



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

March 31, 2023

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

Capstone Copper Corp.
Condensed Interim Consolidated Statements of Financial Position
unaudited - expressed in thousands of US dollars

ASSETS	March 31, 2023	December 31, 2022
Current		
Cash and cash equivalents	\$ 99,498	\$ 170,307
Short-term investments	1,555	1,553
Receivables (Note 6)	181,231	191,887
Inventories (Note 7)	155,947	143,497
Derivative assets (Note 5)	20,711	19,981
Other assets (Note 9)	59,051	44,966
	517,993	572,191
Mineral properties, plant and equipment (Note 8)	4,880,505	4,706,311
Deferred income tax assets	49,044	38,704
Derivative assets (Note 5)	21,484	28,582
Other assets (Note 9)	34,714	35,120
Total assets	\$ 5,503,740	\$ 5,380,908
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 289,624	\$ 284,913
Lease liabilities (Note 12)	29,194	28,928
Income taxes payable	240	10,946
Derivative liabilities (Note 5)	66,713	44,423
Other liabilities (Note 10)	12,929	39,322
	398,700	408,532
Long-term debt (Note 13)	696,033	599,075
Deferred revenue (Note 14)	160,240	160,462
Due to related party (Note 11)	84,227	60,000
Lease liabilities (Note 12)	75,938	74,969
Provisions	265,577	239,635
Deferred income tax liabilities	599,596	597,585
Derivative liabilities (Note 5)	8,114	10,066
Other liabilities (Note 10)	51,950	50,728
Total liabilities	\$ 2,340,375	\$ 2,201,052
EQUITY		
Share capital	\$ 2,449,748	\$ 2,447,377
Other reserves	43,569	41,328
Retained earnings	250,357	262,512
Total equity attributable to equity holders of the Company	2,743,674	2,751,217
Non-controlling interest (Note 11)	419,691	428,639
Total equity	3,163,365	3,179,856
Total liabilities and equity	\$ 5,503,740	\$ 5,380,908

Commitments (Note 20)

See accompanying notes to these condensed interim consolidated financial statements.

Capstone Copper Corp.**Condensed Interim Consolidated Statements of (Loss) Income****Three Months Ended March 31, 2023 and 2022***unaudited - expressed in thousands of US dollars, except share and per share amounts*

	2023	2022
Revenue (Note 17)	\$ 335,596	\$ 268,086
Operating costs		
Production costs	(240,381)	(127,054)
Royalties	(2,950)	(2,034)
Depletion and amortization	(47,879)	(32,973)
Earnings from mining operations	44,386	106,025
General and administrative expenses	(5,642)	(5,861)
Exploration expenses (Note 8)	(1,199)	(1,867)
Share-based compensation expense (Note 16)	(12,018)	(19,713)
Income from operations	25,527	78,584
Other (expense) income		
Foreign exchange loss (Note 24)	(9,262)	(974)
Realized and unrealized (loss) gains on derivative instruments (Note 5)	(44,835)	2,291
Transaction costs (Note 4)	—	(19,433)
Other (expense) income (Note 21)	(2,716)	774
Interest on long-term debt and surety bonds	(2,402)	(798)
Accretion expense (Note 22)	(5,480)	(4,661)
(Loss) income before income taxes	(39,168)	55,783
Income tax recovery (expense) (Note 15)	10,218	(20,666)
Net (loss) income	\$ (28,950)	\$ 35,117
Net (loss) income attributable to:		
Shareholders of Capstone Copper Corp.	\$ (20,002)	\$ 33,988
Non-controlling interest (Note 11)	(8,948)	1,129
	\$ (28,950)	\$ 35,117
Net (loss) earnings per share		
(Loss) earnings per share - basic (Note 18)	\$ (0.03)	\$ 0.08
Weighted average number of shares - basic (Note 18)	691,818,526	438,874,610
(Loss) earnings per share - diluted (Note 18)	\$ (0.03)	\$ 0.08
Weighted average number of shares - diluted (Note 18)	695,053,573	446,821,283

See accompanying notes to these condensed interim consolidated financial statements.

Capstone Copper Corp.**Condensed Interim Consolidated Statements of Comprehensive (Loss) Income****Three Months Ended March 31, 2023 and 2022***unaudited - expressed in thousands of US dollars*

	2023	2022
Net (loss) income	\$ (28,950)	\$ 35,117
Other comprehensive income (loss) ("OCI")		
Items that will not be reclassified subsequently to profit or loss		
Change in fair value of marketable securities, net of tax of \$262 (2022 - 292)	465	(1,874)
Remeasurement for retirement benefit plans, net of tax of \$nil (2022 - \$nil)	(79)	(106)
	386	(1,980)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustment	6	125
	6	125
Total other comprehensive income (loss) for the period	392	(1,855)
Total comprehensive (loss) income	\$ (28,558)	\$ 33,262
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Total comprehensive (loss) income attributable to:		
Shareholders of Capstone Copper Corp.	\$ (19,610)	\$ 32,133
Non-controlling interest (<i>Note 11</i>)	(8,948)	1,129
	\$ (28,558)	\$ 33,262

See accompanying notes to these condensed interim consolidated financial statements.

Capstone Copper Corp.
Condensed Interim Consolidated Statements of Cash Flows
Three Months Ended March 31, 2023 and 2022

unaudited - expressed in thousands of US dollars

	2023	2022
Cash provided by (used in):		
Operating activities		
Net (loss) income	\$ (28,950)	\$ 35,117
Adjustments for:		
Depletion and amortization	45,279	33,250
Income tax (recovery) expense <i>(Note 15)</i>	(10,218)	20,666
Inventory write-down <i>(Note 7)</i>	3,885	424
Share-based compensation expense <i>(Note 16)</i>	12,018	19,713
Net finance costs	6,532	5,459
Unrealized loss on foreign exchange	654	923
Unrealized loss (gain) on derivatives	34,575	(7,733)
Gain on disposal of assets and other	(200)	(91)
Amortization of deferred revenue and variable consideration adjustments <i>(Note 14)</i>	(2,441)	(3,030)
Income taxes paid	(19,722)	(34,375)
Other receipts (payments)	322	22
Operating cash flow before working capital and other non-cash changes	<u>41,734</u>	<u>70,345</u>
Changes in non-cash working capital <i>(Note 19)</i>	(38,817)	(84,802)
Other non-cash changes <i>(Note 19)</i>	908	6,632
Operating cash flow	<u>3,825</u>	<u>(7,825)</u>
Investing activities		
Mineral properties, plant and equipment additions	(174,348)	(44,605)
Finance costs capitalized on construction in progress	(12,300)	(1,947)
Cash acquired on business combination with Mantos <i>(Note 4)</i>	—	219,211
Other assets	1,771	(7,888)
Investing cash flow	<u>(184,877)</u>	<u>164,771</u>
Financing activities		
Proceeds from borrowings <i>(Note 13)</i>	127,000	—
Repayment of borrowings <i>(Note 13)</i>	(30,000)	(6,563)
Proceeds from related party <i>(Note 11)</i>	24,000	—
Repayment of lease obligations	(9,574)	(1,013)
Proceeds from the exercise of options	2,371	1,243
Net payments for settlement of derivatives	(1,076)	—
Interest paid on long-term debt and surety bonds	(2,484)	(2,432)
Financing cash flow	<u>110,237</u>	<u>(8,765)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>6</u>	<u>588</u>
(Decrease in) increase in cash and cash equivalents	(70,809)	148,769
Cash and cash equivalents - beginning of period	<u>170,307</u>	<u>262,094</u>
Cash and cash equivalents - end of period	\$ 99,498	\$ 410,863
Supplemental cash flow information <i>(Note 19)</i>		

See accompanying notes to these condensed interim consolidated financial statements.

