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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
CAPSTONE COPPER CORP.
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023**

Capstone Copper Corp. ("Capstone Copper" or the "Company" or "we") has prepared the following management's discussion and analysis (the "MD&A") as of November 2, 2023 and it should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2023. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts presented are United States ("US") dollars unless otherwise stated. "C\$" refers to Canadian dollars.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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

Forward-looking statements relate to future events or future performance and reflect our expectations or beliefs regarding future events. Our Sustainable Development Strategy goals and strategies are based on a number of assumptions, including, but not limited to, the biodiversity and climate-change consequences; availability and effectiveness of technologies needed to achieve our sustainability goals and priorities; availability of land or other opportunities for conservation, rehabilitation or capacity building on commercially reasonable terms and our ability to obtain any required external approvals or consensus for such opportunities; the availability of clean energy sources and zero-emissions alternatives for transportation on reasonable terms; availability of resources to achieve the goals in a timely manner, our ability to successfully implement new technology; and the performance of new technologies in accordance with our expectations.

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

variations of such words and phrases, or statements that certain actions, events or results “be achieved”, “could”, “may”, “might”, “occur”, “should”, “will be taken” or “would” or the negative of these terms or comparable terminology.

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

materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on our forward-looking statements.

1.0 BUSINESS OVERVIEW

The accompanying consolidated financial statements have been prepared as at September 30, 2023, 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 22, 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 kilometres northeast of the city of Antofagasta and the 70%-owned Mantoverde open-pit mine is located 50 kilometres 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, and a further development project in Chile. Pinto Valley Mining Corp. ("Pinto Valley"), a wholly owned US subsidiary, owns and operates the Pinto Valley mine located in Arizona, US. Capstone Gold, S.A. de C.V. ("Capstone Gold"), a wholly owned Mexican subsidiary, owns and operates the Cozamin Mine located in Zacatecas, Mexico, and has a portfolio of exploration properties in Mexico. Minera Santo Domingo SCM, a wholly owned Chilean subsidiary, holds the Santo Domingo copper-iron development project in Chile. Capstone Mining Chile SpA, a wholly owned Chilean subsidiary, is performing exploration for base metal deposits in Chile. Capstone Copper is an Americas-focused copper mining company headquartered in Vancouver, Canada.

2.0 Q3 2023 HIGHLIGHTS AND SIGNIFICANT ITEMS

Q3 2023 Financial and Operational Highlights

- **Net loss of \$42.3 million, or \$(0.05) per share for Q3 2023** compared to net income of \$37.5 million, or \$0.05 per share for Q3 2022.
- **Adjusted net loss attributable to shareholders¹ of \$15.8 million, or \$(0.02) per share for Q3 2023.** Q3 2023 adjusted net loss attributable to shareholders¹ is lower than Q3 2022 adjusted net loss attributable to shareholders¹ of \$22.7 million due to higher copper prices.
- **Adjusted EBITDA¹ of \$62.8 million for Q3 2023 compared to \$35.2 million for Q3 2022.** The increase in Adjusted EBITDA¹ is driven by a higher copper price of \$3.75/lb compared to \$3.18/lb (prior to unrealized provisional pricing adjustments), partially offset by lower copper sold (38.7 thousand tonnes in Q3 2023 versus 44.2 thousand tonnes in Q3 2022).
- **Operating cash flow before changes in working capital of \$59.3 million in Q3 2023** compared to \$14.4 million in Q3 2022.
- **Consolidated copper production for Q3 2023 of 40.3 thousand tonnes at C1 cash costs¹ of \$2.88/lb.** Copper production in the third quarter was impacted by an unplanned eight days of cumulative downtime at Pinto Valley related to the secondary crusher jack shaft replacement and counter shaft repairs, plus planned maintenance downtime at Mantos Blancos. Lower production levels and maintenance expenses were the key drivers related to higher consolidated cash costs in the quarter.
- The Company **reaffirms its H2 copper production guidance of 83kt to 93kt.** C1 cash costs¹ are trending towards the upper end of the H2 guidance range of \$2.55/lb to \$2.75/lb due to additional unplanned maintenance expenditures noted in Q3.
- **Mantoverde Development Project ("MVDP") overall progress at 93% and remains on schedule.** Construction is progressing well on all key areas of the project. Total project spend since inception was \$763 million at the end of September 2023, compared to \$706 million at June 2023. The project is on track for construction completion by year end 2023. As the project nears completion, the updated total project cost is estimated at \$870 million which is a 5% increase and includes approximately \$20 million in project improvements.
- **Total available liquidity¹ of \$424.5 million as at September 30, 2023,** composed of \$129.5 million of cash and short-term investments, and \$295.0 million of undrawn amounts on the corporate revolving credit facility. In September 2023, the corporate revolving credit facility was expanded to \$700 million and the maturity extended to September 2027.

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

Operating Highlights

	Q3 2023	Q3 2022	2023 YTD	2022 YTD
Copper production (000s tonnes)				
Sulphide business				
Pinto Valley	13.7	14.1	39.2	41.8
Cozamin	5.9	6.4	17.8	18.7
Mantos Blancos	9.1	9.6	28.3	19.0
Total sulphides	28.7	30.1	85.3	79.5
Cathode business				
Mantos Blancos	3.0	4.0	9.6	8.0
Mantoverde ²	8.6	11.6	25.4	25.8
Total cathodes	11.6	15.6	35.0	33.8
Consolidated	40.3	45.7	120.3	113.3
Copper sales				
Copper sold (000s tonnes)	38.7	44.2	116.9	115.2
Realized copper price ¹ (\$/pound)	3.77	3.30	3.87	3.76
C1 cash costs¹ (\$/pound) produced				
Sulphide business				
Pinto Valley	2.83	2.60	2.96	2.67
Cozamin	1.85	1.20	1.73	1.19
Mantos Blancos	2.85	2.17	2.80	2.34
Total sulphides	2.63	2.17	2.65	2.25
Cathode business				
Mantos Blancos	2.75	3.87	3.07	3.80
Mantoverde	3.74	3.87	3.89	3.62
Total cathodes	3.48	3.87	3.67	3.66
Consolidated	2.88	2.76	2.96	2.68

² Mantoverde production shown on a 100% basis.

Consolidated

Q3 2023 copper production of 40.3 thousand tonnes was 12% lower than Q3 2022 primarily as a result of expected lower oxide production at Mantoverde on lower ore grade related to the mining sequence as we are transitioning to sulphide ore for MVDP. Moreover, Pinto Valley had lower mill throughput due to unplanned maintenance downtime related to secondary crusher jack shaft replacement and counter shaft repairs resulting in approximately eight days of downtime.

Q3 2023 C1 cash costs¹ of \$2.88/lb were 4% higher than \$2.76/lb Q3 2022 mainly impacted by 12% lower production, partially offset by higher capitalized stripping at Mantoverde and higher gold by-product credits at Pinto Valley.

2023 YTD consolidated production of 120.3 thousand tonnes of copper is 6% higher than the 113.3 thousand tonnes in 2022 YTD, primarily as a result of full quarter of production in Q1 2023 versus nine day production in Q1 2022 at Mantos Blancos and Mantoverde.

2023 YTD C1 cash costs¹ of \$2.96/lb were 10% higher than \$2.68/lb 2022 YTD mainly on higher operational costs, partially offset by higher capitalized stripping and by-product credits.

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 flotation process to recover sulphide minerals in a copper concentrate saleable as an intermediate product to smelters and refiners.

Consolidated Financial Highlights

(\$ millions, except per share data) ²	Q3 2023	Q3 2022	2023 YTD	2022 YTD
Revenue	322.2	309.2	991.8	933.9
Net (loss) income	(42.3)	37.5	(105.2)	164.5
Net (loss) income attributable to shareholders	(32.9)	34.1	(89.4)	143.1
<i>Net (loss) income attributable to shareholders per common share - basic (\$)</i>	(0.05)	0.05	(0.13)	0.24
<i>Net (loss) income attributable to shareholders per common share - diluted (\$)</i>	(0.05)	0.05	(0.13)	0.23
Operating cash flow before changes in working capital	59.3	14.4	124.3	125.4
Adjusted EBITDA¹	62.8	35.2	172.2	275.4
Adjusted net (loss) income attributable to shareholders¹	(15.8)	(22.7)	(10.5)	9.8
<i>Adjusted net (loss) income attributable to shareholders per common share - basic and diluted¹</i>	(0.02)	(0.03)	(0.02)	0.02
Realized copper price¹ (\$/pound)	3.77	3.30	3.87	3.76
			September 30, 2023	December 31, 2022
Net (debt) / cash¹			(855.5)	(483.1)
Attributable net (debt) / cash¹			(705.1)	(339.9)
Total assets			5,783.6	5,380.9
Total non-current financial liabilities			1,126.1	709.5

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

Mantoverde Development Project

Construction of the MVDP located at the existing Mantoverde (oxide) operation continues to progress well. The MVDP is expected to enable the mine to process 231 million tonnes of copper sulphide reserves over a 20-year expected mine life, in addition to existing oxide reserves. The MVDP involves the addition of a sulphide concentrator (32,000 tonnes per day) and tailings storage facility, and the expansion of the existing desalination plant.

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 international experience in the design and construction of copper concentrator projects of this scale in the international market. The execution plan includes a Capstone Copper owner's team working with the contractors during the execution phase.

The MVDP is progressing well at approximately 93% complete as at September 30, 2023 and remains on track for construction completion by year-end followed by an expected six-month ramp-up to nameplate production levels in 2024.

Key areas of work completed during Q3 2023 were:

- Stockpiled approximately 5.0 million tonnes of sulphide ore
- Commenced commissioning of the primary crusher
- Grinding area: lubrication and cooling system installed. Laying completion of medium-voltage conductors to the Ball/SAG mill. Rotation of SAG/Ball Mills performed
- Flotation area: All cells installed and water test started
- Filtering area: Filter installed, air blower and tank mounted
- Tailings Thickener: Rake glide test done, underflow control valves and metallurgical sampler assembly completed
- Sand Plant: Thickener rake assembly in progress
- Tailings Storage Facilities: Mass excavation completed; Starting Wall and Cut-off Trench nearing completion

As of September 30, 2023, the MVDP to date costs total \$763 million. Our total capital cost for the MVDP is estimated to be 5% higher at approximately \$870 million. The increase from the prior estimate of \$825 million relates to the following main areas (1) Inflation (\$20 million) - impacting the fourth electric shovel, the diesel price on pre-stripping, and the cost per unit on tailings infrastructure construction, (2) Project improvements (\$20 million) - additional retainers for added flexibility in concentrate transport and storage, water reservoir and additional camp and warehouse space, and (3) Ramp up / commissioning costs (\$5 million).

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

Mantos Blancos

Mantos Blancos is currently focused on reliably achieving the installed capacity of 20,000 tonnes per day. We are executing on a plan to address plant stability that includes improved maintenance and optimization of the concentrator and tailings system. During the third quarter we addressed several bottlenecks in the crushing and grinding area of the operation. Moving forward, certain components in the tailings dewatering area, such as new handling and pumping infrastructure, are expected to be delivered and installed in early 2024, after which we expect Mantos Blancos to consistently deliver nameplate throughput rates.

The capital enhancements will enable future expansion opportunities as there will be installed capacity in certain parts of the process in excess of 20,000 tonnes per day. Once nameplate capacity is reached, we will recommence evaluating the potential to increase throughput of the Mantos Blancos sulphide concentrator plant to at least 27,000 tonnes per day using existing process infrastructure and new technologies, while also evaluating options to extend the life of copper cathode production.

Chilean Tax Reform

In August 2023, Chile passed the proposed Mining Royalty into law to be effective on January 1, 2024, replacing the current Specific Tax on Mining Activity.

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

The mine operating margin ("MOM") component will vary depending on the sales volume of the company, along with whether more than 50% of its annual production is copper. Mining companies which derive more than 50% of their income from copper sales and exceed 50,000 MTFC will pay a tax rate that fluctuates between 8% and 26% based on the following table:

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

MOM	Maximum effective rate
Less than 20%	8%
greater than 20% but less than 45%	the rate increases linearly to 12%
greater than 45% but less than 60%	the rate increases linearly to 26%
Greater than 60%	26%

The MOM component will not be applicable in cases where the RIOMA is negative and is calculated based on total mine operating margin, which includes silver and gold by-products. The Mining Royalty allows depreciation as a fully deductible operational expense in the calculation of RIOMA, however, unlike the First Category deduction, it is on a non-accelerated basis.

