COPPER MOUNTAIN
MINING CORPORATION

THIRD QUARTER REPORT

Financial Statements and MD&A

September 30, 2021

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Copper Mountain Mining Corporation

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended September 30, 2021

(Unaudited)

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Financial Position
(Unaudited in thousands of Canadian dollars)

	September 30, 2021 $	December 31, 2020 $
Assets		
Current assets		
Cash and cash equivalents	183,333	85,571
Restricted cash (note 9)	16,103	-
Accounts receivable and prepaid expenses (note 4)	14,428	30,413
Inventory (note 6)	34,103	38,038
Other financial assets (note 5)	675	-
	248,642	154,022
Reclamation bonds (note 10)	4,485	4,162
Deferred tax assets	2,084	473
Property, plant and equipment (note 7)	661,156	552,648
Low grade stockpile (note 6)	64,879	64,836
	981,246	**776,141**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	64,630	44,400
Amounts payable to related parties	-	3,644
Current portion of long-term debt (note 9)	23,031	79,559
Current tax liability	4,349	1,578
	92,010	129,181
Provisions (note 10)	24,459	18,371
Due to related parties (note 15)	-	145,918
Long-term debt (note 9)	342,166	129,153
Deferred tax liability	75,183	4,465
	533,818	427,088
Equity		
Attributable to shareholders of the Company:		
Share capital	287,407	283,926
Contributed surplus	19,017	19,611
Accumulated other comprehensive loss	(4,132)	(520)
Retained Earnings (deficit)	45,463	(35,153)
	347,755	267,864
Non-controlling interest	99,673	81,189
Total equity	447,428	349,053
	981,246	**776,141**

Approved on behalf of the Board of Directors

(signed) Gil Clausen Director　　　　(signed) Bruce Aunger Director

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Income and Comprehensive Income
For the Three and Nine Months Ended September 30,
(Unaudited in thousands of Canadian dollars, except for earnings per share)

	Three months ended September 30,		Nine months ended September 30,	
	2021 $	2020 $	2021 $	2020 $
Revenue (note 12)	137,176	94,992	441,447	235,645
Cost of sales (note 13)	(70,535)	(52,973)	(192,740)	(178,316)
Gross profit	66,641	42,019	248,707	57,329
Other income and expenses				
General and administration (note 13)	(2,272)	(1,836)	(11,803)	(5,196)
Share based compensation (note 11)	(2,141)	(863)	(12,632)	(2,066)
Operating income	62,228	39,320	224,272	50,067
Finance income	88	517	137	622
Finance expense (note 14)	(10,240)	(3,741)	(23,640)	(11,173)
Loss on derivatives (note 5)	(794)	(2)	(2,709)	(1,020)
Foreign exchange (loss) gain	(7,570)	6,938	(4,729)	(5,457)
Gain (loss) on sale of fixed asset	400	(102)	388	(102)
Income before tax	**44,112**	**42,930**	**193,719**	**32,937**
Current tax expense	(4,420)	385	(8,010)	(128)
Deferred income expense	(13,868)	(10,066)	(69,105)	(11,085)
Net income	**25,824**	**33,249**	**116,604**	**21,724**
Other comprehensive income				
Foreign currency translation adjustment	(1,073)	897	(3,612)	1,982
Total comprehensive income	**24,751**	**34,146**	**112,992**	**23,706**
Net income attributable to:				
Shareholders of the Company	17,797	24,420	80,616	15,459
Non-controlling interest	8,027	8,829	35,988	6,265
	25,824	**33,249**	**116,604**	**21,724**
Earnings per share:				
Basic	0.08	0.13	0.39	0.08
Diluted	0.08	0.13	0.37	0.08
Weighted average shares outstanding, basic (thousands)	209,921	191,544	209,320	191,403
Weighted average shares outstanding, diluted (thousands)	219,453	193,035	218,840	192,082
Shares outstanding at end of the period (thousands)	210,166	192,301	210,166	192,301

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Cash Flows
For the Three and Nine Months Ended September 30,
(Unaudited in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2021 $	2020 $	2021 $	2020 $
Cash flows from operating activities				
Net income for the period	25,824	33,249	116,604	21,724
Adjustments for:				
Depreciation	7,342	5,072	21,457	17,168
(Gain) Loss on sale of fixed asset	(400)	102	(388)	102
Unrealized foreign exchange loss (gain)	10,448	(6,077)	3,975	5,856
Loss on derivatives	794	2	2,709	1,020
Deferred income tax expense	13,868	10,066	69,105	11,085
Finance expense	10,240	3,741	23,640	11,173
Share based compensation	2,141	863	12,632	2,066
	70,257	47,018	249,734	70,194
Net changes in working capital items (note 16)	20,612	(8,423)	15,303	426
Net cash from operating activities	90,869	38,595	265,037	70,620
Cash flows from investing activities				
Purchase of copper puts	-	-	(3,397)	-
Deferred stripping activities	(11,316)	(6,402)	(26,504)	(13,839)
Purchase of property, plant and equipment	(27,729)	(4,970)	(77,208)	(20,762)
Reclamation bonds	(77)	(4)	(323)	(419)
Net cash used in investing activities	(39,122)	(11,376)	(107,432)	(35,020)
Cash flows from financing activities				
Net proceeds from issuance of bonds	-	-	287,785	-
Proceeds on exercise of options	6	482	1,725	482
Decrease (increase) in restricted cash	29,951	-	(15,664)	-
Advances from non-controlling interest	-	22,313	20,393	46,536
Payments made to non-controlling interest	-	-	(178,310)	-
Loan principal paid	(40,064)	(21,343)	(154,052)	(50,099)
Interest paid	(1,948)	(1,894)	(10,208)	(6,925)
Finance lease payments	(2,403)	(2,007)	(11,577)	(5,000)
Net cash used in financing activities	(14,458)	(2,449)	(59,908)	(15,006)
Effect of foreign exchange rate changes on cash and cash equivalents	1,582	(200)	65	853
Increase in cash and cash equivalents	38,871	24,570	97,762	21,447
Cash and cash equivalents - Beginning of period	144,462	29,003	85,571	32,126
Cash and cash equivalents - End of period	183,333	53,573	183,333	53,573

Supplementary cash flow disclosures (note 16)

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited in thousands of Canadian dollars, except for number of shares)