Capstone Copper Corp.
Condensed Interim Consolidated Statements of Changes in Equity
Three Months Ended March 31, 2023 and 2022
unaudited - expressed in thousands of US dollars, except share amounts

Attributable to equity holders of the Company

	Number of shares	Share capital	Reserve for equity settled share-based transactions	Revaluation reserve	Foreign currency translation reserve	Share purchase reserve	Retained earnings (accumulated deficit)	Total attributable to equity holders	Non-controlling interest	Total equity
January 1, 2023	691,639,972	\$ 2,447,377	\$ 56,751	\$ 4,178	\$ (17,101)	\$ (2,500)	262,512	\$ 2,751,217	\$ 428,639	\$ 3,179,856
Shares issued on exercise of options <i>(Note 16)</i>	2,416,014	2,183	(700)	—	—	—	—	1,483	—	1,483
Shares issued under TSUP	56,126	188	(188)	—	—	—	—	—	—	—
Share-based compensation <i>(Note 16)</i>	—	—	982	—	—	—	—	982	—	982
Settlement of share units	—	—	—	—	—	1,755	7,847	9,602	—	9,602
Change in fair value of marketable securities	—	—	—	465	—	—	—	465	—	465
Remeasurements for retirement benefit plans	—	—	—	(79)	—	—	—	(79)	—	(79)
Net loss	—	—	—	—	—	—	(20,002)	(20,002)	(8,948)	(28,950)
Foreign currency translation	—	—	—	—	6	—	—	6	—	6
March 31, 2023	694,112,112	\$ 2,449,748	\$ 56,845	\$ 4,564	\$ (17,095)	\$ (745)	250,357	\$ 2,743,674	\$ 419,691	\$ 3,163,365
Balance - January 1, 2022 <i>(Note 16)</i>	413,482,355	849,409	53,264	7,429	(16,551)	(5,134)	128,010	1,016,427	—	1,016,427
Shares issued on exercise of options <i>(Note 16)</i>	1,625,715	1,834	(591)	—	—	—	—	1,243	—	1,243
Share-based compensation	—	—	707	—	—	—	—	707	—	707
Settlement of share units	—	—	—	—	—	2,592	12,178	14,770	—	14,770
Shares issued as compensation	89,932	472	—	—	—	—	—	472	—	472
Acquisition of Mantos Copper <i>(Note 4)</i>	273,888,541	1,592,679	1,442	513	—	—	47,391	1,642,025	424,529	2,066,554
Change in fair value of marketable securities	—	—	—	(1,874)	—	—	—	(1,874)	—	(1,874)
Remeasurements for retirement benefit plans	—	—	—	(106)	—	—	—	(106)	—	(106)
Net income	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 33,988	\$ 33,988	\$ 1,129	\$ 35,117
Foreign currency translation	—	\$ —	\$ —	\$ —	\$ 125	\$ —	\$ —	\$ 125	\$ —	\$ 125
March 31, 2022	689,086,543	\$ 2,444,394	\$ 54,822	\$ 5,962	\$ (16,426)	\$ (2,542)	221,567	\$ 2,707,777	\$ 425,658	\$ 3,133,435

See accompanying notes to these condensed interim consolidated financial statements.

Capstone Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

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

1. Nature of Operations

The accompanying condensed interim consolidated financial statements have been prepared as at March 31, 2023, after giving effect to the business combination between Capstone Mining Corp. ("Capstone Mining") and Mantos Copper (Bermuda) Ltd. ("Mantos") which was completed on March 23, 2022 (the "Transaction") (Note 4). After the Transaction, the combined entity changed its name to Capstone Copper Corp. (the "Company" or "Capstone Copper"). The Company is listed on the Toronto Stock Exchange.

Mantos was incorporated on August 15, 2015 and migrated to British Columbia, Canada on March 22, 2022, as part of the Transaction. Mantos, through a wholly owned Chilean subsidiary, Mantos Copper S.A., owned and operated the Mantos Blancos mine, located forty-five kilometers northeast of Antofagasta, Chile and the 70%-owned Mantoverde mine, through a Chilean subsidiary, Mantoverde S.A., located fifty kilometers southeast of Chanaral, Chile.

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

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

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance on May 2, 2023.

2. Basis of preparation and consolidation

a. Basis of preparation and consolidation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using the same accounting policies and methods of application as the audited annual consolidated financial statements of Capstone for the year ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). The condensed interim consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value. The policies were consistently applied to all of the periods presented, except as noted below.

These condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2022.

Certain comparative figures have been reclassified to conform with changes in the presentation of the current year.

Capstone Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

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

3. Material Accounting Policy Information, Estimates and Judgements

The Company's management makes judgements in its process of applying the Company's accounting policies in the preparation of these condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management makes assumptions and estimates of the impacts of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

In preparing the Company's condensed consolidated financial statements for the three months ended March 31, 2023, the Company applied the critical judgements and estimates disclosed in Note 2 of its consolidated financial statements for the year ended December 31, 2022, in addition to the accounting policies, critical judgements and estimates noted below.

New IFRS Pronouncements

Issued and effective January 1, 2023

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

Issued but not yet effective

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

4. Business Combination Between Capstone and Mantos

Description of the Transaction

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

The combined entity owns and operates the Mantos Blancos and Mantoverde mines, located in the Antofagasta and Atacama regions, respectively, of Chile. The Mantoverde mine, in which Mitsubishi Material Corp. has a 30% interest, has a current 21-year expected mine life. Mantos Blancos produces copper concentrate and has a 17-year expected mine life.

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

Capstone Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

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

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

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

Consideration and Purchase Price Allocation

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

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

Allocation of Purchase Price	Final as reported December 31, 2022
Cash and cash equivalents	\$ 219,211
Receivables (i)	129,383
Inventories	111,602
Due from related party (ii)	259,843
Mineral properties, plant and equipment	2,907,689
Other assets	27,663
Derivative assets	26,804
Accounts payable and accrued liabilities	(230,846)
Due to related party (ii)	(259,843)
Income taxes payable	(9,983)
Long-term debt	(371,642)
Derivative liabilities	(155,386)
Lease liabilities	(78,146)
Deferred income tax liabilities	(484,678)
Provisions	(84,293)
Net assets acquired before non-controlling interest	\$ 2,007,378
Non-controlling interest (Note 11)	(414,699)
Net assets acquired	\$ 1,592,679

- i. Trade receivables acquired as part of the acquisition have a fair value of \$63.3 million which is equal to their gross contractual value. Other receivables acquired have a fair value of \$66.1 million which is equal to their gross contractual value. Trade and other receivables are expected to be collected during the next 12 months.
- ii. The amounts previously due from a related party relates to a loan granted by Capstone Copper (previously Mantos Copper (Bermuda) Ltd.) to Orion Fund JV Limited, a shareholder of the Company. Amounts previously due to a related party relates to a loan granted by Orion Fund JV Ltd. to Mantos Copper Holdings SpA. These amounts were settled during June 2022 via a non-cash assignment and offset agreement.