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

As a change in tax law is accounted for in the period of enactment, rather than from its effective date, the Company recorded a deferred income tax charge of \$31.5 million and a corresponding increased to deferred income tax liabilities. The impact to Capstone operating mines is less than expected due to pre-existing tax losses and accelerated depreciation rates. The Mining Royalty is not expected to have an impact on Santo Domingo which has 15 years of tax stability post commencement of commercial production as a result of Decree Law No. 600 ("DL 600") during which time it will remain subject to the current Specific Tax on Mining. Furthermore, given the Company's growth projects in Chile, we do not expect to incur cash withholding taxes for several years but the deduction is available when calculating the cap under the new mining royalty.

Mantoverde - Santo Domingo District Integration Plan

The Company is focused on creating a world-class mining district in the Atacama region of Chile, targeting over 200,000 tonnes per year of low-cost copper production with the potential to also become one of the largest and lowest cost battery grade cobalt producers in the world outside of China and the DRC. Capstone Copper has the opportunity to unlock operating cost synergies, while also enabling additional copper and cobalt production, infrastructure capital savings, and the potential for significant tax synergies.

Santo Domingo FS Update

Santo Domingo has completed the flowsheet optimization process previously announced and Ausenco is currently updating the Feasibility Study ("FS") with contributions from third parties. Ausenco is optimizing the Technical Report to take into consideration recently produced metallurgical testwork data and updated mine plan. The optimized Technical Report is now expected to be delivered in the first half of 2024 as we are taking additional time to finalize key value drivers within the study and ensure we have selected the optimal project configuration.

MVDP Optimized FS and Phase II

The Company is currently analyzing the next expansion of the sulphide concentrator. Capstone has identified that the desalination plant capacity and major components of the comminution and flotation circuits of the MVDP are capable of sustaining average annual throughput of approximately 45,000 tonnes per day with no major capital equipment upgrades. Capstone continues to work with Ausenco's engineering team to develop the MVDP Optimized Feasibility Study, including evaluating the costs and timelines of debottlenecking the minor components of the plant to meet the potential increased throughput target. The feasibility study is expected in the first half of 2024.

Given the above, the Mantoverde Phase II opportunity will evaluate the addition of an entire second processing line, possibly a duplication of the first line, to process some of the additional 77% of resources not utilized by the MVDP Optimized.

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

Mantoverde - Santo Domingo Cobalt Study

A district cobalt plant for Mantoverde - Santo Domingo may allow for low-cost by-product cobalt production while producing a by-product of sulphuric acid which can then be consumed internally to further significantly lower operating costs in the cathode 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 which is expected to contain between 0.5% and 1.0% Co depending on the ore grade. The oxidation step entails adding the pyrite concentrate to the Mantoverde heap leach process, which will be converted to a bioleaching process to oxidize and break down the pyrite, thereby releasing the cobalt into solution. The cobalt is then recovered from the heap leach solutions via a continuous ion exchange process treating the SX raffinate. The approach has been successfully demonstrated at the bench scale and onsite piloting is expected to begin before the end of 2023. Pending successful piloting, engineering would commence for a small plant treating only Mantoverde pyrite concentrates to produce up to 1,500 tonnes per annum ("tpa") of contained cobalt. Timing of the studies will depend on the results of work.

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

PV District Growth Study

The company continues to review and evaluate the consolidation potential of the Pinto Valley district. Opportunities under evaluation include a potential mill expansion and increased leaching capacity supported by optimized water, heap and dump leach, and tailings infrastructure. This could unlock significant ESG opportunities and may transform our approach to create value for all stakeholders in the Globe-Miami District. Constructive discussions with key district stakeholders advanced during the quarter. A district growth study at Pinto Valley is anticipated in the second half of 2024.

Management Additions

Effective October 17, 2023, Jaime Rivera Machado was appointed as General Manager, Mantos Blancos. Jaime has over 16 years of progressive experience at large mining operations in Chile and previously held the position of General Manager at BHP's Escondida mine and CODELCO's Ministro Hales and Andina mines.

Effective August 14, 2023, Sergio Gaete joined the Chile team as Project Director, Mantos Blancos. Sergio has more than 25 years of experience in metallurgy and copper, gold and molybdenum concentrator operations and projects. He previously held senior roles with CODELCO at its Andina, El Salvador, Chuquicamata, and Radomiro Tomic assets, and with Antofagasta Minerals at its Esperanza project.

Surety Bond Utilization

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

In conjunction with Capstone's sale of the Minto Mine in 2019, Minto posted a surety bond of C\$72 million to cover potential future reclamation liabilities. While this surety bond is outstanding, the Company remains an indemnitor to the surety bond provider. As Minto defaulted on the surety bond, Capstone recognized a liability of approximately US\$54 million (C\$72 million) related to our obligations to the issuer of the surety bond.

While Capstone has not made any payments against the liability during the current quarter, \$21.8 million has been reclassified to current other liabilities reflecting our estimate of the amount to be paid within the next 12 months.

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

Corporate Exploration Update

Cozamin: Q3 2023 infill drilling at the Mala Noche Main Vein West Target was on hold while the development of the lower elevation mine cross-cut was completed. Infill drilling will recommence in early Q4 2023 to support an updated mineral resource estimate in 2024.

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

Planalto, Brazil: Subsequent to Q3 2023, Capstone notified Lara Exploration Ltd. ("Lara") of the intent to relinquish the Planalto Option Agreement and fully exit the project.

2.1 2023 Outlook

The Company re-affirms its H2 copper production guidance of 83,000 to 93,000 tonnes. C1 cash costs¹ are trending towards the upper end of the H2 guidance range of \$2.55/lb to \$2.75/lb per payable pound of copper produced due to additional unplanned maintenance expenditures.

The company re-affirms its full year capital expenditure guidance (including capitalized stripping) of \$620 million with a reclassification of expenditures by operation as follows:

Capital Expenditures (\$ millions)	Updated Guidance	Previous Guidance
Pinto Valley	80	100
Cozamin	35	30
MVDP ²	240	225
Mantoverde ²	145	145
Mantos Blancos	95	95
Santo Domingo	25	25
Total Expenditures	620	620

² Mantoverde capital expenditures shown on a 100% basis.

Exploration guidance (brownfield and greenfield) of \$10 million remains unchanged.

3.0 OPERATIONAL REVIEW

3.1 Pinto Valley Mine – Miami, Arizona

Operating Statistics

	2022					2023			
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Total
Production (contained)²									
Copper in Concentrate (tonnes)	13,716	12,778	13,428	14,300	54,222	12,246	11,878	12,968	37,092
Cathode (tonnes)	636	556	719	711	2,622	595	813	657	2,065
Total Copper (tonnes)	14,352	13,334	14,147	15,011	56,844	12,841	12,691	13,625	39,157
Mining									
Waste (000s tonnes)	5,572	6,082	6,208	4,499	22,361	3,197	3,239	4,428	10,864
Ore (000s tonnes)	4,859	3,638	3,863	4,163	16,523	4,419	3,887	3,733	12,039
Total (000s tonnes)	10,431	9,720	10,071	8,662	38,884	7,616	7,126	8,161	22,903
Strip Ratio (Waste:Ore)	1.15	1.67	1.61	1.08	1.35	0.72	0.83	1.19	0.90
Rehandled ore and stockpile (000s tonnes)	1,215	1,347	1,313	1,581	5,456	1,844	1,079	1,697	4,620
Total material moved (000s tonnes)	11,646	11,067	11,384	10,243	44,340	9,460	8,205	9,858	27,523
Processing									
Throughput (000s tonnes)	5,257	4,261	4,429	5,080	19,027	4,699	4,035	4,363	13,097
Tonnes per day	58,412	46,821	48,143	55,222	52,130	52,207	44,336	47,426	47,972
Grade (%) ³	0.32	0.34	0.34	0.32	0.33	0.30	0.34	0.34	0.32
Recoveries (%) ³	82.3	88.2	89.1	86.9	86.5	86.8	87.4	87.4	87.4
Payable copper produced (tonnes)	13,872	12,887	13,677	14,510	54,946	12,413	12,276	13,171	37,860
Copper C1 cash cost ¹ (\$/pound payable copper produced)	2.60	2.82	2.60	2.48	2.63	3.09	2.98	2.83	2.96
Adjusted EBITDA ¹ (\$ millions)	71.1	48.1	16.7	32.0	167.9	41.2	17.8	24.9	83.9

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

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

2023 versus 2022 Insights

Copper production of 13.6 thousand tonnes in Q3 2023 was 3% lower than in Q3 2022 mainly on lower mill throughput during the quarter (Q3 2023 - 47,426 tonnes per day ("tpd") versus Q3 2022 - 48,143 tpd), resulting from unplanned eight-day downtime related to the secondary crusher jack shaft replacement and counter shaft repairs. Grade was consistent quarter over quarter (Q3 2023 – 0.34% versus Q3 2022 - 0.34%). Recoveries were lower compared to the same period last year (Q3 2023 - 87.4% versus Q3 2022 - 89.1%).

2023 YTD production was 6% lower than 2022 YTD mainly due to lower mill throughput (47,972 tpd in 2023 YTD versus 51,088 tpd in 2022 YTD) driven by heavy rainfall, including flooding, which resulted in plugged chutes and screens in Q1, conveyor belt replacement/structural support rebuild, and unplanned maintenance on the secondary crusher and associated conveyors which caused the equivalent of twenty days of downtime during Q2 and Q3. Recoveries were higher than 2022 YTD (87.4% 2023 YTD versus 86.3% 2022 YTD). The mill feed grade was consistent with the same period last year (0.32% in 2023 YTD versus 0.33% in 2022 YTD).

Q3 2023C1 cash costs¹ of \$2.83/lb in Q3 2023 were 9% higher than Q3 2022 of \$2.60/lb primarily due to increases in operating costs driven by higher contractor spend and mechanical parts costs (\$0.32/lb) and lower production (\$0.11/lb), partially offset by higher gold by-product credits and lower treatment and refining costs (-\$0.21/lb).

2023 YTD C1 cash costs¹ of \$2.96/lb were 11% higher compared to the same period last year of \$2.67/lb primarily due to increased mining costs due to inflationary pressures on explosives, and higher spend on rental equipment, mining equipment tools and maintenance contractors (\$0.23/lb), lower production (\$0.18/lb), and lower capitalized stripping (\$0.05/lb), partially offset by higher gold and molybdenum by-product credits and lower treatment costs (-\$0.15/lb). The cash costs are expected to trend down in Q4 as result of higher production.

Capital Expenditures

Sustaining capital¹ in Q3 2023 of \$23.0 million was spent primarily on investing in infrastructure upgrades that will increase water reclaim, the tailings buttress project and mining equipment component replacements. Expansionary capital¹ in Q3 2023 of \$2.1 million was primarily related to the district studies. Capitalized stripping decreased in Q3 2023 compared to the same period last year as waste removal from the northwest section of phase 3 was delayed due to lower haul truck availability.

(\$ millions)	Q3 2023	Q3 2022	2023 YTD	2022 YTD
Capitalized stripping	7.8	9.5	10.9	17.1
Sustaining capital ¹	23.0	24.4	50.3	51.0
Expansionary capital ¹	2.1	2.9	3.7	9.1
Right of use assets - non cash	13.7	—	22.9	—
Pinto Valley mine additions	46.6	36.8	87.8	77.2

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

3.2 Mantos Blancos – Antofagasta, Chile Operating Statistics

	2022					2023			
	Q1 ⁴	Q2	Q3	Q4	Total	Q1	Q2	Q3	Total
Production (contained metal and cathode) ²									
Copper in Concentrate (tonnes)	704	8,685	9,593	9,975	28,957	10,847	8,358	9,133	28,338
Cathode (tonnes)	330	3,713	4,003	4,228	12,274	3,275	3,292	3,030	9,597
Total Copper (tonnes)	1,034	12,398	13,596	14,203	41,231	14,122	11,650	12,163	37,935
Mining									
Waste (000s tonnes)	—	11,671	10,837	17,112	39,620	12,906	13,545	13,945	40,396
Ore (000s tonnes)	—	8,409	8,559	4,713	21,681	7,443	6,374	4,674	18,491
Total (000s tonnes)	—	20,080	19,396	21,825	61,301	20,349	19,919	18,619	58,887
Strip Ratio (Waste:Ore)	—	1.39	1.27	3.63	1.83	1.73	2.13	2.98	2.18
Rehandled ore and stockpile (000s tonnes)	—	801	1,425	1,794	4,020	1,758	1,674	1,702	5,134
Total material moved (000s tonnes)	—	20,881	20,821	23,619	65,321	22,107	21,593	20,321	64,021
Mill operations									
Throughput (000s tonnes)	—	1,385	1,319	1,403	4,107	1,442	1,325	1,304	4,071
Tonnes per day	—	15,218	14,334	15,246	14,935	16,023	14,555	14,176	14,911
Grade (%) ³	—	0.90	0.92	0.94	0.92	0.94	0.85	0.92	0.90
Recoveries (%) ³	—	69.7	79.3	75.1	72.5	80.2	73.9	76.3	77.0
Dump operations									
Throughput (000s tonnes)	—	3,138	2,680	4,128	9,946	2,635	2,946	2,038	7,619
Grade (%) ³	—	0.18	0.16	0.19	0.18	0.18	0.16	0.16	0.17
Silver									
Production contained (oz)	22	314	263	312	911	365	245	245	855
Payable copper produced (tonnes)	1,011	12,129	13,270	13,864	40,274	13,753	11,365	11,852	36,970
Sulphides C1 cash cost ¹ (\$/pound payable copper produced)	—	2.49	2.17	1.82	2.16	2.46	3.18	2.85	2.80
Cathode C1 cash cost ¹ (\$/pound payable copper produced)	—	3.67	3.87	2.69	3.41	3.36	3.08	2.75	3.07
Combined C1 cash cost ¹ (\$/pound payable copper produced)	3.33	2.85	2.68	2.09	2.54	2.68	3.15	2.82	2.87
Adjusted EBITDA ¹ (\$ millions)	8.3	34.1	8.8	27.3	78.5	37.4	12.0	22.5	71.9