Attributable to equity owners of the company

	Number of Shares	Amount $	Contributed surplus $	Accumulated other comprehensive loss	Retained Earnings (Deficit) $	Total $	Non-controlling interest $	Total equity $
Balance January 1, 2020	191,331,053	266,663	18,623	(4,158)	(70,516)	210,612	67,289	277,901
Shares issued	970,000	482	-	-	-	482	-	482
Fair value of options exercised	-	254	(254)	-	-	-	-	-
Share based compensation	-	-	1,125	-	-	1,125	-	1,125
Income for the period	-	-	-	-	15,459	15,459	6,265	21,724
Foreign currency translation	-	-	-	1,982	-	1,982	-	1,982
Balance September 30, 2020	**192,301,053**	**267,399**	**19,494**	**(2,176)**	**(55,057)**	**229,660**	**73,554**	**303,214**
Balance January 1, 2021	207,653,732	283,926	19,611	(520)	(35,153)	267,864	81,189	349,053
Shares issued	2,512,394	2,510	-	-	-	2,510	-	2,510
Fair value of options exercised	-	971	(971)	-	-	-	-	-
Share based compensation	-	-	377	-	-	377	-	377
Amount paid to non-controlling interest	-	-	-	-	-	-	(17,504)	(17,504)
Income for the period	-	-	-	-	80,616	80,616	35,988	116,604
Foreign currency translation	-	-	-	(3,612)	-	(3,612)	-	(3,612)
Balance September 30, 2021	**210,166,126**	**287,407**	**19,017**	**(4,132)**	**45,463**	**347,755**	**99,673**	**447,428**

1 General information

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

2 Basis of presentation

a. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company's most recent annual audited consolidated financial statements which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board ("IFRS"). These condensed consolidated interim financial statements were approved on October 29, 2021 by the Board of Directors.

b. Foreign currency translation

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

3 Significant Accounting Policies

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2020.

In preparing these condensed consolidated interim financial statements, management makes judgments in applying the Company's accounting policies. The areas of policy judgement are consistent with those reported in the Company's 2020 annual consolidated financial statements. In addition, management makes assumptions about the future in deriving estimates used in preparing the Company's condensed consolidated interim financial statements. The areas of significant estimation are consistent with those reported in the Company's 2020 annual consolidated financial statements.

COVID-19 Estimation Uncertainty

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are anticipated to be far reaching. To date there has been significant volatility in the stock, commodity and foreign exchange markets and the global movement of people and some goods has become restricted. There continues to be significant uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on demand and prices for the commodities the Company produces and on global financial markets.

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

4 Accounts receivable and prepaid expenses

	September 30, 2021 $	December 31, 2020 $
Amounts due from concentrate sales	22,598	14,565
Pricing adjustments	(11,799)	11,990
GST and other receivables	1,861	463
Prepaid expenses	1,768	3,395
	14,428	**30,413**

5 Derivative instruments

During the nine month period ended September 30, 2021, the Company purchased copper put option contracts on a total of 28.4 million pounds of copper with maturity dates from May 2021 to December 2021 and a strike price of US$3.75 per pound. The total cost of the put option contracts was $3,379. At September 30, 2021, the remaining put option contracts had a fair value of $675 presented as other financial assets.

As London Metals Exchange ("LME") copper prices averaged US$4.25 during the three months ended September 30, 2021, no copper put options were exercised. During the nine months ended September 30, 2021, LME copper prices averaged US$4.17 and therefore no copper put options were exercised. The Company recognized a net realized loss of $1,319 on the 17.8 million pounds of copper puts that expired out of the money during the nine months ended September 30, 2021.

The following table outlines the losses associated with derivative instruments:

	Three months ended September 30,		Nine months ended September 30,	
	2021 $	**2020** $	**2021** $	**2020** $
Realized loss on copper put options	1,126	-	1,319	-
Unrealized (gain) loss on copper put options	(332)	-	1,390	-
Unrealized loss on interest rate swap	-	2	-	1,020
	794	**2**	**2,709**	**1,020**

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

6 Inventory

	September 30, 2021 $	December 31, 2020 $
Supplies	13,227	14,980
Ore stockpile	10,270	8,842
Crushed ore stockpile	228	1,424
Copper concentrate	10,378	12,792
	34,103	**38,038**
Low grade stockpile[1]	**64,879**	**64,836**

Inventory expensed during the nine months ended September 30, 2021 totaled $182,357 (2020 – $169,201).

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

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

7 Property, plant and equipment

Cost	Plant and equipment $	Exploration and evaluation assets $	Mineral properties and mine development costs $	Total $
As at January 1, 2020	584,680	56,646	241,972	883,298
Additions	36,848	3,768	37,810	78,426
Restoration provision	-	-	667	667
Disposals	(4,076)	-	-	(4,076)
Currency translation adjustment	(367)	3,745	-	3,378
As at December 31, 2020	617,085	64,159	280,449	961,693
Additions	95,811	5,969	30,299	132,079
Restoration provision	-	-	4,229	4,229
Currency translation adjustment	(28)	(3,578)	-	(3,606)
As at September 30, 2021	**712,868**	**66,550**	**314,977**	**1,094,395**

Accumulated depreciation	Plant and equipment	Exploration and evaluation assets $	Mineral properties and mine development costs $	Total $
As at January 1, 2020	(273,159)	-	(108,476)	(381,635)
Disposals	1,105	-	-	1,105
Depreciation charge	(22,222)	-	(6,293)	(28,515)
As at December 31, 2020	**(294,276)**	**-**	**(114,769)**	**(409,045)**
Depreciation charge	(18,368)	-	(5,826)	(24,194)
As at September 30, 2021	**(312,644)**	**-**	**(120,595)**	**(433,239)**
Net book value				
As at December 31, 2020	322,809	64,159	165,680	552,648
As at September 30, 2021	**400,224**	**66,550**	**194,382**	**661,156**

Property, plant and equipment includes right of use assets of $76,783 (December 31, 2020 - $52,565) with a net book value of $68,887 at September 30, 2021 (December 31, 2020 - $47,409).

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

8 Accounts payable and accrued liabilities

	September 30, 2021 $	December 31, 2020 $
Trade accounts payable	17,431	19,277
Accrued liabilities	27,140	20,408
Bond interest payable	12,020	-
Deferred, Restricted and Performance Share Units liability	8,039	4,715
	64,630	**44,400**

9 Long-term debt

	September 30, 2021 $	December 31, 2020 $
Bonds (d) in US$	238,966	-
Senior credit facility (b) in US$	-	68,513
Term loan (c) in US$	-	46,828
Total US$ long term debt in US$	238,966	115,341
Total US$ long term debt in CA$	304,467	146,852
Subordinated loan (a)	-	14,609
Leases (e)	60,730	47,251
Total	365,197	208,712
Less: current portion	(23,031)	(79,559)
	342,166	**129,153**

a) Subordinated loan

In April 2010, the Company entered into a loan agreement with a subsidiary of MMC for $9,600. The loan bore interest at a fixed rate of 4.8%. The loan principal and accumulated interest was scheduled to mature on June 30, 2023 and was pre-payable at any time without penalty. The loan and accumulated interest was subordinate to the senior credit facility (the "SCF"). On June 10, 2021, the balance of the subordinated loan of $9,600 and accrued interest of $5,196 was repaid.

b) Senior credit facility

The Company had a SCF with a consortium of Japanese banks.