Capstone Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

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

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

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

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

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

Financial and operating results of Mantos are included in the Company's condensed interim consolidated financial statements effective March 23, 2022.

5. Financial Instruments

Fair value of financial instruments

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

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

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

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

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

Capstone Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

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

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

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

	Level 1	Level 2	Level 3	Total
Financial assets				
Short-term investments	\$ 1,555	\$ —	\$ —	\$ 1,555
Copper concentrate receivables (Note 6)	—	67,141	—	67,141
Copper cathode receivables (Note 6)	—	46,822	—	46,822
Derivative assets	—	42,195	—	42,195
Investment in marketable securities (Note 9)	2,094	—	—	2,094
	\$ 3,649	\$ 156,158	\$ —	\$ 159,807
Financial liabilities				
Derivative liabilities	\$ —	\$ 74,827	\$ —	\$ 74,827
	\$ —	\$ 74,827	\$ —	\$ 74,827

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between Level 1, Level 2 and Level 3 during the three months ended March 31, 2023.

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

	March 31, 2023			
	Fair value through profit or loss	Fair value through OCI	Amortized cost	Total
Cash and cash equivalents	\$ —	\$ —	\$ 99,498	\$ 99,498
Short-term investments	1,555	—	—	1,555
Copper concentrate receivables (Note 6)	67,141	—	—	67,141
Copper cathode receivables (Note 6)	46,822	—	—	46,822
Other receivables (Note 6)	—	—	11,973	11,973
Derivative assets	42,195	—	—	42,195
Investment in marketable securities (Note 9)	—	2,094	—	2,094
Other asset	—	—	5,000	5,000
	\$ 157,713	\$ 2,094	\$ 116,471	\$ 276,278

	December 31, 2022			
	Fair value through profit or loss	Fair value through OCI	Amortized cost	Total
Cash and cash equivalents	\$ —	\$ —	\$ 170,307	\$ 170,307
Short-term investments	1,553	—	—	1,553
Copper concentrate receivables (Note 6)	72,720	—	—	72,720
Copper cathode receivables (Note 6)	70,814	—	—	70,814
Other receivables (Note 6)	—	—	11,763	11,763
Derivative assets	48,563	—	—	48,563
Investment in marketable securities (Note 9)	—	1,628	—	1,628
Other asset	—	—	5,000	5,000
	\$ 193,650	\$ 1,628	\$ 187,070	\$ 382,348

Capstone Copper Corp.

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2023 and 2022

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

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

	March 31, 2023		
	Fair value through profit or loss	Amortized cost	Total
Accounts payable and accrued liabilities	\$ —	\$ 289,624	\$ 289,624
Payable on purchase of non-controlling interest (Note 10)	—	40,937	40,937
Long-term debt (Note 13)	—	696,033	696,033
Due to related party (Note 11)	—	84,227	84,227
Derivative liabilities	74,827	—	74,827
	\$ 74,827	\$ 1,110,821	\$ 1,185,648

	December 31, 2022		
	Fair value through profit or loss	Amortized cost	Total
Accounts payable and accrued liabilities	\$ —	\$ 284,913	\$ 284,913
Payable on purchase of non-controlling interest (Note 10)	—	40,364	40,364
Long-term debt (Note 13)	—	599,075	599,075
Due to related party (Note 11)	—	60,000	60,000
Derivative liabilities	54,489	—	54,489
	\$ 54,489	\$ 984,352	\$ 1,038,841

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

Financial instruments and related risks

The Company's activities expose it to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are commodity price risk, credit risk, foreign exchange risk, liquidity risk and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. There have been no significant changes in the Company's exposure to these financial risks.

Derivative instruments

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

The Company has exposure to interest rates, specifically the 3-month US\$ London Inter-bank Offered Rate ("LIBOR") related to the debt financing facility associated with the MVDP and 1-month Secured Overnight Financing Rate ("SOFR") related to the corporate revolving credit facility. As a result of Interest Rate Benchmark Reform, the Company is working with the counterparties on transitioning from LIBOR to an adjusted term SOFR. We expect that the transition will result in materially similar terms and for the process to be completed by June 30, 2023. In the event the transition is not complete by June 30, LIBOR fallback provisions would become effective until alternative rates have been agreed on.

Capstone Copper Corp.

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

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

Type	Contract description	Remaining term	Put strike	Call strike / Fixed rate	Notional tonnes / Quantity
Commodity (i)	Fixed-for-Floating Swaps Copper	April 2023 - June 2024	\$—	\$3.41/lb	27,417 tonnes
Commodity (ii)	Fixed-for-Floating Swaps Copper	April - December 2023	\$—	\$3.64/lb	28,031 tonnes
Commodity (ii)	ZCC - Call and Put Option Contracts - Copper	April - December 2023	\$3.20/lb	\$4.15/lb	20,625 tonnes
Interest rate (iii)	Fixed-for-floating swaps LIBOR	April 2023 - March 2030	—	1.015%	\$500 million USD
Interest rate (iii)	Floor options LIBOR	April 2023 - September 2025	—	0%	\$500 million USD
Foreign currency (iv)	Foreign Exchange Swaps - CLP	April 2023 - March 2024	0	727.70	4.8 billion CLP
Foreign currency (iv)	Foreign Exchange Swaps - UF	April 2023 - May 2024	0	41.70	0.2 million UF
Foreign currency (iv)	Foreign exchange ZCC - CLP	April - December 2023	775.0	965.0 - 1,046.0	38.4 billion CLP
Foreign currency (v)	Foreign exchange ZCC - CAD	April - December 2023	1.35	1.40	\$13.2 million CAD
Quotational pricing contracts (vi)	Copper time-spread swaps	April - June 2023	—	—	15,789 tonnes

- i. As part of the Mantoverde Development Project ("MVDP") financing arrangements, Mantos was required to enter into a number of fixed-for-floating swaps to hedge LME copper prices. Under the agreements, a subsidiary of the Company has hedged a total of 27,417 metric tonnes consisting of 15,154 metric tonnes in 2023 and 12,263 metric tonnes in the first half of 2024. At March 31, 2023, the fair value of these derivatives is \$(38.8) million (December 31, 2022 - \$(26.0) million).
- ii. The Company has fixed-for-floating swaps for 28,031 metric tonnes for 2023 at average price of \$3.64/lb. The Company also entered into zero cost collar ("ZCC") contracts whereby it sold a series of call option contracts and purchased a series of put option contracts for \$nil cash premium consisting of 20,625 metric tonnes in 2023. At March 31, 2023, the fair value of these derivatives is \$(34.3) million (December 31, 2022 - \$(16.9) million).

