing adjustment (revenue)	45.5	10.6	39.2	16.3
Insurance proceeds received	(1.4)	—	(2.4)	—
Reversal of impairment on mineral properties	—	—	—	(92.4)
Amortization of deferred revenue - non-cash	(1.1)	(2.5)	(2.0)	(2.5)
Non-recurring financing fees on streaming	—	0.1	—	0.9
Change in fair value of contingent receivable	—	(1.2)	—	(4.1)
<b>Adjusted EBITDA</b>	<b>114.7</b>	<b>128.0</b>	<b>238.2</b>	<b>246.7</b>
<i>Adjusted EBITDA by mine</i>				
Pinto Valley	48.1	82.5	119.2	170.8
Mantos Blancos	34.1	—	42.4	—
Mantoverde	5.8	—	13.0	—
Cozamin	36.7	50.0	81.4	84.7
Other	(10.0)	(4.5)	(17.8)	(8.8)
<b>Adjusted EBITDA</b>	<b>114.7</b>	<b>128.0</b>	<b>238.2</b>	<b>246.7</b>

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

## Property Cost per Tonne Milled

(\$ millions, except as noted)	2022 YTD		2021 YTD	
	Pinto Valley	Cozamin	Pinto Valley	Cozamin
Tonnes of mill feed (000s)	9,518	686	9,703	649
Production costs of metal produced (per financials)	157.6	33.9	136.8	30.4
Transportation cost to point of sale	(13.7)	(2.2)	(13.2)	(1.7)
Inventory write-down	(0.1)	—	—	—
Realized gain on derivative contract	—	—	—	(1.3)
Inventory working capital adjustments	(8.6)	0.5	(7.6)	(0.1)
Cash production costs of metal produced	135.2	32.2	116.0	27.3
Deferred Stripping/Mineralized Drift costs	5.6	1.1	6.3	1.0
Cathode costs	(6.1)	—	(6.2)	—
Stockpile movement	(0.5)	0.1	—	0.3
Total property costs	134.2	33.4	116.1	28.6
<b>Property cost per tonne milled (\$)</b>	<b>14.11</b>	<b>48.58</b>	11.98	43.79

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

(\$ millions, except as noted)	Q2 2022		Q2 2021	
	Pinto Valley	Cozamin	Pinto Valley	Cozamin
Tonnes of mill feed (000s)	4,261	353	4,474	348
Production costs of metal produced (per financials)	76.5	17.6	66.1	16.5
Transportation cost to point of sale	(6.5)	(1.2)	(5.8)	(1.0)
Inventory write-down	—	—	—	—
Realized gain on derivative contract	—	—	—	(0.7)
Inventory working capital adjustments	(0.7)	0.5	(2.2)	(0.1)
Cash production costs of metal produced	69.3	16.9	58.1	14.7
Deferred Stripping/Mineralized Drift costs	3.8	0.6	4.3	0.4
Cathode costs	(3.0)	—	(3.1)	—
Stockpile movement	(0.2)	(0.2)	(0.3)	(0.5)
Total property costs	69.9	17.3	59.0	14.6
<b>Property cost per tonne milled (\$)</b>	<b>16.44</b>	<b>48.95</b>	13.23	41.65