The maximum amount available under the SCF was US$162 million which was fully drawn in 2011. The SCF carried a variable interest rate of LIBOR plus 2% and was scheduled to mature on June 15, 2023. The SCF was repayable in twenty four semi-annual instalments which commenced December 15, 2011, with 40%

of the principal balance due in the final two years before maturity. The instalments were payable on a fixed schedule, subject to mandatory prepayment based on cash flows relating to the Copper Mountain Mine. On June 8, 2021, the remaining balance of $84,268 (US$69.7 million) of the SCF and accrued interest of $956 was repaid. The early repayment of the SCF resulted in a loss on settlement of $1,117, reflecting the write off of previously deferred financing charges.

c) Term loan

In July 2010, the Company entered into a term loan (the "Term Loan") with the Japan Bank for International Cooperation.

The maximum amount available under the Term Loan was US$160 million which was fully drawn in 2011. The Term Loan carried a variable interest rate of LIBOR plus 0.551% and was to mature on February 15, 2022. The Term Loan was guaranteed by MMC in exchange for a fee of 0.2% per annum.

The Term Loan was unsecured and repayable in increasing instalments every six months commencing February 2013. On August 16, 2021, the remaining balance of $40,064 (US$32 million) of the Term Loan and accrued interest of $250 (US$200) was repaid. The early repayment of the Term Loan resulted in a loss on settlement of $1,104, reflecting the write off of previously deferred financing charges.

d) Bonds

On April 9, 2021, the Company completed an offering of US$250 million of secured bonds ("the Bonds"). The Bonds mature on April 9, 2026 and bear interest at an annual rate of 8.0%, payable semi-annually on April 9 and October 9. Semi-annual principal instalments in the amount of US$5 million are payable on each interest payment date. At September 30, 2021, the Company had deposited $16,103 (US$12.6 million) into a debt service account towards the next semi-annual principal instalment and interest payment. The debt service account is presented on the statement of financial position as restricted cash. A semi-annual principal instalment of US$5 million and interest payment of US$10 million was made on October 8, 2021.

The net bond proceeds of US$237.6 million, after transaction costs of US$12.4 million, were used to repay the remaining balance of the SCF, the remaining balance of the Term Loan, the subordinated loan and other related party debts due to MMC.

The Bonds are secured by a general security agreement on the assets of the Company. The Company may redeem all or part of the principal amount of the outstanding Bonds at any time from October 2023, at redemption prices ranging from 104% to 100%, plus accrued and unpaid interest to the date of redemption. The prepayment options are not closely related to the host debt instrument and are separately accounted for as embedded derivatives. At September 30, 2021, the value of the prepayment options was nominal.

As at September 30, 2021, the Bonds have a principal amount outstanding of $318,525 (US$250 million). The outstanding amount of $304,467 is net of issue costs of $14,058.

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

e) Leases

Gross finance lease liability and minimum lease payments	**September 30, 2021 $**	**December 31, 2020 $**
Within one year	13,896	14,739
Between two and four years	56,536	41,059
	70,432	55,798
Future interest	(9,702)	(8,547)
Finance lease liability	**60,730**	**47,251**

10 Provisions

	Decommissioning and restoration provision $	**Share-based payment obligations $**	**Total $**
Balance, January 1, 2021	18,371	4,715	23,086
Share-based payment expense	-	12,255	12,255
Payments during the period	-	(7,079)	(7,079)
Changes in estimate costs and timing	4,229	-	4,229
Unwinding of discount on restoration provision	7	-	7
Balance, September 30, 2021	**22,607**	**9,891**	**32,498**
Less: Current portion of share-based payment obligations included within accounts payable and accrued liabilities (Note 8)	-	(8,039)	(8,039)
Total provision – Non-current	**22,607**	**1,852**	**24,459**

Balance, January 1, 2020	17,708	497	18,205
Share-based payment expense	-	4,218	4,218
Changes in estimate costs and timing	667	-	667
Unwinding of discount on restoration provision	(4)	-	(4)
Balance, December 31, 2020	**18,371**	**4,715**	**23,086**
Less: Current portion of share-based payment obligations included within accounts payable and accrued liabilities (Note 8)	-	(4,715)	(4,715)
Total provision – Non-current	**18,371**	**-**	**18,371**

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

The Company has a liability for remediation of current and past disturbances associated with mining activities at the Copper Mountain mine property. At September 30, 2021, the Company used an inflation rate of 3.50% (2020 – 1.50%) and a discount rate of 1.98% (2020 – 1.21%), from inflation and interest rates provided from the Bank of Canada, in calculating the estimated obligation. The decommissioning obligations will be accreted as a finance expense over the life of the mine. The liability for retirement and remediation on an undiscounted basis is $17,626 (2020 - $17,486). The expected timing of payment of the cash flows will occur in various stages to 2040.

The Company has on deposit $4,302 (2020 - $3,516) with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain mine site. The Company receives interest on these bonds. The Company has also issued a surety bond of $17,467 (2020 - $17,467) for total reclamation security of $21,769.

11 Share based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 19.7 million stock options exercisable for a period of up to ten years from the grant date. As at September 30, 2021, the Company had 8,844,401 options outstanding as follows:

	Number of shares	Weighted average exercise price $
Outstanding, December 31, 2019	10,291,063	0.98
Granted	3,620,516	0.58
Exercised	(1,322,677)	0.52
Forfeited	(1,504,682)	1.15
Outstanding, December 31, 2020	11,084,220	0.88
Exercised	(2,239,819)	0.77
Outstanding, September 30, 2021	**8,844,401**	**0.91**

As at September 30, 2021, the following options were outstanding and exercisable:

	Outstanding			Exercisable		
Exercise prices ($)	Number of options	Weighted average exercise price ($)	Weighted average remaining life (years)	Number of options	Weighted average exercise price ($)	Weighted average remaining life (years)
$0.58 - $1.00	3,545,928	0.61	3.3	1,827,131	0.62	3.3
$1.02 - $1.07	2,998,473	1.04	2.2	2,498,855	1.04	2.2
$1.14 - $1.28	2,300,000	1.21	1.4	2,300,000	1.21	1.4
	8,844,401	$ 0.91	2.4	6,625,986	$ 0.98	2.2

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

During the nine months ended September 30, 2021, the stock based compensation expense in respect of stock options was $377 (2020 – $870) with a weighted average grant-date fair value of $0.54 (2020 – $0.46) per option. The fair values of the stock options granted were estimated on the grant date using the Black-Scholes option pricing model. Volatility was determined using a historical daily volatility over the expected life of the options.