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- iii. To mitigate the risk of movements in interest rates, and in compliance with a covenant in the MVDP financing, a subsidiary of the Company entered into a fixed-for-floating LIBOR swap at 1.015% until March 2030, with a 0% floor on the LIBOR rate until September 2025. Fixed for floating swap notional represents the notional amount as of the reporting period. The notional amount is expected to increase to \$520 million when project construction is expected to be completed. The derivative instruments are a series of quarterly contracts, with notional amounts in line with planned quarterly balances based on expected project finance debt drawdown and expected amortization. At March 31, 2023, the fair value of the fixed-for-floating swaps and floor option derivative contracts is \$40.9 million (December 31, 2022 - \$48.3 million).
- iv. As a covenant in the MVDP financing, a subsidiary of the Company, entered into foreign exchange forward and swap contracts in February 2021 to hedge the foreign exchange risk related to the capital expenditures for the MVDP. At March 31, 2023, the fair value of the outstanding CLP and UF contracts is \$1.1 million (December 31, 2022 - \$(2.1) million). In February 2022, the Company also entered into ZCCs CLP to US dollar foreign exchange option contracts covering the period from April 2022 through December 2023, representing approximately 50% of Mantoverde's and Mantos Blancos' expected CLP operating costs during this period.
- v. In October 2022, the Company entered into CAD zero cost collars to US dollar foreign exchange option contracts covering the period from January through December 2023, representing approximately 75% of the expected CAD general and administrative costs during this period. At March 31, 2023, the fair value of the outstanding CAD contracts is \$0.1 million (December 31, 2022 - \$0.2 million).
- vi. The Company enters into copper time-spread swaps in order to manage the risk associated with provisional pricing in terms of copper concentrate sales agreements. As at March 31, 2023, the Company had 15,789 metric tonnes of copper swaps outstanding at an effective average cost of \$2.43 per tonne and settling across April to June 2023. At March 31, 2023, the fair value of the outstanding contracts is \$(1.6) million (December 31, 2022 - \$(9.5) million).

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

	March 31, 2023	December 31, 2022
Derivative financial assets:		
Foreign currency contracts	\$ 986	\$ 247
Interest rate swap contracts	19,725	19,734
Total derivative financial assets - current	20,711	19,981
Foreign currency contracts	270	—
Interest rate swap contracts	21,214	28,582
Total derivative financial assets - non-current	\$ 21,484	\$ 28,582
Derivative financial liabilities:		
Foreign currency contracts	81	2,073
Copper commodity contracts	65,038	32,888
Quotational pricing contracts	1,594	9,462
Total derivative financial liabilities - current	\$ 66,713	\$ 44,423
Foreign currency contracts	—	46
Copper commodity contracts	8,114	10,020
Total derivative financial liabilities - non-current	\$ 8,114	\$ 10,066

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

	Three months ended March 31,	
	2023	2022
Unrealized gain (loss) on derivative financial instruments:		
Foreign currency contracts	\$ 2,959	\$ 3,451
Copper commodity contracts	(30,244)	1,157
Interest rate swap contracts	(7,290)	3,376
Unrealized loss on warrants	—	(252)
Total unrealized (loss) gain on derivative financial instruments	(34,575)	7,732
Realized gain (loss) on derivative financial instruments:		
Foreign currency contracts	885	—
Copper commodity contracts	(15,509)	(5,441)
Interest rate swap contracts	4,364	—
Total realized loss on derivative financial instruments	(10,260)	(5,441)
Total unrealized and realized (loss) gain on derivative financial instruments:	\$ (44,835)	\$ 2,291

6. Receivables

Details are as follows:

	March 31, 2023	December 31, 2022
Copper cathode	\$ 46,822	\$ 70,814
Copper concentrate	67,141	72,720
Value added taxes and other taxes receivable	37,063	31,535
Income taxes receivable	18,232	5,055
Other	11,973	11,763
Total receivables	\$ 181,231	\$ 191,887

7. Inventories

Details are as follows:

	March 31, 2023	December 31, 2022
<i>Current:</i>		
Raw materials and consumables	\$ 71,497	\$ 68,121
Ore stockpiles	8,807	13,296
Work-in-progress	25,235	29,386
Finished goods - copper cathode	33,227	19,057
Finished goods - copper concentrate	17,181	13,637
Total inventories - current	\$ 155,947	\$ 143,497
<i>Non-current:</i>		
Ore stockpiles (Note 9) (i)	7,269	—
Total inventories - non-current	\$ 7,269	\$ —

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

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During the three months ended March 31, 2023, concentrate and cathode inventories recognized as production costs, including depletion and amortization, amounted to \$288.3 million (2022 – \$160.8 million).

During the three months ended March 31, 2023, the Company recorded write-downs of \$3.9 million related to Mantos Blancos and Mantoverde's cathode inventories and Pinto Valley's copper concentrate inventories which were recorded as production costs.

During the three months ended March 31, 2022, the Company recorded write-downs of \$0.4 million related to Pinto Valley's ore stockpile and supplies inventories which were recorded as production costs.

8. Mineral Properties, Plant and Equipment

Details are as follows:

	Mineral properties			Plant and equipment			Total
	Depletable		Non-depletable Mineral exploration and development properties	Subject to amortization		Not subject to amortization	
	Producing mineral properties	Deferred stripping		Plant & equipment	Right of use assets		
At January 1, 2023, net	\$ 1,709,157	\$ 137,563	\$ 828,276	\$ 1,050,652	\$ 91,743	\$ 888,920	\$ 4,706,311
Additions	34,354	21,621	10,361	47	8,530	134,465	209,378
Rehabilitation provision adjustments	20,035	—	—	—	—	—	20,035
Reclassifications	28,454	—	(28,454)	33,604	—	(33,604)	—
Depletion and amortization	(19,188)	(9,242)	—	(21,056)	(5,733)	—	(55,219)
At March 31, 2023, net	\$ 1,772,812	\$ 149,942	\$ 810,183	\$ 1,063,247	\$ 94,540	\$ 989,781	\$ 4,880,505
At March 31, 2023:							
Cost	\$ 2,213,095	\$ 266,281	\$ 810,183	\$ 2,700,023	\$ 195,902	\$ 989,781	\$ 7,175,265
Accumulated amortization and impairment	(440,283)	(116,339)	—	(1,636,776)	(101,362)	—	(2,294,760)
Net carrying amount	\$ 1,772,812	\$ 149,942	\$ 810,183	\$ 1,063,247	\$ 94,540	\$ 989,781	\$ 4,880,505

The Company's exploration costs were as follows:

	Three months ended March 31,	
	2023	2022
Exploration capitalized to mineral properties	\$ 348	\$ 858
Greenfield exploration expensed to the statement of (loss) income	1,199	1,867
	\$ 1,547	\$ 2,725

Exploration capitalized to mineral properties during the three months ended March 31, 2023 and 2022, relates to brownfield exploration at the Cozamin mine. Greenfield exploration expenses during the three months ended March 31, 2023 and 2022 relate primarily to exploration efforts in the US and Brazil.

As at March 31, 2023, construction in progress primarily relates to capital costs incurred in connection with the MVDP, expansionary and sustaining capital at the Pinto Valley and Cozamin mines and the development at the Santo Domingo project. Capital expenditures committed as at March 31, 2023, but not yet incurred, is \$132.9 million (December 31, 2022 - \$265.9 million).

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As at March 31, 2023, the Revolving Credit Facility ("RCF") (Note 13) was secured by the Pinto Valley, Cozamin and Mantos Blancos mineral properties, and plant and equipment with a net carrying value of \$1,512.8 million (December 31, 2022 – \$1,934.7 million).