## Additional Information and Reconciliations

### Sales from Operations

	2022			2021				
	Q1	Q2	Total	Q1	Q2	Q3	Q4	Total
<b>Copper (tonnes)</b>								
<b>Concentrate</b>								
Pinto Valley	14,888	12,884	27,772	17,017	13,150	11,516	14,292	55,975
Mantos Blancos	977	8,228	9,205	—	—	—	—	—
Cozamin	5,592	5,935	11,527	4,799	5,919	5,989	6,286	22,993
Total Concentrate	21,457	27,047	48,504	21,816	19,069	17,505	20,578	78,968
<b>Cathode</b>								
Pinto Valley	604	585	1,189	485	503	443	666	2,097
Mantos Blancos	699	3,638	4,337	—	—	—	—	—
Mantoverde	2,748	14,224	16,972	—	—	—	—	—
Total Cathode	4,051	18,447	22,498	485	503	443	666	2,097
Total Copper	25,508	45,494	71,002	22,301	19,572	17,948	21,244	81,065
<b>Zinc (000 pounds)</b>								
Cozamin	1,005	(11)	994	2,110	1,789	505	386	4,790
<b>Lead (000 pounds)</b>								
Cozamin	—	—	—	302	82	—	(1)	383
<b>Molybdenum (tonnes)</b>								
Pinto Valley	17	22	39	—	—	—	—	—
<b>Silver (000s ounces)</b>								
Cozamin	352	327	679	309	355	363	399	1,426
Mantos Blancos	—	378	378	—	—	—	—	—
Pinto Valley	66	68	134	86	55	57	72	270
Total	418	773	1,191	395	410	420	471	1,696
<b>Gold (ounces)</b>								
Pinto Valley	178	268	446	630	156	369	537	1,692
Cozamin	—	—	—	1	—	—	—	1
Total	178	268	446	631	156	369	537	1,693

<sup>1</sup> These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

## Continuity Schedule of Concentrate and Cathode Inventories

	Pinto Valley*		Mantos Blancos		Mantoverde	Cozamin
	Copper (dmt)	Cathode (tonnes)	Copper (dmt)	Cathode (tonnes)	Cathode (tonnes)	Copper (dmt)
Dec. 31, 2020	14,514	34	—	—	—	1,199
Production	63,935	527	—	—	—	19,897
Sales	(71,056)	(485)	—	—	—	(19,779)
Mar. 31, 2021	7,393	76	—	—	—	1,317
Production	49,738	497	—	—	—	23,583
Sales	(53,236)	(502)	—	—	—	(23,761)
Jun. 30, 2021	3,895	71	—	—	—	1,139
Production	46,553	538	—	—	—	23,792
Sales	(46,071)	(443)	—	—	—	(23,491)
Sep. 30, 2021	4,377	166	—	—	—	1,440
Production	64,133	621	—	—	—	24,379
Sales	(59,016)	(666)	—	—	—	(25,054)
Dec. 31, 2021	9,494	121	—	—	—	765
Production	56,676	636	—	—	—	21,982
Sales	(62,216)	(603)	—	—	—	(21,938)
Mar. 31, 2022	3,954	154	146	949	3,284	809
Production	50,308	555	8,652	3,714	12,687	24,102
Sales	(51,278)	(584)	(8,543)	(3,637)	(14,223)	(23,646)
Jun. 30, 2022	2,984	125	255	1,026	1,748	1,265

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

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

## Outstanding Share Data and Dilution Calculation

The Company is authorized to issue an unlimited number of common shares, without par value. The table below summarizes the Company's common shares and securities convertible into common shares as at August 5, 2022:

Issued and outstanding	690,135,992
Share options outstanding at a weighted average exercise price of \$1.81	8,706,061
Treasury share units outstanding at a weighted average exercise price of \$5.39	2,018,604
Fully diluted	<u>700,860,657</u>

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

## Management's Report on Internal Controls

### Disclosure Controls and Procedures ("DC&P")

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

### Internal Control Over Financial Reporting ("ICFR")

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

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

In March 2020, as a result of the COVID-19 pandemic, the Company supported working from home for the majority of the finance workforce, with working from the office or mine site where necessary and in accordance with the Company's strict COVID-19 safety measures. Although this continued through the financial close period, there were no changes in the company's ICFR that materially affected, or are reasonably likely to materially affect, ICFR during the three-months ended June 30, 2022.

## Other Information

### Approval

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

### Additional Information

Additional information is available for viewing at the Company's website at [www.capstonecopper.com](http://www.capstonecopper.com) or on the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## National Instrument 43-101 Compliance

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

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

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