In 2021, the Company ceased issuing stock options as part of long term compensation and accordingly no stock options were granted during the nine months ended September 30, 2021. Weighted average assumptions used in calculating the fair value of options granted during the nine months ended September 30, 2020 are as follows:

	September 30, 2020
Risk free interest rate	1.19%
Expected dividend yield	Nil
Expected share price volatility	63.6%
Expected forfeiture rate	3.3%
Expected life	5.0 years

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

The Company has other share-based compensation plans in the form of Deferred Share Units (“DSUs”), Restricted Share Units (“RSUs”) and Performance Share Units (“PSUs”). Units granted under these share-based compensation plans are recorded at fair value on the grant date and are adjusted for changes in fair value each reporting period and until settled. The expense, and any changes which arise from fluctuations in the fair value of the grants, is recognized in share-based compensation in the statement of earnings with the corresponding liability recorded on the balance sheet in provisions (Note 10). The fair value of the units at each reporting period is the number of units vested multiplied by the quoted market value of a common share of the Company at the reporting date.

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

	DSUs	**RSUs**	**PSUs**
Outstanding, January 1, 2020	546,016	977,021	937,021
Granted	372,414	1,612,753	1,612,753
Forfeited	-	(32,318)	(36,624)
Expired	(117,256)	-	-
Settled	(260,877)	(44,306)	-
Outstanding, December 31, 2020	**540,297**	**2,513,150**	**2,513,150**
Granted	374,009	916,481	591,177
Forfeited	(35,294)	-	-
Expired	-	-	(308,035)
Settled	(287,196)	(324,644)	(837,717)
Outstanding, September 30, 2021	**591,816**	**3,104,987**	**1,958,575**

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

During the nine months ended September 30, 2021, the Company recorded share-based compensation of $12,255 (2020 - $1,196) related to DSUs, RSUs and PSUs.

During the nine months ended September 30, 2021, the total fair value of DSUs, RSUs and PSUs granted was $4,548 (2020 - $2,087) with a weighted average grant date fair value of $2.42 (2020 - $0.58) per unit.

c. Basic and diluted weighted average number of shares outstanding

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Weighted average shares outstanding – basic	209,920,950	191,543,770	209,320,144	191,402,738
Dilutive securities				
Stock options	6,427,302	1,491,172	6,414,701	679,458
Restricted share units	3,104,987	-	3,104,987	-
Weighted average shares outstanding – diluted	**219,453,239**	**193,034,942**	**218,839,832**	**192,082,196**

12 Revenue

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Copper concentrate	121,313	78,272	393,827	195,852
Gold metal sales	17,791	18,856	50,814	49,207
Silver metal sales	3,651	2,699	13,553	6,308
Treatment and refining charges	(5,579)	(4,835)	(16,747)	(15,722)
	137,176	**94,992**	**441,447**	**235,645**

Revenue for the nine months ended September 30, 2021 included mark-to-market and final adjustments from provisional pricing on concentrate sales of $26,637 (2020 – $15,991).

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	$	**$**	**$**
Copper in concentrate	(7,273)	7,564	14,676	6,428
Gold in concentrate	(456)	3,100	688	5,822
Silver in concentrate	128	673	1,321	986
	(7,601)	**11,337**	**16,685**	**13,236**

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

13 Expenses by nature

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Cost of sales				
Direct mining and milling costs	46,394	35,205	119,679	119,745
Employee compensation and benefits	13,139	10,223	41,406	32,313
Depreciation	7,286	5,072	21,272	17,143
Transportation costs	3,716	2,473	10,383	9,115
	70,535	**52,973**	**192,740**	**178,316**
General and administration				
Corporate employee compensation and benefits	606	825	6,474	1,910
Corporate administrative and office expenses	1,666	1,011	5,329	3,286
	2,272	1,836	11,803	5,196
	72,807	**54,809**	**204,543**	**183,512**

The Company received $6.1 million in Canada Emergency Wage Subsidy during the nine months ended September 30, 2020. This has been applied as a reduction against employee compensation and benefits in cost of sales of $5.9 million, and general and administration of $0.2 million.

14 Finance expense

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Interest on loans	8,244	3,367	19,156	10,056
Amortization of financing fees	1,946	324	4,437	1,000
Loan guarantee fee	-	38	40	134
Unwinding of discount on restoration provision	50	12	7	(17)
	10,240	**3,741**	**23,640**	**11,173**

15 Related party transactions

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

a. During the nine months ended September 30, 2021, the Company sold copper concentrates under the provision of a long-term contract with MMC for revenues totalling $441,447 (2020 – $235,645) including pricing adjustments.

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

b. During the nine months ended September 30, 2021, the Company accrued interest on the subordinated loan with MMC totalling $203 (2020 - 357). The subordinated loan and accrued interest was repaid on June 9, 2021.

c. During the nine months ended September 30, 2021, the Company accrued to MMC a guarantee fee related to the Term Loan of $45 (2020 - $130). The cumulative amount of guarantee fees payable of $3,514 was settled on June 9, 2021.

d. The Company received aggregate funding advances from MMC totalling $154,117 (as at December 31, 2020 - $137,945). These advances bore interest at rates of 2.88% to 4.80% with total interest during the nine months ended September 30, 2021 of $1,879 (2020 - $2,719). The cumulative funding advances of $154,117 and related accumulated interest was repaid on June 8, 2021.

e. Compensation of key management:

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Salaries and short-term employee benefits	694	616	5,155	1,868
Share based compensation	3,936	689	11,049	1,761
	4,630	**1,305**	**16,204**	**3,629**

16 Supplementary cash flow disclosures

a. As at September 30, 2021, cash and cash equivalents consists of guaranteed investment certificates of $1,359 (2020 – $81) and $181,974 in cash (2020 - $85,490) held in bank accounts.