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

³ Grade and recoveries were estimated based on concentrate production and may be impacted by settlements from prior production periods

⁴ Represents nine days of production

2023 versus 2022 Insights

Q3 2023 production was 12.2 thousand tonnes, comprised of 9.1 thousand tonnes from sulphide operations and 3.0 thousand tonnes of cathode from oxide operations, 11% lower than the 13.6 thousand tonnes produced in Q3 2022. The lower production was driven primarily by lower dump throughput, grade and recoveries impacting cathode production. The mill throughput of 14,176 tpd in Q3 2023 was impacted by mill downtime caused by planned repair and maintenance of the concentrator plant that lasted six days (liners and major components change). Recoveries were lower in Q3 2023 compared to the same period last year (76.3% in Q3 2023 versus 79.3% in Q3 2022), mainly driven by ore characteristics in the upper areas of the mine. A plan to address the plant stability during the second half of 2023 is underway that includes improved maintenance and optimization of the concentrator and the tailings system.

2023 YTD production of 37.9 thousand tonnes, composed of 28.3 thousand tonnes from sulphide operations and 9.6 thousand tonnes of cathode from oxide operations, was higher than the same period last year due to full operational Q1 2023 compared to a nine-day stub period in Q1 2022.

Combined Q3 2023 C1 cash costs¹ were \$2.82/lb (\$2.85/lb sulphides and \$2.75/lb cathodes) compared to combined C1 cash costs¹ of \$2.68/lb in Q3 2022, 5% higher than the same period last year mainly due to lower production (\$0.11/lb), an increase in contracted services and labour cost mainly driven by unfavourable foreign exchange rate and inflation impact (\$0.34/lb), plant maintenance and spare parts spend (\$0.03/lb), partially offset by lower key consumable prices (-\$0.34/lb) (realized acid prices averaged \$141/t in Q3 2023 versus \$273/t in Q3 2022 and diesel price averaged \$0.76/l in Q3 2023 versus \$0.97/l in Q3 2022).

Combined 2023 YTD C1 cash costs¹ of \$2.87/lb (\$2.80/lb sulphides and \$3.07/lb cathodes) were 3% higher compared to \$2.78/lb in 2022 YTD. For the last quarter of 2023, we expect a reduction in combined C1 cash costs¹ as the production mix is expected to have a higher ratio of concentrates to cathodes and lower acid prices (average 2023 YTD \$171/t and estimated remaining \$164/t).

Capital Expenditures

Sustaining capital¹ in Q3 2023 of \$6.0 million was spent primarily on mining equipment component replacements and an environmental compliance program. Capitalized stripping in Q3 2023 was \$19.8 million, consistent with the same period last year.

(\$ millions)	Q3 2023	Q3 2022	2023 YTD	2022 YTD
Capitalized stripping	19.8	17.9	54.3	34.2
Sustaining capital ¹	6.0	3.7	13.5	10.5
Expansionary capital ¹	—	17.4	—	28.0
Capitalized interest on construction in progress	—	0.6	—	4.2
Right of use assets - non cash	—	—	1.2	—
Mantos Blancos mine additions ²	25.8	39.6	69.0	76.9

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

3.3 Mantoverde (70% ownership) – Atacama, Chile Operating Statistics

	2022					2023			
	Q1 ⁴	Q2	Q3	Q4	Total	Q1	Q2	Q3	Total
Production (contained)^{2,3}									
Cathode (tonnes)	1,208	13,050	11,581	10,462	36,301	8,532	8,290	8,560	25,382
Mining									
Waste (000s tonnes)	—	13,501	15,020	17,113	45,634	19,480	21,153	24,170	64,803
Ore (000s tonnes)	—	5,876	5,816	6,644	18,336	5,534	5,769	6,438	17,741
Total (000s tonnes)	—	19,377	20,836	23,757	63,970	25,014	26,922	30,608	82,544
Strip Ratio (Waste:Ore)	—	2.30	2.58	2.58	2.49	3.52	3.67	3.75	3.65
Rehandled Ore (000s tonnes)	—	3,366	3,041	3,508	9,915	4,926	5,604	4,386	14,916
Total material moved (000s tonnes)	—	22,743	23,877	27,265	73,885	29,940	32,526	34,994	97,460
Heap operations									
Throughput (000s tonnes)	—	2,763	2,475	2,847	8,085	2,754	2,657	2,684	8,095
Grade (%)	—	0.49	0.45	0.40	0.45	0.31	0.31	0.32	0.31
Recoveries (%)	—	75.7	86.7	77.0	77.2	69.0	73.4	66.5	69.6
Dump operations									
Throughput (000s tonnes)	—	2,644	3,788	3,046	9,478	3,895	3,707	2,756	10,358
Grade (%)	—	0.17	0.17	0.15	0.16	0.17	0.17	0.17	0.17
Recoveries (%)	—	41.9	40.1	37.7	39.8	39.9	37.4	59.4	44.3
Payable copper produced (tonnes)	1,208	13,050	11,581	10,462	36,301	8,532	8,290	8,560	25,382
Copper C1 cash cost ¹ (\$/pound payable copper produced)	3.63	3.40	3.87	3.65	3.63	4.02	3.92	3.74	3.89
Adjusted EBITDA ¹ (\$ millions)	7.2	5.8	(17.7)	(4.6)	(9.3)	(4.0)	(11.8)	1.2	(14.6)

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

³ Production shown on a 100% basis

⁴ Represents nine days of production

2023 versus 2022 Insights

Q3 2023 copper production of 8.6 thousand tonnes was 26% lower compared to 11.6 thousand tonnes in Q3 2022. Heap operations grade was lower as a result of mine sequence (0.32% in Q3 2023 versus 0.45% in Q3 2022), and recoveries were lower (66.5% in Q3 2023 versus 86.7% in Q3 2022) due to lower solubility ratio of the processed mineral and lower grades, all of which was partially offset by higher heap throughput (2.7 million tonnes in Q3 2023 versus 2.5 million tonnes in Q3 2022). Throughput from dump operations was lower compared with the same period last year due to a temporary sulphuric acid supply shortfall in September, and grades were consistent with the same period last year.

2023 YTD production of 25.4 thousand tonnes was lower than the same period last year, despite of full operational Q1 2023 compared to nine-day stub period in Q1 2022 due to lower heap grades as a result of mine sequence (0.31% YTD 2023 versus 0.48% YTD 2022) and lower recoveries due to lower solubility ratio of the processed mineral and lower grades. Production for the remainder of the year should be positively impacted by higher expected grades.

Q3 2023 C1 cash costs¹ were \$3.74/lb, 3% lower than \$3.87/lb in Q3 2022 due to lower sulphuric acid prices (\$156/t in Q3 2023 versus \$285/t in Q3 2022) and lower mine costs mainly driven by lower diesel prices (\$0.76/l in Q3 2023 versus \$1.03/l in Q3 2022), partially offset by lower production.

2023 YTD C1 cash costs¹ were \$3.89/lb, 7% higher than \$3.62/lb in 2022 YTD. For the last quarter of 2023, we expect a reduction in C1 cash costs¹ due to lower energy prices (average YTD \$0.22/kWh and estimated remaining \$0.16/kWh) and higher production.

Capital Expenditures

Sustaining capital¹ in Q3 2023 of \$10.7 million was spent primarily to enable a new leaching area (fourth level), new South Dump II and mining equipment component replacements. Expansionary capital¹ in Q3 2023 of \$62.6 million primarily related to MVDP.

(\$ millions)	Q3 2023	Q3 2022	2023 YTD	2022 YTD
Capitalized stripping	34.3	—	94.2	—
Sustaining capital ¹	10.7	6.5	26.2	13.7
Expansionary capital ¹	62.6	56.4	234.3	151.6
Capitalized interest and other on construction in progress	19.9	6.1	49.9	10.5
Right of use assets - non cash	13.2	4.3	28.3	24.7
Mantoverde mine additions ²	140.7	73.3	432.9	200.5

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

3.4 Cozamin Mine – Zacatecas, Mexico Operating Statistics

	2022					2023			
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Total
Production (contained)²									
Copper (tonnes)	5,921	6,397	6,357	5,776	24,451	5,239	6,622	5,915	17,776
Silver (000s ounces)	271	439	353	313	1,376	282	367	330	979
Zinc (000s pounds)	798	271	525	103	1,697	68	156	—	224
Mining									
Ore (000s tonnes)	342	346	350	316	1,354	306	347	347	1,000
Processing									
Milled (000s tonnes)	333	352	352	316	1,353	307	345	328	980
Tonnes per day	3,704	3,874	3,829	3,430	3,803	3,410	3,792	3,567	3,590
Copper									
Grade (%) ³	1.84	1.88	1.86	1.89	1.87	1.77	1.98	1.86	1.87
Recoveries (%)	96.6	96.7	96.8	96.8	96.7	96.6	96.9	96.8	96.8
Silver									
Grade (%) ³	41.9	36.4	37.9	37.4	38.4	35.1	40.1	37.7	37.7
Recoveries (%)	82.6	82.0	82.1	82.3	82.3	81.3	82.5	82.4	82.1
Zinc									
Grade (%) ³	0.43	0.33	0.36	0.32	0.36	0.26	0.31	—	0.27
Recoveries (%)	25.4	10.7	18.9	4.6	15.8	6.6	6.6	—	6.6
Payable copper produced (tonnes)	5,690	6,144	6,108	5,544	23,486	5,033	6,361	5,680	17,074
Copper C1 cash cost ¹ (\$/pound payable copper produced)	1.12	1.25	1.20	1.40	1.24	1.72	1.63	1.85	1.73
Adjusted EBITDA ¹ (\$ millions)	44.7	36.7	23.9	32.6	137.9	30.9	34.0	24.9	89.8

² Adjustments based on final settlements will be made in the future quarters.

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

2023 versus 2022 Insights

Q3 2023 copper production of 5.9 thousand tonnes was 7% lower than the same period prior year mainly on lower mill throughput (3,567 tpd in Q3 2023 versus 3,829 tpd in Q3 2022) driven by crusher availability. Recoveries and grades were consistent quarter over quarter.

2023 YTD production was 5% lower than 2022 YTD due to lower throughput as a result of change in mining method (from all long-hole to a mix of long-hole and cut-and-fill) in Q1 2023 and mill shutdown in Q3 2023 (3,590 tpd in 2023 YTD versus 3,803 tpd in 2022 YTD). Recoveries and grades were consistent with the same period last year.

Q3 2023 C1 cash costs¹ were 54% higher than the same period last year mainly due to inflationary price increases on the main consumables, unfavourable foreign exchange rate, start of paste plant operations, which resulted in an increase in labour, contractor and cement costs, changes in mining method and additional bolting requirements as part of strengthening ground support (\$0.61/lb) and lower copper production (\$0.08/lb), partially offset by stockpile buildup (-\$0.07/lb).

2023 YTD C1 cash costs¹ were 45% higher than the same period last year primarily due to the change in mining method which resulted in an increase in contractor utilization and higher spend on bolting, and unfavourable

foreign exchange rate (\$0.42/lb). In addition, cash costs were impacted by lower production (\$0.06/lb) and lower zinc by-product credits due to planned lower zinc production (\$0.03/lb).

Capital Expenditures

Sustaining capital¹ spending at Cozamin totaled \$6.7 million for Q3 2023, was related mainly to mine development and mine equipment.

The dry stack and paste plants are fully operational.

Capitalized exploration expenditures totaled \$0.4 million for Q3 2023. This was primarily spent on development costs associated with the new deeper exploration cross-cut and drill stations. Infill drilling at the Mala Noche Main Vein West Target is slated to recommence in early Q4 2023.