9. Other Assets

Details are as follows:

	March 31, 2023	December 31, 2022
<i>Current:</i>		
Prepays	\$ 51,268	\$ 37,926
Deposits	4,511	4,500
Other	3,272	2,540
Total other assets - current	\$ 59,051	\$ 44,966
<i>Non-current:</i>		
Prepayments	18,045	18,045
Ore stockpiles	7,269	—
Investments in marketable securities	2,094	1,628
Finance lease receivable	335	431
Deposits	383	8,177
Other	6,588	6,839
Total other assets - non-current	\$ 34,714	\$ 35,120

10. Other Liabilities

Details are as follows:

	March 31, 2023	December 31, 2022
<i>Current:</i>		
Current portion of share-based payment obligations	1,992	30,497
Current portion of deferred revenue (Note 14)	8,756	8,524
Other	2,181	301
Total other liabilities - current	\$ 12,929	\$ 39,322
<i>Non-current:</i>		
Retirement benefit liabilities	6,756	6,411
Non-current portion of payable on purchase of NCI	40,937	40,364
Other	4,257	3,953
Total other liabilities - non-current	\$ 51,950	\$ 50,728

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

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As at March 31, 2023, an unsecured liability of \$40.9 million (December 31, 2022 - \$40.4 million) has been recognized in the condensed interim consolidated statement of financial position equal to the discounted amount of the remaining \$45 million of cash consideration to be paid. The discounted amount of the remaining \$45 million will be accreted up to its face value at 5% per annum. During the three months ended March 31, 2023, \$0.5 million (March 31, 2022 - \$1.0 million) of accretion was recorded in other interest and accretion expense in the condensed interim consolidated statements of (loss) income.

11. Non-Controlling Interest

Mitsubishi Materials Corporation ("MMC")

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

In addition to the contingent arrangement, MMC agreed to provide a \$60 million Cost Overrun Facility ("COF") in exchange for additional off-take of copper concentrate production under a 10-year contract. 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. 3-month LIBOR at March 31, 2023 was 5.16%. As at March 31, 2023, the COF was fully drawn. As a result of Interest Rate Benchmark Reform, the Company is working with MMC on transitioning from LIBOR to an adjusted term SOFR. We expect that the transition will result in materially similar terms and for the process to be completed by June 30, 2023. In the event the transition is not complete by June 30, LIBOR fallback provisions would become effective until alternative rates have been agreed on.

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 per annum of up to 30,000 tonnes of copper concentrate depending on the amount that is drawn by Mantoverde under the COF provided by MMC in connection with the MVDP. The agreement between MMC and Mantoverde to sell 30% of its annual copper production is for the duration of Mantoverde's commercial mine life. The amount payable for copper is based on average LME prices, subject to certain terms (Note 20).

In addition to the COF, MMC advanced their pro-rata share which amounted to an additional \$24.0 million to Mantoverde in the form of a shareholder loan forming part of the financing for the MVDP. Total funds advanced by MMC at March 31, 2023 is \$84.2 million (December 31, 2022 - \$60 million).

12. Lease Liabilities

Details are as follows:

	March 31, 2023	December 31, 2022
Lease liabilities	\$ 105,132	\$ 103,897
Less: current portion	(29,194)	(28,928)
Non-current portion	\$ 75,938	\$ 74,969

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Undiscounted lease payments:

	March 31, 2023
Not later than 1 year	\$ 35,805
Later than 1 year and not later than 5 years	74,632
Later than 5 years	12,615
	\$ 123,052

13. Long-Term Debt

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

	March 31, 2023	December 31, 2022
Mantoverde Development Project Facility ⁽ⁱ⁾	\$ 527,271	\$ 527,498
Revolving Credit Facility	168,762	71,577
Long-term debt	\$ 696,033	\$ 599,075

- i. At March 31, 2023, \$520 million was drawn on the facility with the remaining \$7.3 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 facility.

Mantoverde Development Project Facility

Mantoverde secured \$572 million in debt financing facility to fund the construction of the MVDP. The debt facility comprises a senior secured amortizing project debt facility in an aggregate amount of \$520 million (the "Covered Facility" \$250 million, the "Uncovered Facility" \$210 million, and the "ECA Direct Facility" \$60 million) and a \$52 million senior secured mine closure bonding facility (the "Bonding Facility"). These project finance facilities are subject to affirmative, financial and restrictive covenants that include obligations to maintain the security interests in favour of the lenders over substantially all of the respective project's property and shares, insurance coverage, maintenance of off-take agreements, compliance with environmental and social matters, restrictions on new financial indebtedness, distributions and dispositions, and compliance with certain financial ratios. As at March 31, 2023, the Company was in compliance with these covenants.

As a condition to the financing facilities, 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 financing for the MVDP.

Interest on borrowings under the MVDP Facility is payable quarterly at a variable rate of 3-month US\$ LIBOR plus a margin per annum (i.e., 1.65% for the Covered Facility and, with respect to the Uncovered Facility, a rate of 3.75% and with respect to the ECA Direct Facility, a rate of 4.00% pre-completion of the MVDP, and decreasing to 3.50% and 3.75% respectively post-completion of the MVDP). Pursuant to the Covered Facility, an export credit agency guaranteed premium of 2.05% per annum is also payable quarterly and calculated over amounts outstanding under the Covered Facility. The MVDP is secured by a comprehensive security package covering substantially all of Mantoverde's assets. These facilities amortize from the earlier of September 30, 2024 and 180 days after project completion. The Uncovered Facility amortizes over a 10 year period and the Covered Facility and ECA Direct Facility amortize over 12 years. As a result of Interest Rate Benchmark Reform, the Company is working with the counterparties on transitioning from LIBOR to an adjusted term SOFR. We expect that the transition will result in materially similar terms and for the process to be completed by June 30, 2023. In the event the transition is not complete by June 30, LIBOR fallback provisions would become effective until alternative rates have been agreed on.

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Revolving Credit Facility

On May 12, 2022, Capstone Mining amended its corporate RCF. The amended RCF was increased to \$500 million, plus \$100 million accordion option available 180 days after closing, and has a maturity of four years from closing and an interest cost of adjusted term Secured Overnight Financing Rate ("SOFR") plus a margin of 1.875% - 2.75% depending on the total net leverage ratio. The amended RCF became effective on July 22, 2022 after all the required security was in place and customary closing conditions were met. On December 12, 2022, Capstone exercised the \$100 million accordion option, which resulted in the maximum Credit Limit being \$600 million.

The interest rate at March 31, 2023 was one-month adjusted term SOFR of 4.91% plus 1.875% (2022 - US LIBOR plus 2.50%) with a standby fee of 0.42% (2022 – 0.56%) payable on the undrawn balance (adjustable in certain circumstances).

The RCF in effect as of March 31, 2023 is secured against the present and future real and personal property, assets and undertakings of Capstone Copper (other than defined excluded entities, Acquisition Co., Far West Mining Ltd., Minera Santo Domingo SCM, Capstone Resources MSD Ltd., FWM Exploration (Chile) Ltd., and Far West Exploration S.A., Mantoverde Holding SpA, Mantoverde S.A., Mantos Copper Delaware LLC and subject to certain exclusions for Capstone Mining Chile SpA).

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 March 31, 2023. As at March 31, 2023, the balance of the RCF was \$168.8 million (December 31, 2022 - \$71.6 million).