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Change in accounts receivable and prepaid expenses	20,914	911	15,845	(4,191)
Change in inventory	1,442	(1,655)	2,747	4,322
Change in tax liability	2,070	(382)	2,771	(107)
Change in accounts payable and accrued liabilities	(3,814)	(7,297)	(6,060)	402
	20,612	**(8,423)**	**15,303**	**426**

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

c. The significant non-cash financing and investing transactions during the three and nine month periods ended September 30 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Increase (decrease) in accounts payable related to plant and equipment	1,552	1,432	(4,416)	(1,003)
Addition of plant and equipment through leases	(1,607)	(6,112)	(24,425)	(29,860)

17 Financial instruments

Fair Value hierarchy

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

The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at September 30, 2021:

	Level 1	**Level 2**	**Level 3**	**Total fair value**
	$	**$**	**$**	**$**
Financial assets				
Copper put options (note 5)	-	675	-	675
Financial liability				
Pricing adjustments (note 4)	-	11,799	-	11,799

Financial risks factors

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

(Unaudited in thousands of Canadian dollars, except where otherwise stated)

Maturity analysis of financial liabilities as at September 30, 2021 is as follows:

	Total $	< 1 year $	2-3 years $	4-5 years $	Thereafter $
Long-term debt	304,467	12,741	25,482	266,244	-
Lease liabilities	60,730	10,874	21,535	19,661	8,660
Decommissioning & restoration provision	22,607	-	-	-	22,607
Trade accounts payable	17,431	17,431	-	-	-
	405,235	41,046	47,017	285,905	31,267

18 Segmented Information

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

Details on a geographic basis are as follows:

	September 30, 2021	December 31, 2020
Assets by geographic segment, at cost		
Canada		
Current assets	243,338	153,066
Non-current assets	674,468	566,654
	917,806	719,720
Australia		
Current assets	5,304	956
Non-current assets	58,136	55,465
	63,440	56,421

The Company sells all of its copper concentrates to MMC smelters in Japan based on quoted market prices. During the period ended September 30, 2021, revenues attributed to the sale of copper concentrate to MMC totaled $441,447 (2020 - $235,645).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
COPPER MOUNTAIN MINING CORPORATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2021

The following Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Copper Mountain Mining Corporation and its subsidiaries ("Copper Mountain" or the "Company"). This MD&A should be read in conjunction with Copper Mountain's unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2021 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to interim financial reporting and which are available on SEDAR at www.sedar.com. This MD&A contains forward-looking statements that are subject to risks and uncertainties, as discussed in the cautionary note contained in this MD&A. The reader is cautioned not to place undue reliance on forward-looking statements. All figures in this MD&A are expressed in thousands of **Canadian dollars** except for share, per share, per pound and per ounce amounts, unless otherwise specified. References to "US$" are to United States dollars. This MD&A has been prepared as at October 29, 2021.

About Copper Mountain

Copper Mountain is a Canadian mining company focused on the development and production of base and precious metals. The Company, through its subsidiaries, owns 75% of the Copper Mountain Mine located in southern BC. The Copper Mountain Mine produces about 100 million pounds of copper equivalent per year with a large resource that remains open laterally and at depth. Copper Mountain also owns the development-stage Eva Copper Project in Queensland, Australia and an extensive 210,000 hectare highly prospective land package, also in the Mount Isa area of Queensland, Australia. Copper Mountain trades on the Toronto Stock Exchange under the symbol "CMMC" and Australian Stock Exchange under the symbol "C6C". For further information on Copper Mountain, reference should be made to its public filings (including its most recently filed annual information form ("AIF")) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.cumtn.com.

Cautionary Statement on Forward-Looking Information

The MD&A contains certain statements that may be deemed "forward-looking statements." All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities, and events or developments that the Company expects to occur, are forward-looking statements. Future estimates regarding production, capital and operating costs are based on NI 43-101 Technical Reports and on mine plans and production schedules, which have been developed by the Company's personnel and independent consultants. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "targets" and similar expressions, or that events or conditions "will", "would", "may", "could", or "should" occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, but are not limited to: general business, economic, competitive, political and social uncertainties; actual results of reclamation activities; conclusions of economic evaluations; fluctuations in the value of the Canadian dollar relative to the United States dollar; fluctuations in the value of the Australian dollar relative to the United States dollar; changes in project parameters as plans continue to be refined; failure of equipment or process to operate as anticipated; changes in labor costs and other costs and availability of equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavorable operating conditions and losses; global economic events arising from the coronavirus (COVID-19) pandemic outbreak; detrimental events that interfere with transportation of concentrate or the smelters ability to accept concentrate, including declaration of Force Majeure events, insurrection or war; delays in obtaining governmental approvals or revocation of governmental approvals; title risks and Aboriginal land claims; delays or unavailability in financing or in the completion of development or construction activities; failure to comply with restrictions and covenants in senior loan agreements, actual results of current exploration activities; volatility in Company's publicly traded securities; and the factors discussed in the section entitled "Risk Factors" in the Company's AIF and in the Company's continuous disclosure filings available under its profile on SEDAR at www.sedar.com. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

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OVERVIEW

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

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

The mine is a conventional open pit, truck and shovel operation. The mill consists of one SAG mill, three ball mills, a rougher flotation circuit, regrind mill, a cleaner flotation circuit, a concentrate thickener, and a pressure filter. The mill throughput is approximately 14.6 million tonnes per year. Copper concentrate from the mine is trucked to the Port of Vancouver where it is placed in a storage shed for loading onto ocean going vessels for transportation to Japan.

The Company also owns the Eva Copper Project, a permitted, development-ready copper-gold project in Queensland, Australia and an extensive 210,000 hectare highly prospective land package within the Mount Isa area.

HIGHLIGHTS

- Production in the third quarter of 2021 was 26.3 million pounds of copper equivalent (comprised of 22.4 million pounds of copper, 7,449 ounces of gold, and 134,987 ounces of silver).
- C1 cash cost (1) per pound of copper produced in the third quarter of 2021 was US$1.50, all-in sustaining cost (AISC) (1) per pound of copper was US$1.77, and all-in cost (AIC) (1) per pound of copper was US$2.17.
- Revenue for the third quarter of 2021 was $137.2 million from the sale of 24.4 million pounds of copper, 8,308 ounces of gold, and 142,128 ounces of silver, net of pricing adjustments.
- Gross profit for the third quarter of 2021 was $66.6 million.
- Net income was $25.8 million, or $0.08 on a per-share basis, and adjusted net income(1) was $41.4 million, or $0.20 on a per share basis(1).
- Cash flow from operations for the third quarter of 2021 was $90.9 million, or $0.43 on a per-share basis(1).
- Cash at the end of the third quarter of 2021 was $199.4 million, which included restricted cash of $16.1 million.