(\$ millions)	Q3 2023	Q3 2022	2023 YTD	2022 YTD
Sustaining capital ¹	6.7	7.3	21.1	22.5
Expansionary capital ¹	—	9.2	9.6	27.7
Brownfield exploration	0.4	1.1	1.3	2.8
Right of use assets - non cash	—	—	0.2	0.3
Cozamin mine additions	7.1	17.6	32.2	53.3

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

3.5 Santo Domingo Project – Chile (Copper and Iron)

Capital Expenditures

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

(\$ millions)	Q3 2023	Q3 2022	2023 YTD	2022 YTD
Capitalized project costs	8.1	8.1	16.9	23.6

3.6 Exploration

(\$ millions)	Q3 2023	Q3 2022	2023 YTD	2022 YTD
Greenfield exploration (expensed to income statement)	1.9	1.8	4.7	7.0
Brownfield exploration (capitalized to mineral properties) - Cozamin	0.4	1.1	1.3	2.8
Total exploration²	2.3	2.9	6.0	9.8

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

Capstone Copper's exploration team is predominantly focused on organic growth opportunities to expand mineral resources and mineral reserves at all four mines and the Santo Domingo development project. Subsequent to Q3 2023, Capstone Copper notified Lara Exploration Ltd. of the relinquishment of the earn-in option for the greenfield Planalto Prospect (Carajas Region, Brazil). Capstone also has a portfolio of 100% owned claims acquired by staking in Sonora, Mexico.

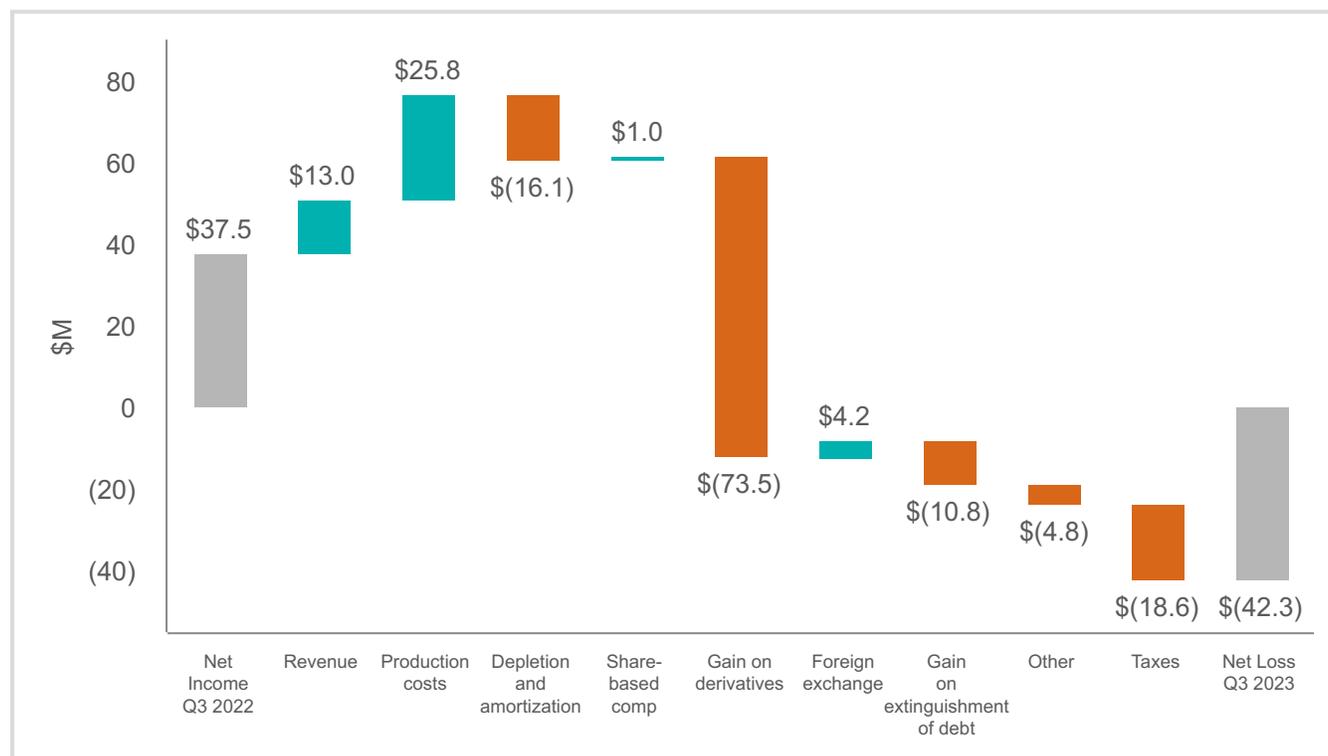
4.0 FINANCIAL REVIEW

4.1 Consolidated Results

Consolidated Net (Loss) Income Analysis

Net (Loss) Income for the Three Months Ended September 30, 2023 and 2022

The Company recorded net loss of \$42.3 million for the three months ended September 30, 2023 compared with net income of \$37.5 million in Q3 2022. The major differences are outlined below:



The difference quarter-over-quarter was driven by:

- Revenue: \$13.0 million or 4% of the increase was driven by higher realized copper prices¹ (Q3 2023 - \$3.77 per pound, Q3 2022 - \$3.30 per pound), and partially offset by lower copper volumes sold (Q3 2023 - 38.7 thousand tonnes, Q3 2022 - 44.2 thousand tonnes).
- Production costs: \$25.8 million decrease primarily driven by:
 - Pinto Valley recorded \$8.6 million higher production costs in Q3 2023 compared to Q3 2022 as a result of higher contractor spend and mechanical parts costs, unplanned downtime and maintenance, and partially offset by lower copper volumes sold (Q3 2023 - 12.6 thousand tonnes, Q3 2022 - 13.5 thousand tonnes).
 - Cozamin recorded \$5.6 million higher production costs in Q3 2023 compared to Q3 2022 as a result of inflationary increase in costs and change in mining method, and partially offset by lower copper volumes sold (Q3 2023 - 5.3 thousand tonnes, Q3 2022 - 5.9 thousand tonnes).
 - Mantos Blancos recorded comparable production costs in Q3 2023 compared to Q3 2022 (\$0.4 million lower) and comparable copper volumes sold (Q3 2023 - 8.9 thousand tonnes, Q3 2022 - 8.8 thousand tonnes).
 - Mantoverde recorded \$40.1 million lower production costs in Q3 2023 compared to Q3 2022 as a result of lower copper volumes sold and lower acid prices (Q3 2023 - 8.7 thousand tonnes, Q3 2022 - 14.2 thousand tonnes).
- Depletion and amortization: \$16.1 million increase primarily due to an increase in depreciable capital assets, and due to commercial production being declared on MB-CDP and depreciation beginning January 2023.
- Gain on derivatives: \$73.5 million decrease primarily due to a lower net gain on copper commodity contracts (Q3 2023 - \$2.6 million, Q3 2022 - \$65.8 million). Copper forward curve prices decreased less from \$3.77/lb as at June 30, 2023 to \$3.75/lb as at September 30, 2023, compared with a more significant

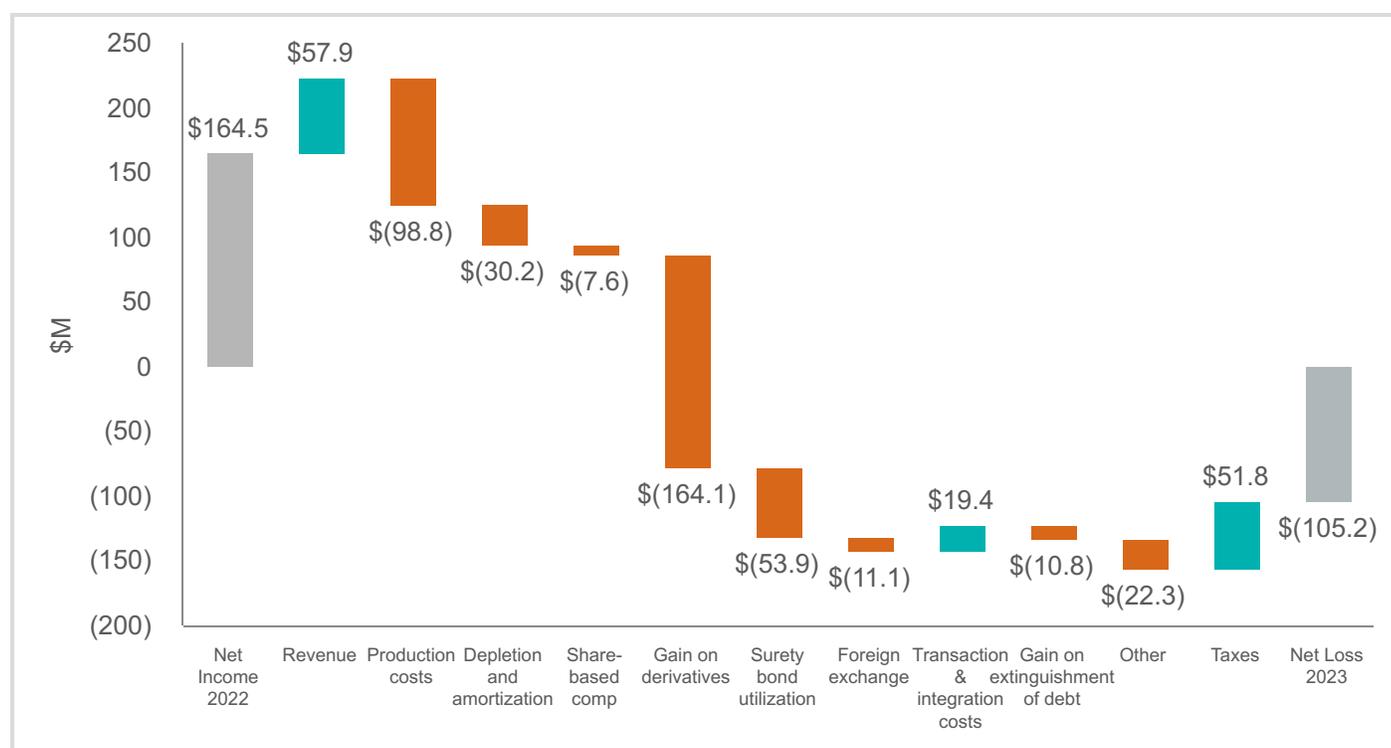
¹ These are alternative performance measures. Refer to the MD&A section entitled "Alternative Performance Measures".

decrease from \$3.75/lb at June 30, 2022 to \$3.43/lb at September 30, 2022 resulting in a larger unrealized derivatives gain in Q3 2022.

- Foreign exchange: \$4.2 million change primarily due to foreign exchange impacts from Mantos Blancos and Mantoverde as a result of a lower magnitude in the weakening of the Chilean Peso in Q3 2023 vs. Q3 2022, in addition to the impact of the strengthening Mexican Peso at Cozamin.
- Gain on extinguishment of debt: \$10.8 million decrease as result of expensing the \$2.7 million in previously capitalized financing fees due to the RCF amendment in Q3 2023 vs. the \$8.0 million gain from the full repayment on the Mantos Blancos CDP loan from Glencore during Q3 2022.
- Net other expenses: \$4.8 million increase due to increased interest expense from higher draw downs on the RCF period over period.
- Income taxes: \$18.6 million increase due to a net loss during Q3 2023 compared to a net income during Q3 2022, in addition to the deferred income tax expense impact from the Chilean Tax Reform of \$31.5 million.

Net (Loss) Income for the Nine Months Ended September 30, 2023 and 2022

The Company recorded a net loss of \$105.2 million for the nine months ended September 30, 2023 compared with net income of \$164.5 million in 2022 YTD. The major differences are outlined below:



The difference year-over-year was driven by:

- Revenue: \$57.9 million or 6% of the increase was driven by higher copper volumes sold (2023 YTD – 116.9 thousand tonnes, 2022 YTD – 115.2 thousand tonnes), and higher realized copper prices¹ (2023 YTD - \$3.87 per pound, 2022 YTD - \$3.76 per pound).
- Production costs: \$98.8 million increase primarily driven by a full quarter results in Q1 2022 vs nine day stub period in Q1 2022 from Mantos Blancos and Mantoverde:
 - Pinto Valley recorded \$7.7 million higher production costs in 2023 YTD compared to 2022 YTD as a result of higher maintenance costs, and partially offset by lower copper volumes sold (2023 YTD – 37.4 thousand tonnes, 2022 YTD – 42.7 thousand tonnes).
 - Cozamin recorded \$15.1 million higher production costs in 2023 YTD compared to 2022 YTD as a result of changing in mining method to include cut and fill mining, inflationary increases in costs, and partially offset by lower copper volumes sold (2023 YTD – 16.6 thousand tonnes, 2022 YTD – 17.5 thousand tonnes).
 - Mantos Blancos recorded \$81.6 million higher production costs in 2023 YTD compared to 2022 YTD as a result of a full quarter of Q1 2023 results versus nine day stub period.