Details of the balance are as follows:

	March 31, 2023	December 31, 2022
Balance drawn on the RCF	\$ 172,000	\$ 75,000
Deferred financing fees	(3,238)	(3,423)
Total RCF balance	\$ 168,762	\$ 71,577

Surety Bonds

As at March 31, 2023, there were seven surety bonds totaling \$236.1 million to support various reclamation obligation bonding requirements. This comprises \$167.6 million securing reclamation obligations at Pinto Valley, \$4.0 million provided as security as part of a power supply agreement at Pinto Valley, \$2.1 million related to the construction of a port for the Santo Domingo development project in Chile, \$28.0 million at Mantoverde, and \$34.4 million at Mantos Blancos, respectively, securing reclamation obligations.

Mantos Blancos Concentrator Development Project ("Mantos Blancos CDP") Debt Facility

A subsidiary of the Company entered into a \$150 million debt facility with Glencore Chile SpA ("Glencore") in connection with the Mantos Blancos CDP, with an associated off-take agreement with Complejo Metalúrgico Altonorte S.A. for 75% of the concentrates produced including the silver contained (both agreements expire on December 31, 2026). Interest on borrowings under the Mantos Blancos CDP Facility was payable quarterly at a variable rate of 3-month US\$ LIBOR plus a margin of 4.5% per annum and repayment terms require that the Company make repayment installments quarterly, equal to a percentage of the aggregate loans outstanding at the end of the period. On July 22, 2022, the Company fully repaid the Mantos Blancos CDP debt facility and the facility was cancelled. The gain on extinguishment of the debt of \$8.0 million was recognized in the income statement for the period ending December 31, 2022.

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14. Deferred Revenue

Silver Precious Metals Purchase Arrangement ("Silver PMPA")

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

The Company recorded the upfront cash consideration received of \$150 million as deferred revenue and recognizes amounts in revenue as silver is delivered under the Silver PMPA. Capstone determines the amortization of deferred revenue to the condensed interim consolidated statements of (loss) income on a per unit basis using the estimated total number of silver ounces expected to be delivered over the life of the Cozamin mine. The amortization rate requires the use of proven and probable mineral reserves and certain mineral resources which management is reasonably confident will be transferred to mineral reserves. The Company estimates the current portion of deferred revenue based on deliveries anticipated over the next twelve months. During the three months ended March 31, 2023, the Company delivered 111,864 ounces (2022 - 141,448 ounces) of silver to Wheaton under the Silver PMPA.

Gold Precious Metals Purchase Arrangement ("Gold PMPA")

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

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

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

	Silver PMPA	Gold PMPA	Total
Balance, December 31, 2021	\$ 140,510	\$ 31,360	\$ 171,870
Non-cash finance costs	7,869	2,132	10,001
Recognized as revenue on delivery of silver and gold	(12,885)	—	(12,885)
Balance, December 31, 2022	\$ 135,494	\$ 33,492	\$ 168,986
Non-cash finance costs	1,881	570	2,451
Recognized as revenue on delivery of silver and gold	(2,441)	—	(2,441)
Balance, March 31, 2023	\$ 134,934	\$ 34,062	\$ 168,996

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

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Details of the deferred revenue balance are as follows:

	March 31, 2023	December 31, 2022
Deferred revenue	\$ 168,996	\$ 168,986
Less: current portion (Note 10)	(8,756)	(8,524)
Non-current portion	\$ 160,240	\$ 160,462

15. Income Taxes

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

	Three months ended March 31,	
	2023	2022
(Loss) income before income taxes	\$ (39,168)	\$ 55,783
Canadian federal and provincial income tax rates	27.00 %	27.00 %
Income tax (recovery) expense based on the above rates	(10,575)	15,061
Increase (decrease) due to:		
Non-deductible expenditures	343	1,356
Effects of different statutory tax rates on losses (income) of subsidiaries	257	(262)
Mexican and Chilean mining royalty taxes	1,204	1,998
Current period losses for which deferred tax assets were not recognized	375	3,353
Adjustments to tax estimates in prior years	—	(6)
Foreign exchange and other translation adjustments	(2,464)	(1,038)
Other	642	204
Income tax (recovery) expense	\$ (10,218)	\$ 20,666
Current income and mining tax (recovery) expense	\$ (1,887)	\$ 14,577
Deferred income tax (recovery) expense	(8,331)	6,089
Income tax (recovery) expense	\$ (10,218)	\$ 20,666

16. Share Capital

Authorized

An unlimited number of common voting shares without par value.

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

Stock options

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

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

	Options outstanding	Weighted average exercise price (C\$)
Outstanding, December 31, 2022	7,223,699	\$ 1.97
Granted	873,280	6.00
Exercised	(2,416,014)	0.84
Forfeited	(22,043)	5.54
Outstanding, March 31, 2023	5,658,922	\$ 3.06

As at March 31, 2023, the following options were outstanding and outstanding and exercisable:

Exercise prices (C\$)	Outstanding			Outstanding & exercisable		
	Number of options	Weighted average exercise price (C\$)	Weighted average remaining life (years)	Number of options	Weighted average exercise price (C\$)	Weighted average remaining life (years)
\$0.57 - \$0.91	2,824,117	\$ 0.69	1.8	2,824,117	\$ 0.69	1.8
\$3.23 - \$3.90	945,862	3.87	3.0	629,776	3.89	3.0
\$4.43 - \$4.72	61,507	4.63	4.3	6,523	4.43	4.7
\$5.08 - \$5.79	211,438	5.13	4.1	9,309	5.68	3.1
\$6.00 - \$6.97	1,615,998	\$ 6.40	4.5	351,739	\$ 6.83	3.9
	5,658,922	\$ 3.06	2.9	3,821,464	\$ 1.80	2.2

During the three months ended March 31, 2023, the total fair value of options granted was \$1.9 million (2022 – \$1.7 million) and had a weighted average grant-date fair value of C\$2.99 (2022 – C\$3.17) per option. During the three months ended March 31, 2023, the weighted average share price of the 2.4 million options exercised during the period was C\$6.27 (2022 - 1.6 million options and C\$4.64, respectively).

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

	Three months ended March 31,	
	2023	2022
Risk-free interest rate	2.99 %	0.17 %
Expected dividend yield	nil	nil
Expected share price volatility	63 %	61 %
Expected forfeiture rate	6.35 %	6.24 %
Expected life	3.9 years	3.8 years

Other share-based compensation plans

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

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

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Deferred Share Units

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

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

Restricted Share Units and Performance Share Units

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

RSUs issued under the Plan entitle the holder to a cash payment, shares delivered from a Share Purchase Trust or a combination thereof, at the end of the vesting period equal to the number of RSUs granted, multiplied by the quoted market value of a Capstone common share on the completion of the vesting period. RSUs granted to employees and executives prior to 2020 vest after three years, and RSUs granted in 2020 and onwards vest 1/3 per year over their three-year term.

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

Compensation expense related to RSUs and PSUs is recorded over the three-year vesting period. The amount of compensation expense is adjusted at each reporting period to reflect the change in quoted market value of the Company’s common shares, the number of RSUs and PSUs expected to vest, and in the case of PSUs, the expected performance factor. RSU and PSU obligations, under the Share Unit Plan, can be settled in cash, shares delivered from a Share Purchase Trust or a combination thereof, as determined by and at the discretion of the Human Resources and Compensation Committee of the Company’s Board of Directors.