- Commissioning of the third ball mill commenced at the Copper Mountain Mine, with the objective to increase plant milling capacity to 45,000 tonnes per day from 40,000 tonnes per day and improve recovery performance.
- Exploration success continued with the Company doubling the vertical extent of mineralization at New Ingerbelle and identifying three major mineralized zones at Cameron Copper.

(1) *The Company reports the non-GAAP financial measures of C1 cash costs, adjusted net income, adjusted net income per share, cash flow from operations per share, AISC and AIC per pound of copper to manage and evaluate its operating performance. See "Non-GAAP Performance Measures" in this MD&A.*

Results and Highlights (100%)	**Three months ended September 30,**		**Nine months ended September 30,**	
(In thousands of CDN$, except for per share amounts)	**2021** **$**	**2020** **$**	**2021** **$**	**2020** **$**
Financial				
Revenue	137,176	94,992	441,447	235,645
Gross profit	66,641	42,019	248,707	57,329
Gross profit before depreciation(1)	73,927	47,091	269,979	74,472
Net income	25,824	33,249	116,604	21,724
Income per share – basic	0.08	0.13	0.39	0.08
Adjusted earnings(1)	41,389	15,078	106,969	15,067
Adjusted earnings per share – basic (1)	$0.20	0.08	$0.51	0.08
EBITDA(1)	61,550	51,226	238,494	60,631
Adjusted EBITDA(1)	77,115	33,055	228,859	53,974
Cash flow from operations	90,869	38,595	265,037	70,620
Cash and cash equivalents – end of period			183,333	53,573
Production				
Copper Equivalent (000s lb)	26,332	23,800	86,346	69,517
Copper (000s lb)	22,406	18,934	73,447	54,498
Gold (oz)	7,449	6,630	23,263	20,268
Silver (oz)	134,987	81,418	443,444	247,560
Unit costs and prices				
C1 cash cost per pound of copper produced (US$(net))(1)	1.50	1.27	1.34	1.58
AISC per pound of copper produced (US$)(1)	1.77	1.43	1.68	1.74
AIC per pound of copper produced (US$)(1)	2.17	1.68	1.97	1.93
Average realized copper price (US$/lb)	4.27	2.97	4.15	2.66

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

OPERATIONS REVIEW

Mine Production Information

Copper Mountain Mine (100% Basis)	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2021 9 Mos.	2020 9 Mos.	2020 Annual
Mine								
Total tonnes mined (000s)	14,483	15,674	15,372	15,499	13,681	45,529	39,547	55,045
Ore tonnes mined (000s)	3,053	3,854	3,428	3,785	3,133	10,335	10,388	14,173
Waste tonnes (000s)	11,430	11,820	11,944	11,713	10,548	35,194	29,159	40,872
Stripping ratio	3.74	3.07	3.48	3.09	3.37	3.41	2.81	2.88
Mill								
Tonnes milled (000s)	3,417	3,435	3,430	3,408	3,725	10,282	10,928	14,336
Feed Grade (Cu%)	0.37	0.42	0.42	0.40	0.29	0.41	0.29	0.32
Recovery (%)	79.7	79.4	80.2	77.3	80.4	79.8	78.2	78.0
Operating time (%)	92.2	94.1	93.9	94.1	90.8	93.4	91.8	92.4
Tonnes milled (TPD)	37,141	37,747	38,111	37,043	40,489	37,664	39,884	39,169
Production								
Copper (000s lb)	22,406	25,515	25,526	23,053	18,934	73,446	54,498	77,551
Gold (oz)	7,449	7,627	8,187	8,959	6,630	23,264	20,268	29,227
Silver (oz)	134,987	147,973	160,484	144,934	81,418	443,444	247,560	392,494
Sales								
Copper (000s lb)	24,416	21,696	27,501	18,712	17,824	73,613	54,565	73,277
Gold (oz)	8,308	6,545	8,553	7,253	6,232	23,406	18,885	26,137
Silver (oz)	142,128	121,291	161,657	96,509	67,901	425,076	226,767	323,276
C1 cash cost per pound of copper produced (US$)[(1)]	1.50	1.38	1.15	1.43	1.27	1.34	1.58	1.53
AISC per pound of copper produced (US$)[(1)]	1.77	1.83	1.46	1.58	1.43	1.68	1.74	1.69
AIC per pound of copper produced (US$)[(1)]	2.17	2.06	1.71	1.82	1.68	1.97	1.93	1.90

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

Operation Results – Three Months Ended September 30, 2021

Production

The Copper Mountain Mine produced 22.4 million pounds of copper, 7,449 ounces of gold, and 134,987 ounces of silver in Q3 2021, as compared to 18.9 million pounds of copper, 6,630 ounces of gold, and 81,418 ounces of silver for Q3 2020. During the quarter, slightly more ore was mined from the lower grade Phase 2 area, which was planned for the commissioning of Ball Mill 3. This resulted in average mill feed grade of 0.37% Cu during the quarter, as compared to average feed grade of 0.42% Cu in the first half of 2021. The average mill feed grade in Q3 2021 was higher than Q3 2020 of 0.29% Cu.

Copper recovery was 79.7% in Q3 2021 as compared to 80.4% in Q3 2020. The Company continues to advance the installation of additional cleaner circuit capacity to support maximizing recovery on slower kinetic ore types and this is expected to be operational during the first half of 2022. The mill processed a total of 3.4 million tonnes of ore during the quarter as compared to 3.7 million tonnes in Q3 2020. Mill tonnage continued at reduced rates in Q3 2021 during periods of high grades in order to manage the volume of copper concentrate being produced. The Company is advancing the installation of additional filtration capacity in order to maintain full throughput during periods of high-grade production. This project is also expected to be complete in the first half of 2022. Mill availability averaged 92.2% for Q3 2021 as compared to 90.8% in Q3 2020. An expansion of the flotation rougher circuit is also planned to be completed in the first half of 2022 to further enhance rougher recovery.

To date there have been no material interruptions to the Company's operations, logistics and supply chains as a result of the COVID-19 pandemic. Enhanced health and safety protocols continue to be implemented and monitored.

Costs

C1 cash cost per pound of copper produced for Q3 2021 was US$1.50, as compared to US$1.27 in Q3 2020. The increase in cost per pound in Q3 2021 was the result of higher mining costs experienced in Q3 2021 as the mine returned to utilizing its full fleet of equipment as compared to the cost saving measures that were implemented in Q3 2020 as a result of COVID 19.