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

- Mantoverde recorded \$7.1 million lower production costs in 2023 YTD compared to 2022 YTD primarily as a result of lower copper volumes sold in Q3 2023 (25.9 thousand tonnes vs. Q3 2022 (28.5 thousand tonnes).
- Depletion and amortization: \$30.2 million increase primarily due to a full quarter of results in Q1 2023 versus nine days in Q1 2022 from Mantos Blancos and Mantoverde (increase of \$13.4 million), and higher volumes sold.
- Share-based compensation: \$7.6 million increase primarily due to an increase in share price for 2023 YTD vs. a decrease for 2022 YTD (C\$4.94 opening price to C\$5.76 closing price as at September 30, 2023 versus C\$5.58 opening price to C\$3.26 closing price as at September 30, 2022).
- Gain on derivatives: \$164.1 million decrease primarily due to a lower net change on copper commodity contracts (2023 YTD – \$0.9 million loss, 2022 YTD – \$170.1 million gain). Copper forward curve prices decreased from \$3.80/lb as at December 31, 2022 to \$3.75/lb as at September 30, 2023, vs. from \$4.41/lb at December 31, 2021 to \$3.43/lb at September 30, 2022.
- Surety bond utilization expense: \$53.9 million one-off expense as a result of the Company's obligation to the issuer of the surety bond in relation to Minto ceasing operations during Q2 2023.
- Foreign exchange: \$11.1 million change primarily due to foreign exchange impacts from Mantos Blancos and Mantoverde as a result of a strengthening Chilean Peso in 2023 YTD vs. a weakening Chilean Peso in 2022 YTD, in addition to the impacts of the strengthening Mexican Peso at Cozamin.
- Transaction & Integration costs: \$19.4 million decrease primarily due to the Mantos transactions costs that were incurred in Q1 2022.
- Gain on extinguishment of debt: \$10.8 million decrease as result of expensing the \$2.7 million in previously capitalized financing fees due to the RCF amendment in Q3 2023 vs. the \$8.0 million gain from the full repayment on the Mantos Blancos CDP loan from Glencore during Q3 2022.
- Net other expenses: \$22.3 million increase primarily due to the immediate expensing of a portion of Mantos Blancos union bargaining bonus of \$8.9 million, the bad debt provision for the \$5 million uncollectible amount from Minto related to the sale in 2019, and higher interest expense incurred on RCF draw downs.
- Income taxes: \$51.8 million decrease due to a net loss in 2023 YTD compared to a net income in 2022 YTD, and partially offset by the deferred income tax expense impact from the Chilean tax reform of \$31.5 million.

4.2 Revenue Analysis

Revenue increased quarter-on-quarter (\$322.2 million versus \$309.2 million in Q3 2022) primarily due to a higher realized copper price¹ (\$3.77 per pound versus \$3.30 per pound in Q3 2022), and partially offset by lower copper volumes sold (38.7 thousand tonnes versus 44.2 thousand tonnes in Q3 2022).

YTD revenue increased year-on-year (\$991.8 million versus \$933.9 million in 2022 YTD) due to slightly higher copper volumes sold (116.9 thousand tonnes versus 115.2 thousand tonnes in 2022 YTD), and a higher realized copper price¹ (\$3.87 per pound versus \$3.76 per pound in 2022 YTD). 2023 YTD includes a full quarter of sales volumes in Q1 2023 versus the nine days stub period in Q1 2022 from Mantos Blancos and Mantoverde.

Revenue by Mine

(\$ millions)	Q3 2023 ²		Q3 2022 ²		2023 YTD ²		2022 YTD ²	
Pinto Valley	105.4	32.7 %	91.9	29.7 %	317.6	32.0 %	351.1	37.6 %
Mantos Blancos	97.5	30.3 %	86.7	28.0 %	308.3	31.1 %	192.3	20.6 %
Mantoverde	69.5	21.6 %	82.6	26.7 %	213.8	21.6 %	227.6	24.4 %
Cozamin	48.0	14.9 %	47.5	15.4 %	157.4	15.9 %	162.4	17.4 %
Corporate ³	1.8	0.5 %	0.5	0.2 %	(5.3)	(0.6)%	0.5	0.1 %
Total revenue	322.2	100.0 %	309.2	100.0 %	991.8	100.0 %	933.9	100.0 %

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

³ The Corporate revenue is related to the net changes on quotational period hedges.

Provisionally Priced Copper

Gross revenue for the three months ended September 30, 2023 includes 39.2 thousand tonnes of copper sold subject to final settlement. Of this, the prices for 6.1 thousand tonnes are final at a weighted average price of \$3.76 per pound. The remaining 33.1 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			Total	(\$/pound)	
		Blancos	Mantoverde	Cozamin		Provisional Price	
Oct-2023	8.3	3.5	2.6	4.3	18.7	3.74	
Nov-2023	2.6	3.2	—	—	5.8	3.75	
Dec-2023	2.8	2.7	—	2.2	7.7	3.75	
Not yet declared	0.9	—	—	—	0.9	3.74	
Total	14.6	9.4	2.6	6.5	33.1	3.75	

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

Of the 33.1 thousand tonnes subject to price change upon final settlement, 20.4 thousand tonnes have been hedged as at September 30, 2023, and 3.3 thousand tonnes of September 2023 sales have been hedged in October 2023. The remaining 9.4 thousand tonnes are not hedged as these volumes have a declared quotational period of October 2023, which the QP hedging program is designed to achieve average LME price of the month after month of shipment.

Reconciliation of Realized Copper Price¹

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

	Q3 2023	Q3 2022	2023 YTD	2022 YTD
Gross copper revenue				
Gross copper revenue on new shipments	321.6	341.6	994.2	1,025.8
Realized pricing and volume adjustments on copper revenue	(1.7)	(32.5)	3.3	(42.7)
Unrealized pricing and volume adjustments on copper revenue	1.8	11.5	2.0	(27.2)
Gross copper revenue including pricing and volume adjustments	321.7	320.6	999.5	955.9
Gross copper revenue on new shipments (\$/pound)	3.77	3.51	3.86	4.04
Realized pricing and volume adjustments on copper revenue (\$/pound)	(0.02)	(0.33)	0.01	(0.17)
Unrealized pricing and volume adjustments on copper revenue (\$/pound)	0.02	0.12	—	(0.11)
Realized copper price¹ (\$/pound)	3.77	3.30	3.87	3.76
LME average copper price (\$)	3.79	3.51	3.89	4.12
LME close price (\$)	3.73	3.74	3.73	3.74
Gross copper revenue - reconciliation to financials				
Gross copper revenue including pricing and volume adjustments	321.7	320.6	999.5	955.9
Revenue from other metals	16.0	8.5	40.8	30.9
Treatment and selling	(15.5)	(19.9)	(48.5)	(52.9)
Revenue per financials	322.2	309.2	991.8	933.9
Payable copper sold (tonnes)	38,700	44,166	116,911	115,168

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

4.3 Consolidated Cash Flow Analysis²

(\$ millions)	Q3 2023	Q3 2022	2023 YTD	2022 YTD
Operating cash flow before changes in working capital	59.3	14.4	124.3	125.4
Changes in non-cash working capital	15.7	(0.2)	(40.1)	(60.9)
Other non-cash changes	(18.2)	(3.0)	(27.8)	(1.5)
Total cash flow from operating activities	56.8	11.2	56.4	63.0
Total cash flow used in investing activities	(190.5)	(191.7)	(527.3)	(210.9)
Total cash flow from financing activities	142.3	28.1	425.3	81.9
Effect of foreign exchange rates on cash and cash equivalents	3.3	(1.4)	3.3	(1.7)
Net change in cash and cash equivalents	11.9	(153.8)	(42.3)	(67.7)
Opening cash and cash equivalents	116.1	348.2	170.3	262.1
Closing cash and cash equivalents	128.0	194.4	128.0	194.4

² 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 September 30, 2023 and 2022

The net change in cash was \$11.9 million in Q3 2023 compared to \$(153.8) million in Q3 2022. The change was primarily due to:

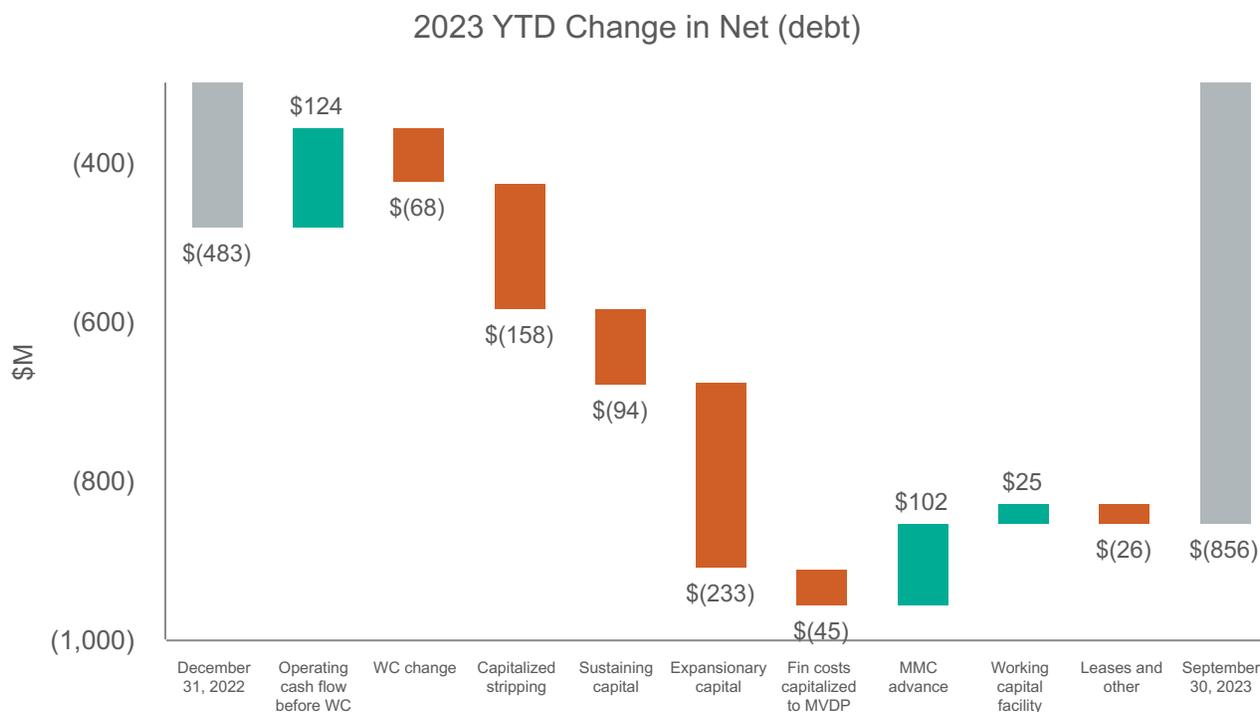
- Cash flow from operating activities before changes in working capital higher by \$44.9 million. Revenue less production costs were higher in Q3 2023 versus Q3 2022 by \$39.3 million (Q3 2023 revenue of \$322.2 million less production costs of \$245.1 million compared to Q3 2022 revenue of \$309.2 million less production costs of \$271.4 million). Also, taxes paid in Q3 2022 were \$6.1 million lower than the same period last year.
- Changes in non-cash working capital in Q3 2023 was \$(15.9) million lower compared to the same period last year primarily due to an increase in inventories, partially offset by a decrease in accounts receivable.
- Cash flows used in investing activities were \$1.2 million lower in Q3 2023 mainly due to the timing of payments related to capital expenditures.
- Cash flows from financing activities were \$114.2 million higher in Q3 2023 primarily due to \$107.0 million net proceeds from the Revolving Credit Facility ("RCF"), \$15.0 million from Working Capital Facility, and \$33.0 million from related party shareholder loan from MMC versus a \$95.0 million drawdown on the RCF which was used to repay the higher cost Glencore facility, \$10.1 million higher borrowings from a related party, partially offset by a \$34.7 million payment to KORES under the 2021 Share Purchase Agreement in Q3 2022; and \$1.6 million receipts on derivative contracts settled in Q3 2023 versus \$13.0 million payment in Q3 2022.