During the three months ended March 31, 2023, the total fair value of DSUs, RSUs, and PSUs granted under the SUP was \$6.3 million (2022 – \$3.4 million), and had a weighted average grant-date fair value of C\$6.00 (2022 – C\$6.97) per unit.

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

During the three months ended March 31, 2023, the total fair value of units granted under the TSUP was \$2.4 million (2022 – \$2.5 million), and had a weighted average grant-date fair value of C\$5.77 (2022 – C\$4.59) per unit.

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

	Three months ended March 31,	
	2023	2022
Risk-free interest rate	2.76 %	0.19 %
Expected dividend yield	nil	nil
Expected share price volatility	64 %	60 %
Expected forfeiture rate	nil	nil
Expected life	8.7 years	9 years

No Capstone shares were purchased by the Share Purchase Trust during the three months ended March 31, 2023 and 2022.

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

	Share Unit Plan			Treasury Share Unit Plan	
	DSUs	RSUs	PSUs	RSUs	PSUs
Outstanding, December 31, 2022	2,319,325	2,830,391	3,429,260	659,409	1,345,733
Granted	90,000	1,239,417	89,947	275,929	551,853
Forfeited	—	(69,523)	—	(4,408)	(44,308)
Settled	—	(1,978,908)	(3,335,447)	(66,167)	—
Outstanding, March 31, 2023	2,409,325	2,021,377	183,760	864,763	1,853,278

Share-based compensation expense:

	Three months ended March 31,	
	2023	2022
Share-based compensation expense related to stock options	\$ 488	\$ 1,837
Share-based compensation expense related to RSUs and PSUs (TSUP)	494	312
Share-based compensation expense related to DSUs, RSUs and PSUs (SUP)	11,036	17,564
Total share-based compensation expense	\$ 12,018	\$ 19,713

17. Revenue

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

	Three months ended March 31,	
	2023	2022
Copper concentrate	\$ 263,108	\$ 221,158
Copper cathode	101,641	41,748
Silver	7,337	9,430
Molybdenum	3,742	1,172
Gold	781	84
Zinc	—	1,827
Total gross revenue	376,609	275,419
Less: treatment and selling costs	(20,733)	(13,634)
Less: pricing and volume adjustments	(20,280)	6,301
Revenue	\$ 335,596	\$ 268,086

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*(tabular amounts expressed in thousands of US dollars, except share and per share amounts)***18. (Loss) Earnings Per Share***(Loss) earnings per share, calculated on a basic and diluted basis, is as follows:*

	Three months ended March 31,	
	2023	2022
(Loss) earnings per share		
Basic	\$ (0.03)	\$ 0.08
Diluted	(0.03)	0.08
<i>Net (loss) earnings</i>		
Net (loss) earnings attributable to common shareholders - basic and diluted	\$ (20,002)	\$ 33,988
<i>Weighted average shares outstanding - basic</i>		
Weighted average shares outstanding - basic	691,818,526	438,874,610
<i>Dilutive securities</i>		
Stock options	2,888,586	7,557,528
TSUP units	346,461	389,145
Weighted average shares outstanding - diluted	695,053,573	446,821,283
<i>Potentially dilutive securities excluded (as anti-dilutive)</i>		
Stock options	2,770,336	1,970,102
TSUP units	2,371,580	1,303,346

19. Supplemental Cash Flow Information*The changes in non-cash working capital items are composed as follows:*

	Three months ended March 31,	
	2023	2022
Receivables	\$ 23,958	\$ 7,030
Inventories	(13,664)	4,098
Other assets	(8,084)	(13,797)
Accounts payable and accrued liabilities	(13,410)	(45,211)
Other liabilities	(27,617)	(36,922)
Net change in non-cash working capital	\$ (38,817)	\$ (84,802)

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

	Three months ended March 31,	
	2023	2022
VAT receivable	\$ —	\$ (35)
Other non-current assets	265	5,545
Other non-current liabilities	643	1,122
Net change in other non-cash items	\$ 908	\$ 6,632

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Below is a reconciliation of depreciation in operating cash flows in the consolidated statement of cashflows to the Mineral Properties, Plant and Equipment note (note 8):

	Three months ended March 31,	
	2023	2022
Depreciation and depletion per mineral properties, plant and equipment (Note 8)	55,219	31,113
Depreciation included in general and administrative expense	138	166
Depreciation included in care and maintenance	98	111
Change in depreciation and depletion capitalized to inventory, capitalized stripping and construction in progress	(10,176)	1,860
Depreciation and depletion expense	\$ 45,279	\$ 33,250

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

	Three months ended March 31,	
	2023	2022
Increase in accounts payable and accrued liabilities related to mineral properties, plant and equipment	\$ (21,333)	\$ (66,099)
Amortization of mining equipment capitalized to deferred stripping assets	87	579
Fair value of stock options allocated to share capital upon exercise	700	591
Fair value of TSUP units allocated to share capital upon exercise	188	—
Business combination with Mantos (Note 4)	—	1,592,679
	\$ (20,358)	\$ 1,527,750

20. 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 4.9 million silver ounces since contract inception until March 31, 2023.

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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 (Note 13).

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") up to the end of December 2025.

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 thousand 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 per annum of up to 30,000 tonnes of copper concentrate depending on the amount that is drawn by Mantoverde under the COF provided by MMC in connection with the MVDP. The agreement between MMC and Mantoverde to sell 30% of its annual copper production is for the duration of Mantoverde's commercial mine life. The amount payable for copper is based on average LME prices, subject to certain terms (Note 11).

Minto surety bond indemnification

On June 3, 2019, the Company completed the sale of its 100% interest in the Minto mine ("Minto") to Pembridge Resources PLC ("Pembridge"). In conjunction with completion of the sale, Pembridge has 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 and could be liable for the bonded obligations in the event Minto does not satisfy those obligations. Pembridge has put C\$10 million into a control account which is to be applied against the reclamation if the surety bond is called. The Company continues to monitor Minto's financial situation, any uncertainty in Minto's ability to meet the obligation may trigger an event that may create a possible obligation in the future related to the financial exposure on the surety bond indemnification. No amount has been recognized as a liability as at March 31, 2023, as there is no present obligation that is probable.

Other

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.

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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.

Included in value added taxes ("VAT") and other taxes receivable is \$2.2 million of VAT related to Minera Santo Domingo. The Company has provided a guarantee to the Chilean Internal Revenue Service that all VAT amounts refunded, plus interest, will be repaid if construction of the Santo Domingo development project is not completed by August 31, 2026.