All-in sustaining costs per pound of copper produced (AISC) for Q3 2021 was US$1.77, as compared to US$1.43 in Q3 2020. AISC carries forward from C1 costs with the addition of $7.7 million in sustaining capital, lease and applicable administration expenditures in Q3 2021 as compared to $3.9 million in Q3 2020. The increase is primarily due to higher sustaining capital of $4.7 million in Q3 2021 as compared to sustaining capital of $1.4 million in Q3 2020. Sustaining capital increased from the same quarter last year as the Company completed the installation of additional new contact water management systems in the current quarter.

Total all-in costs per pound of copper produced (AIC), net of precious metal credits, for Q3 2021 was US$2.17 as compared to US$1.68 for Q3 2020. AIC carries forward from AISC with the addition of $11.3 million in deferred stripping as compared to $6.4 million deferred stripping in Q3 2020. Deferred stripping costs in Q3 2021 resulted from the Company's regular development activities as it continued to advance development of the Phase 4 pushback of the Main Pit which will continue into H1 2022. The reduced amount of deferred stripping in Q3 2020 resulted from the Company responding to the lower copper price environment and uncertainty due to the COVID-19 pandemic by resequencing short term production to lower cost mining phases to reduce operating costs.

Operation Results – Nine Months Ended September 30, 2021

Production

In the first nine months of 2021, the Copper Mountain Mine produced 73.4 million pounds of copper, 23,264 ounces of gold, and 443,444 ounces of silver compared to 54.5 million pounds of copper, 20,268 ounces of gold, and 247,560 ounces of silver in the first nine months of 2020. Higher mill feed grades are the primary driver of significantly higher production for the nine months of 2021 compared to 2020. Average mill feed grade was 0.41% Cu during the first nine months of 2021 compared to average feed grade of 0.29% Cu in the first nine months of 2020. The 2021 development plan sequence has been adjusted slightly to have proportionally more ore coming from the lower grade Phase 2 area of the Main Pit during the commissioning of Ball Mill 3 in the second half of 2021.

Copper recovery was 79.8% in the first nine months of 2021 as compared to 78.2% in the first nine months of 2020. The mill processed a total of 10.3 million tonnes of ore during the first nine months of 2021 as compared to 10.9 million tonnes in the first nine months of 2020. Mill tonnage was intentionally reduced in 2021 in order to manage the volume of copper concentrate being produced due to the higher head grade of Phase 3 ore and to maintain recovery for high grade Phase 3 ore. The Company is advancing the installation of additional filtration capacity in order to maintain full throughput during periods of high-grade production. This project is expected to be complete in the first half of 2022. The Company is also advancing additional rougher flotation and cleaner capacity to maintain high recovery with slower kinetic ores. The rougher flotation expansion and additional cleaner capacity projects are estimated to also be completed in the first half of 2022. Mill availability averaged 93.4% for the first nine months of 2021 as compared to 91.8% in the first nine months of 2020.

Costs

C1 cash cost per pound of copper produced for the first nine months of 2021 was US$1.34, a decrease when compared to US$1.58 in the first nine months of 2020. The decrease in cost per pound in 2021 was due to higher production and larger by-product credits for the gold and silver produced as compared to 2020. Higher by-product credits were due to greater gold and silver production and higher metal prices in 2021 as compared to 2020. The decrease is also due to $26.5 million in deferred stripping costs capitalized in 2021, compared to $13.8 million being deferred in 2020.

All-in sustaining costs per pound of copper produced (AISC) for the first nine months of 2021 was US$1.68 and was lower than AISC in the first nine months of 2020 of US$1.74. AISC carries forward from C1 costs with the addition of $31.9 million in sustaining capital, lease and applicable administration expenditures in the first nine months of 2021 as compared to $11.9 million in the first nine months of 2020. The increase in total AISC is due to higher sustaining capital of $18.1 million and lease payments of $11.6 million in 2021 as compared to 2020. AISC on a per pound of copper basis is lower in the first nine months of 2021 as compared to the first nine months of 2020 due to increased production in 2021. Increased lease costs resulted from four new haul truck leases contracted in H1 2021, in addition to four new haul truck leases entered into in late 2020. All of the new trucks are electric Trolley Assist capable.

Total all-in costs per pound of copper produced (AIC), net of credits, for the first nine months of 2021 was US$1.97 as compared to US$1.93 for the first nine months of 2020. AIC carries forward from AISC with the addition of $26.5 million in deferred stripping in the first nine months of 2021 as compared to $13.8 million deferred stripping in the first nine months of 2020. The increase in AIC for the first nine months of 2021 resulted from lower deferred stripping in the first nine months of 2020 as the Company adjusted its operating plan to market conditions in 2020 in response to the lower copper price environment and uncertainty due to the COVID-19 pandemic. The Company resumed regular development activities in the first nine months of 2021 and incurred deferred stripping costs as it advanced development of the Phase 4 pushback of the Main Pit. No low-grade stockpile mining costs were incurred in the first nine months of 2021 as compared to $0.3 million of low-grade stockpile costs in the first nine months of 2020.

OUTLOOK

The Company reaffirms its upward revised 2021 production guidance of 90 to 100 million pounds of copper and the Company expects to be at the top end of the 2021 AIC guidance of US$1.80 to US$2.00 per pound due to inflationary pressures on the costs of fuel and steel used in operations.

PROJECT DEVELOPMENT UPDATE

Copper Mountain Mine, Canada

The Company successfully installed and commenced commissioning of Ball Mill 3 in the third quarter of 2021. The Company expects to add slurry to the new mill in early Q4 2021 with full capacity expected to be achieved by year end. The Ball Mill 3 Expansion Project is designed to increase mill throughput to 45,000 tonnes per day from 40,000 tonnes per day and improve copper recovery as a result of achieving a finer grind of ore.

Eva Copper Project, Australia

The Company continued to advance basic engineering and project financing during the quarter. A final capital cost, operating cost and update on project economics is expected to be complete and announced in the fourth quarter of 2021, ahead of a final construction decision.

EXPLORATION UPDATE

Canada

The exploration drilling program, which was initiated in March 2021 with the objective of expanding resources and reserves at the Copper Mountain Main Pit, North Pit and New Ingerbelle, continued in the third quarter. Following on favourable results, more drill rigs are expected to be added and drilling is planned to continue into the first quarter of 2022.

In the third quarter, the Company announced positive results from drilling at New Ingerbelle. The current drill program encountered long intercepts of high-grade mineralization with continuity.
For details please see the Company's September 9, 2021 press release.

Australia

The 2021 exploration program designed to discover additional copper, copper-gold or gold deposits at the Company's Cameron Copper Project, which is situated 40 kilometres south of its Eva Copper Project, continued through the third quarter. The program, which consists of detailed geophysical, geochemical and geological surveys followed by drill testing, produced encouraging results with three mineralized zones identified. The drill program encountered intercepts of high-grade mineralization, within long, low-grade mineralized envelopes, with lateral continuity between intercepts of up to 1 kilometre. For drill hole results please see Copper Mountain's October 12, 2021 press release.