Changes in Cash Flows for the Nine Months Ended September 30, 2023 and 2022

The net change in cash was \$(42.3) million in 2023 YTD compared to \$(67.7) million in 2022 YTD. The change was primarily due to:

- Operating cash flow before changes in working capital was lower by \$1.1 million. Revenue less production costs were lower in 2023 YTD versus 2022 YTD by \$39.3 million (2023 YTD revenue of \$991.8 million less production costs of \$759.5 million compared to 2022 YTD revenue of \$933.9 million less production costs of \$662.3 million), partially offset by significantly lower income tax paid.
- Changes in non-cash working capital was lower by \$20.8 million primarily due to a decrease in accounts payable, partially offset by a decrease in account receivable.
- Cash flows used in investing activities were \$316.4 million higher in 2023 YTD mainly due to addition of Mantos Blancos and Mantoverde mines including MVDP spend of \$235 million including \$45 million of capitalized financing fees. Also, 2022 YTD cash used in investing activities included a positive offset of \$219.2 million of cash and cash equivalents assumed on the Transaction.
- Cash flows from financing activities were \$343.4 million higher in 2023 YTD primarily due to net proceeds of \$330.0 million from RCF, \$25.0 million from Working Capital Facility, and \$102.0 million from related party shareholder loan from MMC versus net proceeds of \$150.3 million from RCF and \$22.9 million related party advance from MMC under the cost overrun facility, partially offset by a \$34.7 million payment to KORES under the Share Purchase Agreement in 2022 YTD, partially offset by higher incremental lease payments in 2023 YTD as a result of an increase in leases.

4.4 Liquidity and Financial Position



The increase in Net (debt)¹ as at September 30, 2023, is primarily attributable to the capital spend on the MVDP and other capital projects including capitalized stripping.

Credit Facilities

Mantoverde Development Project Facility

In order to fund the construction of MVDP, Mantoverde secured \$520 million senior secured amortizing project debt facility in an aggregate amount of \$520 million (the "MVDP Facility", comprising the "Covered Facility" \$250 million, the "Uncovered Facility" \$210 million, and the "ECA Direct Facility" \$60 million). These project finance facilities are subject to affirmative, financial and restrictive covenants that include obligations to maintain the security interests in favour of the lenders over substantially all of the 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 September 30, 2023, the Company was in compliance with these covenants.

At September 30, 2023, \$520 million was drawn on the MVDP Facility with \$6.8 million recognized as an adjustment to record the debt at its fair value as required as part of the accounting for the business combination with Mantos (December 31, 2022 - \$520 million and \$7.5 million). This fair value adjustment amortizes down to its historical cost over the duration of the MVDP Facility.

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

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

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

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

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

Mantoverde Cost Overrun Facility ("COF")

MMC agreed to provide a \$60 million COF in exchange for additional off-take of copper concentrate production under a 10-year contract (Note 21). The COF carries an interest rate of 3-month US\$ LIBOR plus 1.70% and amortizing over 37 quarters from the earlier of September 30, 2024 or three quarters after project completion. As at September 30, 2023, the COF was fully drawn. Mantoverde SA was required to draw on the COF to fund any increases in capital over the original estimate of \$785 million regardless of operating cash flow balance. As a result of Interest Rate Benchmark Reform, the Company completed the transition from LIBOR to an adjusted SOFR with MMC. The transition resulted in a variable rate of SOFR compounded daily to a 3-month period plus 0.2616% per annum, with margins unchanged.

Revolving Credit Facility

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

The interest rate at September 30, 2023 was one-month adjusted term SOFR of 5.42% plus 2.125% (2022 - US LIBOR plus 2.50%) with a standby fee of 0.48% (2022 – 0.56%) payable on the undrawn balance (adjustable in certain circumstances).

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

The credit facility requires Capstone to maintain certain financial ratios relating to debt and interest coverage. Capstone was in compliance with these covenants as at September 30, 2023. As at September 30, 2023, the balance of the RCF was \$405.0 million (December 31, 2022 - \$75.0 million), excluding deferred financing fees of \$2.0 million (December 31, 2022 - \$3.4 million).

Working Capital Facility

During Q2 2023, one of the Company's Chilean subsidiaries entered into a short-term export credit facility with Banco Crédito e Inversiones with an interest rate of 6.41%. As at September 30, 2023 the balance of the facility was \$25.6 million, including interest of \$0.6 million. The Working Capital Facility is included in Current - Other Liabilities on the consolidated statement of financial position.

As at September 30, 2023, Capstone Copper was in a net (debt)¹ position of \$855.5 million with \$925.0 million long-term debt drawn in total, and \$60.0 million drawn on the COF with MMC which is noted in Due to Related Party. As at September 30, 2023, the \$925.0 million of long term debt consists of \$520.0 million drawn on the MVDP facility and \$405.0 million was drawn on the RCF. The current portion of the MVDP facility is \$12.1 million.

Hedging

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

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

- The Company entered into zero costs collars ("ZCCs") whereby it sold a series of call option contracts and purchased a series of put option contracts for nil cash premium. The contracts were for a total of 20,875 tonnes of copper: 6,875 covering the period from October 2023 through December 2023, and have a floor and weighted average ceiling price of \$3.20/lb and \$4.15/lb, respectively; 14,000 covering the period from January 2024 through June 2024, and have a floor and weighted average ceiling price of \$3.69/lb and \$4.33/lb, respectively. The Company also entered into fixed-for-floating swaps for a total of 15,344 tonnes of copper: 9,344 covering the period from October 2023 to December 2023, and have a weighted average forward price of \$3.64/lb; 6,000 covering the period from January 2024 to June 2024, and have a weighted average forward price of \$3.79/lb; The intent is to ensure balance sheet protection and sufficient liquidity during the ramp up of MVDP in 2024. There was a realized loss of \$3.1 million and \$15.8 million, respectively, for three and nine months ended September 30, 2023.
- Financial hedges were executed on foreign exchange rates to protect approximately 50% of the Company's attributable Chilean Peso exposure on operating costs at Mantoverde and Mantos Blancos from October 2023 through to December 2024 all through Chilean Peso to US dollar exchange rate zero cost collars (being purchased puts and sold calls with offsetting values at inception). There was no realized gain or loss on the Chilean Peso zero cost collars for the three and nine months ended September 30, 2023.
- Financial hedges were executed on foreign exchange rates to protect the Company's CAD dollar exposure. The Company also entered into ZCCs through to December 2023 whereby it sold a series of call option contracts and purchased a series of put option contracts for nil cash premium. There was a realized gain of \$0.1 million and a realized loss of \$0.1 million on the CAD financial hedges for the three and nine months ended September 30, 2023.
- As a condition of the project financing for the MVDP, Mantoverde was required to effect certain hedging strategies as follows:
 - Fixed-for-floating copper swaps covering 65% of copper cathode production at an average price per tonne at inception of \$7,698 (~\$3.49/lb) through to June 30, 2024;
 - Fixed-for-floating 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 727.7 and notional amount of approximately \$104 million that mature in March 2024 to hedge 100% of the forecasted EPC contract costs denominated in CLP; and
 - CLF:US\$ foreign exchange rate forwards at an average price of 41.7 and notional amount of approximately \$321 million that mature in May 2024 to hedge 100% of the forecasted EPC contract costs denominated in CLF.
- The realized movements on Mantoverde's derivative portfolio was a \$1.8 million and \$0.6 million gain, respectively, for the three and nine months ended September 30, 2023.
- Pinto Valley contracted for fixed diesel prices with a supplier on its expected 2023 diesel consumption at \$3.46/gallon for Q1 2023 and at \$3.39/gallon for the remaining three quarters. The contracted diesel price has resulted in cost savings of \$1.7 million and \$3.8 million during the three and nine months ended September 30, 2023, respectively.

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 liquidity¹. We have reasonable expectations for our operating performance, additional liquidity options available such as capital market access, the recently amended and extended Corporate RCF of \$700 million, \$295 million of which is undrawn, and the hedging programs described above, which all provide both protection from further weakening of copper prices in 2023 and significant available liquidity as the Company completes the Mantoverde Development Project.

Our available liquidity¹ as at September 30, 2023 was \$424.5 million, which included \$129.5 million of cash and cash equivalents and short-term investments, and \$295 million of undrawn amounts on our \$700 million RCF.

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

Capital Management

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

4.5 Commitments

Royalty Agreements

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

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

Agreement with Osisko Bermuda Limited ("Osisko")

Pursuant to a long-term streaming agreement made in 2015, that covers the life of mine, the Company delivers 100% of the payable silver sold by Mantos Blancos to Osisko Bermuda Limited ("Osisko"). Osisko pays a cash price of 8% of the spot price at the time of each delivery, in addition to an upfront acquisition price previously paid. After 19.3 million ounces of silver have been delivered under the agreement, the stream will be reduced to one-third. Mantos Blancos has delivered 5.3 million silver ounces since contract inception until September 30, 2023.

Agreement with Jetti Resources, LLC ("Jetti")

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

Off-take agreements

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

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

The Company has concentrate off-take agreements with third parties whereby they will purchase 100% of the copper concentrate produced by the Cozamin Mine up to the end of December 2023.

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

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

MMC agreed to provide a \$60 million COF in exchange for additional off-take of copper concentrate production under a 10-year contract. The off-take agreement includes Mantoverde agreeing to sell 30% of its annual copper production per year delivered for its equivalent in copper concentrates, plus an additional amount of 30,000 tonnes of copper concentrate as a result of fully utilizing the COF that was provided by MMC in connection with

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

the MVDP. The agreement between MMC and Mantoverde to sell 30% of its annual copper production is for the duration of Mantoverde's commercial mine life. The amount payable for copper is based on average LME prices, subject to certain terms.

Construction and other operating contracts

The Company entered into the EPC with Ausenco Chile Limitada for an estimated aggregate cost of \$525 million. As at September 30, 2023, capital expenditures committed for all the companies mine sites, but not yet incurred, were \$46.1 million.

The Company has a contractual agreement extending until 2033 to purchase water for operations at Mantos Blancos.

The Company has contractual agreements for the purchase of power for operations at Mantos Blancos and Mantoverde, extending until 2038 and 2039, respectively.

The Company has contractual arrangements at Mantos Blancos and Mantoverde for the purchase of acid in 2023 and 2024 of 325,000 tonnes and 420,000 tonnes, respectively.

Other

The Company has provided a guarantee to the Chilean Internal Revenue Service that \$12.6 million of 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.

Surety Bond Utilization Provision

On June 3, 2019, the Company completed the sale of its 100% interest in the Minto Mine and in conjunction with completion of the sale, Minto had posted a surety bond to cover potential future reclamation liabilities. The Company remains an indemnitor for Minto's C\$72 million surety bond obligation in the Yukon. During Q2 2023, Minto ceased operations and the Yukon government took over all reclamation activities. As Minto defaulted on the surety bond in Q2 2023, Capstone recognized a provision of approximately \$53.9 million (C\$72 million) related to the Company's obligations towards the issuer of the surety bond. As at September 30, 2023, the total provision is \$52.8 million, and \$21.8 million recorded in other current liabilities represents the current portion.

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

Provisions

Provisions of \$275.9 million at September 30, 2023 includes the following:

- \$214.5 million for reclamation and closure cost obligations at Capstone Copper's operating mines;
- \$29.2 million related to other long-term obligations at the Cozamin and Chilean mines; and
- \$1.1 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 \$6.8 million is recorded in other liabilities.
- \$31.0 million for the long-term portion of the surety bond utilization provision as Minto ceased operations during Q2 2023.

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. Cozamin has delivered 1.7 million silver ounces since contract inception until September 30, 2023.

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

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

The Company recorded the upfront cash consideration received as deferred revenue and recognizes amounts in revenue as silver is delivered under the arrangement. For the period ended September 30, 2023, the amount of the deferred revenue liability recognized as revenue was \$12.5 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 September 30, 2023, there was no amortization of the deferred revenue liability recognized as revenue.

Purchase of Non-Controlling Interest from KORES

At September 30, 2023, a liability of \$41.9 million has been recognized in other non-current liabilities equal to the discounted amount of the remaining \$45.0 million to be paid to KORES on March 24, 2025 as part of the agreement to purchase its 30% share of Acquisition Co. The discounted amount of the remaining \$45.0 million will be accreted up to its face value at 5% per year. During the three and nine months ended September 30, 2023, \$-0.5 million and \$-1.5 million of accretion was recorded in other non-cash interest expense in the condensed interim consolidated statements of (loss) income.

Off Balance Sheet Arrangements

As at September 30, 2023, 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 nine months ended September 30, 2023;
- capital expenditure commitments totaling \$46.1 million;
- seven surety bonds totaling \$233.9 million.