21. Other Expense (Income)

Details are as follows:

	Three months ended March 31,	
	2023	2022
Mantos integration costs	\$ —	\$ 473
Other expense (income)	2,716	(1,247)
	\$ 2,716	\$ (774)

22. Accretion Expense

Details of other non-cash interest are as follows:

	Three months ended March 31,	
	2023	2022
Interest accretion on deferred revenue (Note 14)	\$ 2,451	\$ 2,500
Accretion on payable on purchase of NCI (Note 10)	497	1,012
Accretion on asset retirement obligations	2,274	617
Accretion on leases	627	309
Amortization of financing fees	267	283
Other interest (income) expense	(636)	(60)
	\$ 5,480	\$ 4,661

23. Segmented Information

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

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	Three months ended March 31, 2023						Total
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Santo Domingo	Other	
Revenue							
Copper concentrate	122,004	92,707	—	48,397	—	—	263,108
Copper cathode	5,453	33,190	62,998	—	—	—	101,641
Silver	1,352	524	—	5,461	—	—	7,337
Molybdenum	3,742	—	—	—	—	—	3,742
Gold	781	—	—	—	—	—	781
Treatment and selling costs	(9,392)	(7,854)	(928)	(2,559)	—	—	(20,733)
Pricing and volume adjustments (i)	113	(2,412)	(1,101)	(679)	—	(16,201)	(20,280)
Net revenue	124,053	116,155	60,969	50,620	—	(16,201)	335,596
Production costs	(82,256)	(75,756)	(63,592)	(18,777)	—	—	(240,381)
Royalties	(319)	(1,775)	—	(856)	—	—	(2,950)
Depletion and amortization	(21,510)	(12,829)	(7,657)	(5,883)	—	—	(47,879)
Income (loss) from mining operations	19,968	25,795	(10,280)	25,104	—	(16,201)	44,386
General and administrative expenses	(20)	—	—	(23)	(35)	(5,564)	(5,642)
Exploration expenses	—	—	—	(11)	(38)	(1,150)	(1,199)
Share-based compensation expense	—	—	—	—	—	(12,018)	(12,018)
Income (loss) from operations	19,948	25,795	(10,280)	25,070	(73)	(34,933)	25,527
Realized and unrealized loss on derivative instruments	—	—	(20,239)	—	—	(24,596)	(44,835)
Other (expense) income	(436)	(6,199)	(5,828)	1,166	(96)	(585)	(11,978)
Net finance costs	(772)	(1,631)	(71)	(2,238)	(559)	(2,611)	(7,882)
Income (loss) before income taxes	18,740	17,965	(36,418)	23,998	(728)	(62,725)	(39,168)
Income tax (expense) recovery	(1,822)	(4,402)	11,111	(5,003)	—	10,334	10,218
Total net income (loss)	\$ 16,918	\$ 13,563	\$ (25,307)	\$ 18,995	\$ (728)	\$ (52,391)	\$ (28,950)
Mineral properties, plant & equipment additions	\$ 10,429	\$ 23,246	\$ 162,086	\$ 9,739	\$ 3,878	\$ —	\$ 209,378

- i. Included in pricing and volume adjustments are realized and unrealized gains (losses) on the Company's quotational pricing copper contracts.
- ii. Intersegment sales and transfers are eliminated in the table above. For the three months ended March 31, 2023, intersegment revenue for Cozamin and the Other segment was \$2.5 million and \$0.2 million (2022 - \$3.9 million and \$0.4 million), respectively.

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	Three months ended March 31, 2022						
	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Santo Domingo	Other	Total
Revenue							
Copper concentrate	153,441	10,180	—	57,537	—	—	221,158
Copper cathode	6,056	7,579	28,113	—	—	—	41,748
Silver	1,745	—	—	7,685	—	—	9,430
Molybdenum	1,172	—	—	—	—	—	1,172
Gold	84	—	—	—	—	—	84
Zinc	—	—	—	1,827	—	—	1,827
Pricing and volume adjustments	5,078	117	(19)	1,125	—	—	6,301
Treatment and selling costs	(9,741)	(593)	(321)	(2,979)	—	—	(13,634)
Net revenue	157,835	17,283	27,773	65,195	—	—	268,086
Production costs	(81,132)	(8,944)	(20,718)	(16,260)	—	—	(127,054)
Royalties	(846)	—	—	(1,188)	—	—	(2,034)
Depletion and amortization	(24,418)	(1,127)	(3,159)	(4,269)	—	—	(32,973)
Earnings from mining operations	51,440	7,211	3,896	43,478	—	—	106,025
General and administrative expenses	(25)	—	—	(28)	(12)	(5,796)	(5,861)
Exploration expenses	—	—	—	(19)	(58)	(1,790)	(1,867)
Share-based compensation expense	—	—	—	—	—	(19,713)	(19,713)
Income (loss) from operations	51,415	7,211	3,896	43,431	(70)	(27,299)	78,584
Unrealized and realized gain on derivative instruments	—	—	1,141	—	—	1,150	2,291
Other expense	(249)	298	564	(680)	225	(19,791)	(19,633)
Net finance costs	(586)	(180)	(173)	(2,245)	(177)	(2,098)	(5,459)
Earnings (loss) before income taxes	\$ 50,580	\$ 7,329	\$ 5,428	\$ 40,506	\$ (22)	\$ (48,038)	\$ 55,783
Income tax (expense) recovery	(7,338)	(2,221)	(1,664)	(11,796)	—	2,353	(20,666)
Total net income (loss)	\$ 43,242	\$ 5,108	\$ 3,764	\$ 28,710	\$ (22)	\$ (45,685)	\$ 35,117
Mineral properties, plant & equipment additions	17,651	20,868	35,071	19,368	9,493	14	102,465

As at March 31, 2023

	Pinto Valley	Mantos Blancos	Mantoverde	Cozamin	Santo Domingo	Other	Total
Mineral properties, plant and equipment	\$ 724,345	\$ 985,190	\$ 2,500,532	\$ 247,838	\$ 421,858	\$ 742	\$ 4,880,505
Total assets	\$ 831,441	\$ 1,121,972	\$ 2,738,075	\$ 293,020	\$ 476,710	\$ 42,522	\$ 5,503,740
Total liabilities	\$ 210,364	\$ 302,274	\$ 1,288,145	\$ 221,662	\$ 4,956	\$ 312,974	\$ 2,340,375

As at December 31, 2022

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

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24. Foreign Exchange

Details of foreign exchange loss are as follows:

	Three months ended March 31,	
	2023	2022
Unrealized foreign exchange (loss) gain	\$ (678)	\$ 520
Realized foreign exchange loss	(8,584)	(1,494)
Total foreign exchange loss	\$ (9,262)	\$ (974)

The foreign exchange loss for the three months ended March 31, 2023 has primarily been impacted by the strengthening Chilean Peso. Unrealized foreign exchange (loss) gain is based on the revaluation of monetary assets and liabilities denominated in foreign currencies.

25. Contingencies

In the normal course of business, the Company is aware of certain claims and potential claims. The outcome of these claims and potential claims is not determinable at this time, although the Company does not believe these claims and potential claims will have a material adverse effect on the Company's results of operations or financial position.

On June 3, 2019, the Company completed the sale of its 100% interest in the Minto mine ("Minto") to Pembridge Resources PLC ("Pembridge"). The Company remains an Indemnitor for Minto's C\$72 million surety bond obligation in the Yukon. The Company could be liable for the bonded obligations up to C\$72 million if Minto does not satisfy those obligations. Minto has put C\$10 million into a control account to be applied against the reclamation if the surety calls the bond for reclamation. The Company continues to monitor Minto's financial situation, any uncertainty regarding the financial health of Minto may trigger an event and create an obligation in the future related to the financial exposure on the surety bond indemnification. No amount has been recognized as a liability as at March 31, 2023, as there is no present obligation that is probable.