4.6 Transactions with Related Parties

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

Related party transactions and balances are disclosed in the consolidated financial statements for the year ended December 31, 2022, except the following:

- On February 15, 2023, April 13, 2023, and July 18, 2023, MMC advanced an additional \$24.0 million, \$45.0 million, and \$33.0 million, respectively, to Mantoverde in the form of a shareholder loan forming part of the financing for the MVDP.
- Total funds advanced by MMC as at September 30, 2023 was \$162.0 million (December 31, 2022 - \$60.0 million), which comprises of \$60.0 million for the COF and \$102.0 million in shareholder loans. \$3.4 million has been accrued as interest on the shareholder loan.
- Orion were Mantos' largest shareholder and on completion of the Transaction held approximately 32% shareholder interest in Capstone Copper. On March 31, 2023, Capstone and Orion closed a secondary bought offering of common shares of Capstone, whereby Orion sold an aggregate of 57,500,000 common shares of Capstone at a price of \$5.60 per common share, for aggregate gross proceeds to Orion of

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

C\$327.8 million. Subsequent to completion of the offering, Orion held 23.75% interest in Capstone Copper.

4.7 Accounting Changes

Changes in Accounting Policies and Material Accounting Estimates and Judgments

Accounting policies as well as any changes in accounting policies are discussed in Note 3 "Material Accounting Policy Information, Estimates and Judgements" of the September 30, 2023 condensed interim consolidated financial statements.

New IFRS Pronouncements

New IFRS Pronouncements are discussed in Note 3 "Material Accounting Policy Information, Estimates and Judgements" of the September 30, 2023 condensed interim consolidated financial statements.

5.0 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.

¹ 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

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

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

Three Months Ended September 30, 2023

	Q3 2023				Total
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	
Payable copper produced (000s pounds)	29,037	26,128	18,872	12,523	86,560
(\$ millions)					
Production costs of metal produced (per financials)	79.3	74.3	68.8	22.7	245.1
Transportation cost to point of sale	(5.5)	(2.1)	(0.5)	(1.2)	(9.3)
Inventory reversal	0.3	—	0.8	—	1.1
Inventory working capital adjustments	2.8	(4.0)	0.2	0.9	(0.1)
Cash production costs of metal produced	76.9	68.2	69.3	22.4	236.8
(\$/pound)					
Production costs					
Mining	0.87	0.74	0.82	1.11	0.85
Milling/Processing	1.50	1.65	2.57	0.37	1.61
G&A	0.28	0.22	0.30	0.31	0.27
C1P sub-total	2.65	2.61	3.69	1.79	2.73
By-product credits	(0.29)	(0.01)	—	(0.31)	(0.15)
Treatment and selling costs	0.47	0.22	0.05	0.37	0.30
C1 cash cost (\$/pound produced)	2.83	2.82	3.74	1.85	2.88
(\$/pound)					
Royalties	0.01	0.06	—	0.07	0.03
Production-phase capitalized stripping / Mineralized drift	—	0.76	0.57	0.03	0.37
Sustaining capital	0.82	0.23	0.57	0.48	0.54
Sustaining leases	0.07	0.11	0.10	0.01	0.08
Accretion of reclamation obligation	0.01	0.03	0.03	0.04	0.02
Amortization of reclamation asset	—	0.01	0.01	0.03	0.01
Corporate G&A, excluding depreciation					0.06
All-in sustaining cost adjustments	0.91	1.20	1.28	0.66	1.11
All-in sustaining cost (\$/pound produced)	3.74	4.02	5.02	2.51	3.99

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

Three Months Ended September 30, 2022

	Q3 2022				Total
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	
Payable copper produced (000s pounds)	30,153	29,255	25,532	13,466	98,406
(\$ millions)					
Production costs of metal produced (per financials)	70.7	74.7	108.9	17.1	271.4
Transportation cost to point of sale	(3.7)	(2.8)	(0.7)	(1.2)	(8.4)
Inventory working capital adjustments	(0.9)	1.0	(10.5)	—	(10.4)
Cash production costs of metal produced ²	66.1	72.9	97.7	15.9	252.6
(\$/pound)					
Production costs					
Mining	0.56	0.70	0.97	0.69	0.73
Milling/Processing	1.32	1.61	2.67	0.27	1.61
G&A	0.31	0.18	0.19	0.22	0.23
C1P sub-total	2.19	2.49	3.83	1.18	2.57
By-product credits	(0.08)	(0.02)	—	(0.28)	(0.07)
Treatment and selling costs	0.49	0.21	0.04	0.30	0.26
C1 cash cost (\$/pound produced)	2.60	2.68	3.87	1.20	2.76
(\$/pound)					
Royalties	0.01	—	—	0.03	0.01
Production-phase capitalized stripping / Mineralized drift	—	0.62	—	0.02	0.19
Sustaining capital	0.70	0.25	0.25	0.53	0.41
Sustaining leases	0.02	0.12	0.08	—	0.06
Accretion of reclamation obligation	0.02	0.01	0.01	0.01	0.02
Amortization of reclamation asset	0.01	—	0.01	0.01	0.01
Corporate G&A, excluding depreciation					0.06
All-in sustaining cost adjustments	0.76	1.00	0.35	0.60	0.76
All-in sustaining cost (\$/pound produced)	3.36	3.68	4.22	1.80	3.52

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

Nine Months Ended September 30, 2023

	2023 YTD				Total
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	
Payable copper produced (000s pounds)	83,465	81,506	55,956	37,643	258,570
(\$ millions)					
Production costs of metal produced (per financials)	236.0	231.5	225.9	66.1	759.5
Transportation cost to point of sale	(17.4)	(8.4)	(1.2)	(3.8)	(30.8)
Inventory write-down	(0.4)	—	(1.0)	—	(1.4)
Inventory working capital adjustments	5.1	(6.7)	(8.8)	0.9	(9.5)
Cash production costs of metal produced	223.3	216.4	214.9	63.2	717.8
(\$/pound)					
Production costs					
Mining	0.91	0.83	0.75	1.05	0.87
Milling/Processing	1.44	1.61	2.78	0.36	1.63
G&A	0.32	0.22	0.31	0.27	0.28
C1P sub-total	2.67	2.66	3.84	1.68	2.78
By-product credits	(0.20)	(0.02)	—	(0.31)	(0.11)
Treatment and selling costs	0.49	0.23	0.05	0.36	0.29
C1 cash cost (\$/pound produced)	2.96	2.87	3.89	1.73	2.96
(\$/pound)					
Royalties	0.02	0.06	—	0.07	0.03
Production-phase capitalized stripping / Mineralized drift	—	0.67	0.39	0.03	0.30
Sustaining capital	0.60	0.16	0.47	0.53	0.42
Sustaining leases	0.05	0.11	0.09	—	0.07
Accretion of reclamation obligation	0.02	0.03	0.03	0.03	0.03
Amortization of reclamation asset	—	0.01	0.01	0.03	0.01
Corporate G&A, excluding depreciation					0.07
All-in sustaining cost adjustments	0.69	1.04	0.99	0.69	0.93
All-in sustaining cost (\$/pound produced)	3.65	3.91	4.88	2.42	3.89

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

Nine Months Ended September 30, 2022

	2022 YTD				Total
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	
Payable copper produced (000s pounds)	89,146	58,223	56,963	39,555	243,887
(\$ millions)					
Production costs of metal produced (per financials)	228.3	149.9	233.0	51.0	662.2
Transportation cost to point of sale	(17.4)	(5.5)	(1.1)	(3.4)	(27.4)
Inventory write-down	(0.1)	—	—	—	(0.1)
Inventory working capital adjustments	(9.5)	6.5	(28.0)	0.5	(30.5)
Cash production costs of metal produced ²	201.3	150.9	203.9	48.1	604.2
(\$/pound)					
Production costs					
Mining	0.64	0.80	0.90	0.72	0.76
Milling/Processing	1.31	1.59	2.49	0.27	1.48
G&A	0.31	0.20	0.19	0.22	0.24
C1P sub-total	2.26	2.59	3.58	1.21	2.48
By-product credits	(0.11)	(0.02)	—	(0.32)	(0.10)
Treatment and selling costs	0.52	0.21	0.04	0.30	0.30
C1 cash cost (\$/pound produced)	2.67	2.78	3.62	1.19	2.68
(\$/pound)					
Royalties	0.02	0.02	—	0.07	0.02
Production-phase capitalized stripping / Mineralized drift	0.01	0.57	—	0.04	0.15
Sustaining capital	0.53	0.24	0.24	0.53	0.39
Sustaining leases	0.02	0.12	0.08	—	0.06
Accretion of reclamation obligation	0.01	0.01	0.01	0.02	0.01
Amortization of reclamation asset	0.02	—	0.01	0.01	0.01
Corporate G&A, excluding depreciation					0.07
All-in sustaining cost adjustments	0.61	0.96	0.34	0.67	0.71
All-in sustaining cost (\$/pound produced)	3.28	3.74	3.96	1.86	3.39

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

Reconciliation of Net (debt) / Net cash

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

(\$ millions)	September 30, 2023	December 31, 2022
Long term debt (per financials), excluding deferred financing costs of 2.0 and 3.4 and PPA fair value adjustments of 6.8 and 7.5	(925.0)	(595.0)
COF	(60.0)	(60.0)
<i>Add:</i>		
Cash and cash equivalents (per financials)	128.0	170.3
Short term investments (per financials)	1.5	1.6
Net (debt)/cash	(855.5)	(483.1)

Reconciliation of Attributable Net (debt) / Net cash

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

(\$ millions)	September 30, 2023	December 31, 2022
Attributable Long term debt, excluding deferred financing costs of 2.0 and 3.4 and PPA fair value adjustments of 6.8 and 7.5	(769.0)	(439.0)
Attributable COF	(42.0)	(42.0)
<i>Add:</i>		
Attributable Cash and cash equivalents	104.4	139.5
Attributable Short term investments	1.5	1.6
Attributable Net (debt)/cash	(705.1)	(339.9)

Reconciliation of Available Liquidity

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

(\$ millions)	September 30, 2023	December 31, 2022
Revolving credit facility capacity	700.0	600.0
MVDP debt facility	520.0	520.0
Long term debt (per financials), excluding deferred financing costs of 2.0 and 3.4 and PPA fair value adjustments of 6.8 and 7.5	(925.0)	(595.0)
	295.0	525.0
Cash and cash equivalents (per financials)	128.0	170.3
Short term investments (per financials)	1.5	1.6
Available liquidity	424.5	696.9

Reconciliation of Adjusted Net (Loss) Income Attributable To Shareholders

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

(\$ millions, except share and per share amounts) ²	Q3 2023	Q3 2022	2023 YTD	2022 YTD
Net (loss) income attributable to shareholders	(32.9)	34.1	(89.4)	143.2
Inventory write-down	(2.8)	3.4	1.0	4.0
Unrealized gain on derivative contracts	(5.5)	(78.2)	(26.1)	(200.5)
Share-based compensation expense	1.3	2.3	15.7	8.1
Unrealized foreign exchange gain	(5.8)	(10.5)	(7.2)	(27.9)
Chilean Tax Reform	24.3	—	24.3	—
Mantos acquisition transaction costs	—	—	—	19.4
Other expense - non-recurring fees	0.3	9.0	14.6	12.1
Severance costs	—	0.1	—	2.8
Surety bond utilization expense	—	—	53.9	—
Gain on disposal of assets	(0.1)	—	(0.1)	(0.4)
Loss (gain) on extinguishment of debt	2.7	(8.0)	2.7	(8.0)
G&A - care and maintenance	0.1	0.1	0.3	0.3
Insurance proceeds received	—	—	—	(2.4)
Tax effect on the above adjustments	2.6	25.0	(0.2)	59.1
Adjusted net (loss) income attributable to shareholders	(15.8)	(22.7)	(10.5)	9.8
Weighted average common shares - basic (per financials)	694,029,762	687,376,497	693,289,092	604,534,669
Adjusted net (loss) income attributable to shareholders of Capstone Copper Corp. per common share - basic (\$)	(0.02)	(0.03)	(0.02)	0.02
Weighted average common shares - diluted (per financials)	696,970,798	692,239,166	696,183,293	610,515,216
Adjusted net (loss) income attributable to shareholders of Capstone Copper Corp. per common share - diluted (\$)	(0.02)	(0.03)	(0.02)	0.02

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

Reconciliation of Adjusted EBITDA

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

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

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

(\$ millions) ²	Q3 2023	Q3 2022	2023 YTD	2022 YTD
Net (loss) income (per financials)	(42.3)	37.5	(105.2)	164.5
Net finance costs	10.4	6.4	25.8	18.6
Taxes	45.5	26.9	36.5	88.3
Depletion and amortization	62.7	46.7	162.9	132.9
EBITDA	76.3	117.5	120.0	404.3
Share-based compensation expense	1.3	2.3	15.7	8.1
Inventory write-down	(2.8)	3.4	1.0	4.0
Realized (gain) loss on MVDP financing derivatives	(1.8)	10.5	(0.6)	35.6
Unrealized gain on derivatives	(5.5)	(78.2)	(26.1)	(200.5)
Gain on disposal of assets	(0.1)	—	(0.1)	(0.4)
Loss (gain) on extinguishment of debt	2.7	(8.0)	2.7	(8.0)
Unrealized foreign exchange gain	(5.8)	(10.5)	(7.2)	(27.9)
Mantos acquisition transaction costs	—	—	—	19.4
Other expense - non-recurring fees	0.3	9.0	14.6	12.1
Surety bond utilization expense	—	—	53.9	—
Severance costs	—	0.1	—	2.8
Unrealized pricing and volume adjustments on revenue	(1.8)	(10.9)	(1.7)	28.3
Insurance proceeds received	—	—	—	(2.4)
Adjusted EBITDA	62.8	35.2	172.2	275.4
<i>Adjusted EBITDA by mine</i>				
Pinto Valley	24.9	16.7	83.9	135.9
Mantos Blancos	22.5	8.8	71.9	51.2
Mantoverde	1.2	(17.7)	(14.6)	(4.7)
Cozamin	24.9	23.9	89.8	105.3
Other	(10.7)	3.5	(58.8)	(12.3)
Adjusted EBITDA	62.8	35.2	172.2	275.4

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

Other Non-GAAP measures

Sustaining Capital

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

Additional Information and Reconciliations

Sales from Operations

	2022					2023			
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Total
Copper (tonnes)									
Concentrate									
Pinto Valley	14,888	12,884	13,058	13,417	54,247	12,196	11,385	11,736	35,317
Mantos Blancos	977	8,228	8,819	9,957	27,981	9,497	8,380	8,870	26,747
Cozamin	5,592	5,935	5,989	5,603	23,119	4,823	6,452	5,309	16,584
Total Concentrate	21,457	27,047	27,866	28,977	105,347	26,516	26,217	25,915	78,648
Cathode									
Pinto Valley	604	585	643	763	2,595	603	683	824	2,110
Mantos Blancos	699	3,638	4,097	4,147	12,581	3,474	3,570	3,248	10,292
Mantoverde	2,748	14,224	11,560	10,811	39,343	6,863	10,285	8,713	25,861
Total Cathode	4,051	18,447	16,300	15,721	54,519	10,940	14,538	12,785	38,263
Total Copper	25,508	45,494	44,166	44,698	159,866	37,456	40,755	38,700	116,911
Zinc (000 pounds)									
Cozamin	1,005	(11)	—	677	1,671	—	(10)	250	240
Molybdenum (tonnes)									
Pinto Valley	17	22	(2)	66	103	55	17	20	92
Silver (000s ounces)									
Cozamin	352	327	353	284	1,317	349	502	400	1,251
Mantos Blancos	—	378	252	312	942	330	248	235	813
Pinto Valley	66	68	54	57	245	58	49	65	172
Total	419	773	659	653	2,504	737	799	700	2,236
Gold (ounces)									
Pinto Valley	178	268	44	374	864	389	537	3,099	4,025
Total	178	268	44	374	864	389	537	3,099	4,025

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

6.0 SELECTED QUARTERLY FINANCIAL INFORMATION

(\$ millions, except per share data)	Q3 2023 ⁽ⁱ⁾	Q2 2023 ⁽ⁱⁱ⁾	Q1 2023 ⁽ⁱⁱⁱ⁾	Q4 2022 ^(iv)	Q3 2022	Q2 2022 ^(v)	Q1 2022 ^(vi)	Q4 2021 ^(vii)
Revenue	322.2	333.9	335.6	362.1	308.7	356.6	268.1	215.9
Earnings (loss) from mining operations	12.0	5.0	44.4	75.7	(11.2)	37.3	106.0	102.5
Net (loss) income attributable to shareholders	(32.9)	(36.5)	(20.0)	(20.9)	34.1	75.1	34.0	41.4
Net (loss) earnings per share attributable to shareholders - basic and diluted	(0.05)	(0.05)	(0.03)	(0.03)	0.05	0.11	0.08	0.10
Operating cash flow before changes in non-cash working capital	59.3	22.0	41.7	99.4	13.9	40.7	70.4	104.9
Capital expenditures (including capitalized stripping)	228.3	201.3	209.4	204.9	148.5	206.6	111.5	42.2

⁽ⁱ⁾ Net Loss in Q3 2023 includes \$24 million of Deferred income tax expense related to the adoption of the Chilean Tax Reform.

⁽ⁱⁱ⁾ Net Loss in Q2 2023 includes \$59 million of Surety bond utilization expense.

⁽ⁱⁱⁱ⁾ Net Loss in Q1 2023 includes \$44 million of net loss on derivative instruments.

^(iv) Net loss in Q4 2022 includes \$24 million of share unit expense and \$64 million of net loss on derivative instruments.

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

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

^(vii) Net income in Q4 2021 includes \$27 million of share unit expense.

7.0 OUTSTANDING SHARE DATA AND DILUTION CALCULATION

The Company is authorized to issue an unlimited number of common shares, without par value. The table below summarizes the Company's common shares and securities convertible into common shares as at November 2, 2023:

Issued and outstanding	694,565,531
Share options outstanding at a weighted average exercise price of \$3.19	5,123,932
Treasury share units outstanding at a weighted average exercise price of \$5.56	2,729,828
Fully diluted	702,419,291

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

8.0 MANAGEMENT'S REPORT ON INTERNAL CONTROLS AND OTHER INFORMATION

Disclosure Controls and Procedures ("DC&P")

As at September 30, 2023, Capstone Copper's management, with the participation of its Chief Executive Officer & Director and Senior Vice President & Chief Financial Officer, has designed DC&P which provide reasonable assurance that material information related to Capstone Copper is identified and communicated in a timely manner.

Internal Control Over Financial Reporting ("ICFR")

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

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

There have been no changes in the Company's ICFR that materially affected, or are reasonably likely to materially affect, ICFR during the period ended in September 30, 2023.

Other Information

Approval

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

Additional Information

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

9.0 NATIONAL INSTRUMENT 43-101 COMPLIANCE

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

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

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

10.0 RISKS AND UNCERTAINTIES

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

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

Capstone's operations are subject to all the hazards and risks normally encountered in the exploration, development, construction, care and maintenance activities and production of copper and other metals, including,

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

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, Capstone's mines, mineral properties, plants and equipment, multiple personal injuries or loss of life, environmental damage to surrounding land, vegetation and other biological and water resources, delays in mining, increased production costs, asset write-downs, monetary losses, legal liability and governmental action. Capstone's mines have several tailings and water storage facilities, heap leach and waste rock facilities which could fail as a result of extreme weather events, seismic activity, or for other reasons. The occurrence of any of these events could result in a prolonged interruption in Capstone's operations, increased costs for asset protection or care and maintenance activities that would have a material adverse effect on Capstone's business, financial condition, results of operations and prospects. The occurrence of one or more of these events could have a long-term impact on Capstone's employee's morale, Capstone's reputation, and result in greater regulatory scrutiny and loss of or delays in obtaining licenses to operate. Capstone's operations are reliant on infrastructure including but not limited to water sources, public roadways, power and transmission facilities, warehouses, and ports. Wildfires and inclement weather conditions, whether occurring at Capstone's sites, adjacent lands, or supplier and downstream sites, may impact Capstone's ability to operate, transport or access and supply sites, and increase overall costs or impact Capstone's financial performance. In severe circumstances, civil authorities may impose evacuation orders. Capstone's sites in Chile, Arizona and Mexico are subject to drought conditions and create a higher exposure to wildfire or man-made fire risk.

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

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

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

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

mining activities by local landowners, the ejidos, communities, or activist groups may cause significant delays or increased costs to operations, and the advancement of exploration or development projects, and could require Capstone to enter into agreements with such groups or local governments.

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

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

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

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

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

There are uncertainties related to the impact assessment of the new Mining Royalty Bill.

In August 2023, the proposed Mining Royalty Bill was passed into law and will be effective on January 1, 2024.

The Mining Royalty has two components, an ad-valorem component and an operating margin component ("MOM"), and takes into account the level of sales and type of minerals and metals produced. The Mining Royalty includes a maximum limit to the total tax burden, consisting of (1) the corporate income tax paid in the respective year, (2) the Mining Royalty (both ad-valorem and MOM components) and (3) withholding taxes to which owners would be subject to upon distribution of dividends. As a result of new Mining Royalty, we expect that our effective tax rate in Chile for Mantoverde and Mantos Blancos will increase. The Mining Royalty is not expected to have an impact on Santo Domingo which has 15 years of tax stability post commencement of commercial

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

production as a result of Decree Law No. 600 ("DL 600"). The Chilean IRS has not yet released their guidance on the interpretation of the Mining Royalty therefore the Company has made certain assumptions that are subject to change, when determining the expected impact. Official guidance from the Chilean IRS may differ from our interpretations.

Companies with tax stability agreements in place should be protected from the new Mining Royalty bill. Certain investment and other criteria need to be met to maintain the tax stability agreement at Santo Domingo. This may limit or disrupt Capstone's projects, reduce financial viability of local operations, restrict the movement of funds or result in the deprivation of contract rights.

Surety bonding risks.

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

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

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

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

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

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

No assurances can be given that unanticipated adverse geotechnical and hydrological conditions such as landslides, cave-ins, rock falls, slump, ground or slope failures, waste rock, leaching and tailings and water storage facility failures or releases and pit wall failures will not occur in the future or that such events will be detected in advance. Due to the age of Capstone's mines and more complex deposits; Capstone's Mantos Blancos Mine and Mantoverde Mine operate pits and tailings facilities located in regions with potential earthquake activity; the Pinto Valley Mine pit is becoming deeper resulting in higher pitwalls; and underground environments

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

at Cozamin Mine are becoming more complex, potentially increasing the exposure to geotechnical instabilities, hydrological impacts, and mining induced seismicity. Geotechnical instabilities can be difficult to predict and are often affected by risks and hazards outside of Capstone's control, such as seismic activity and severe weather events, which may lead to periodic floods, mudslides, wall instability or an underground collapse.

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

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

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

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

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

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

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

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

There are uncertainties and risks related to the MVDP.

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

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

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

Approximately 97% of employees at Mantos Blancos and 96% of employees at Mantoverde are covered by agreements with one of the labour unions with a presence at the mining operations. The labour agreement at Mantoverde was renewed at the end of 2022 and will be in effect until October 31, 2025. The labour agreement at Mantos Blancos was signed in May 2023 and will be in effect from July 1, 2023 to June 30, 2026. In addition, contractors or subcontractors form a significant part of Mantos Blancos and Mantoverde workforce, making up approximately 38% of the total workforce. Pursuant to Chilean regulations, labour negotiations with a contractor's workforce are the responsibility of the relevant contractors. Mantos Blancos and Mantoverde may experience work slowdowns or disruptions in the future, whether of its own workforce or a contractor's workforce, and there can be no assurance that a work slowdown or work stoppage will not occur prior to or upon the expiration of the current long term labour agreements. In 2016, the Government of Chile promulgated an extensive labour reform law (the "Labour Reform Law"), which became effective in 2017. The labour Reform Law prevents Chilean companies from hiring temporary replacements for striking employees and also prevents the replacement of striking employees with other existing employees of the company. This may have an adverse effect on Capstone

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

Copper's overall employment and operating costs and may increase the likelihood of business disruptions in Chile.

Approximately 424 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 is in effect until August 31, 2026. Additional groups of non-union employees may seek union representation in the future. Further, relations with employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in jurisdictions where Capstone Copper conducts business. Changes in such legislation or otherwise in our relationship with our employees may result in higher ongoing labour costs, employee turnover, strikes, lockouts or other work stoppages, any of which could have a material adverse effect on our business, results of operations and financial condition.

Concentration of Share Ownership of Capstone Copper.

As at the date hereof, Orion Fund JV Limited, Orion Mine Finance Fund II LP and Orion Mine Finance (Master) Fund 1-A LP (collectively, "Orion") own approximately 23.75% of the outstanding Common Shares and Hadrian Capital Partners Inc. owns approximately 14.51% of the outstanding Common Shares. See news release "Capstone Copper and Orion Announce Closing of C\$328 Million Secondary Bought Deal Offering of Common Shares" dated March 31, 2023. As long as these shareholders maintain their significant positions in Capstone, they will have the ability to exercise influence with respect to the affairs of Capstone and significantly affect the outcome of matters upon which shareholders are entitled to vote. Furthermore, there is a risk that Capstone's securities are less liquid and trade at a relative discount compared to circumstances where these shareholders did not have the ability to influence or determine matters affecting Capstone. Moreover, there is a risk that their significant interests in Capstone discourages transactions involving a change of control of Capstone, including transaction in which an investor, as a holder of Capstone's securities, would otherwise receive a premium for its Capstone's securities over the then-current market price. A disposition of shares by these shareholders could adversely affect the market price of the Common Shares.

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

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