As a result of the success to date, a second round of drill testing has begun. The Company plans to carry out further drilling that will also include new undrilled targets with significant copper-gold anomalies in surface soil and rock samples.

FINANCIAL REVIEW

The following quarterly financial information was derived from quarterly financial statements that are prepared in accordance with International IFRS applicable to interim financial reporting. Adjusted net income and adjusted earnings per share are non-GAAP performance measures and do not have standardized meaning prescribed by IFRS. These measures are used internally by management which serves to provide additional information.

Financial Results	**Three months ended September 30,**		**Nine months ended September 30,**	
(In thousands of CDN$, except for per share amounts)	**2021** **$**	**2020** **$**	**2021** **$**	**2020** **$**
Revenue				
Copper	121,313	78,272	393,827	195,851
Gold	17,791	18,856	50,814	49,207
Silver	3,651	2,699	13,553	6,308
Treatment and refining	(5,579)	(4,835)	(16,747)	(15,721)
	137,176	**94,992**	**441,447**	**235,645**
Cost of sales				
Direct mining and milling	(46,394)	(35,205)	(119,679)	(119,745)
Employee compensation	(13,139)	(10,223)	(41,406)	(32,313)
Depreciation	(7,286)	(5,072)	(21,272)	(17,143)
Transportation	(3,716)	(2,473)	(10,383)	(9,115)
Gross profit	**66,641**	**42,019**	**248,707**	**57,329**
General and administration	(2,272)	(1,836)	(11,803)	(5,196)
Share based compensation	(2,141)	(863)	(12,632)	(2,066)
Operating income	**62,228**	**39,320**	**224,272**	**50,067**
Other income	88	517	137	622
Finance expense	(10,240)	(3,741)	(23,640)	(11,173)
Unrealized loss on derivatives	(794)	(2)	(2,709)	(1,020)
Foreign exchange gain (loss)	(7,570)	6,938	(4,729)	(5,457)
Sale of fixed assets gain (loss)	400	(102)	388	(102)
Income before tax	**44,112**	**42,930**	**193,719**	**32,937**
Current tax expense	(4,420)	385	(8,010)	(128)
Deferred tax expense	(13,868)	(10,066)	(69,105)	(11,085)
Net income	**25,824**	**33,249**	**116,604**	**21,724**
Adjustments				
Pricing adjustments on concentrate sales	7,601	(11,337)	(16,685)	(13,236)
Unrealized loss on derivatives	794	2	2,709	1,020
Foreign exchange (gain) loss	7,570	(6,938)	4,729	5,457
Sale of fixed assets (gain) loss	(400)	102	(388)	102
Adjusted net income(1)	**41,389**	**15,078**	**106,969**	**15,067**
Income per share	**0.08**	**0.13**	**0.39**	**0.08**
Adjusted earnings per share(1)	**0.20**	**0.08**	**0.51**	**0.08**

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

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

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

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

Financial Results – Three Months Ended September 30, 2021

Summary

The mine shipped and sold 24.4 million pounds of copper, 8,308 ounces of gold, and 142,128 ounces of silver during Q3 2021; compared to 17.8 million pounds of copper, 6,232 ounces of gold and 67,901 ounces of silver for Q3 2020. During the quarter, the Company recognized revenue of $137.2 million, net of pricing adjustments and treatment charges based on an average realized copper price of US$4.27 per pound; compared to revenue of $95.0 million net of pricing adjustments and treatment charges at an average realized copper price of US$2.97 per pound for Q3 2020. Q3 2021 generated gross profit of $66.6 million as compared to a gross profit of $42.0 million for Q3 2020.

The Company reported net income of $25.8 million for Q3 2021 as compared to net income of $33.2 million for Q3 2020. The variance in net income for Q3 2021, as compared to Q3 2020, was due to several items, including:

- Higher revenue in Q3 2021 due to more pounds sold at a higher average price as compared to Q3 2020.
- Q3 2021 included an $7.6 million negative mark to market and final adjustment from provisional pricing on concentrate sales, as compared to an $11.3 million positive mark to market and final adjustment from provisional pricing on concentrate sales for Q3 2020, a differential of approximately $18.9 million.

- Q3 2021 included a non-cash unrealized foreign exchange loss of $7.6 million as compared to a gain of $6.9 million in Q3 2020, a differential of approximately $14.5 million, which was primarily related to the Company's debt that is denominated in US dollars.
- Q3 2021 included a non-cash deferred tax expense of $13.8 million as compared to $10.1 million for Q3 2020.

Revenue

In Q3 2021, revenue was $137.2 million, net of pricing adjustments and treatment charges, compared to $95.0 million in Q3 2020. Q3 2021 revenue is based on the sale of 24.4 million pounds of copper, 8,308 ounces of gold, and 142,128 ounces of silver. This compares to 17.8 million pounds of copper, 6,232 ounces of gold and 67,901 ounces of silver sold in Q3 2020. As noted above, the increase in revenue is due to higher metal prices and metal sales which were somewhat offset by lower United States to Canadian dollar foreign exchange rates and a negative mark to market and final adjustment on concentrate sales of $7.6 million as compared to a positive mark to market and final adjustment of $11.3 million for Q3 2020.

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

	Realized Metal Prices Three months ended September 30,		**Quantities of Metal Sold Three months ended September 30,**	
	2021	**2020**	**2021**	**2020**
Copper[(1)] – 000s lb	$4.27	$2.97	24,416	17,824
Gold[(1)] – oz	$1,796	$1,888	8,308	6,232
Silver[(1)] – oz	$25.07	$23.74	142,128	67,901

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

Cost of Sales

Cost of sales in Q3 2021 was $70.5 million as compared to $53.0 million for Q3 2020. The increase in cost of sales can largely be attributed to the increase in volume of copper sold in Q3 2021 as compared to Q3 2020. Cost of sales is also affected by the allocation of mine operating costs to deferred stripping with $12.8 million, inclusive of $1.5 million in depreciation, allocated to deferred stripping in Q3 2021, compared to $7.8 million, inclusive of $0.8 million in depreciation, in Q3 2020.

Depreciation and Depletion

Depreciation expensed through cost of sales in Q3 2021 was $7.3 million as compared to $5.1 million in Q3 2020. The increase in depreciation in cost of sales can largely be attributed to the increase in volume of copper sold in Q3 2021 as compared to Q3 2020.

General and Administrative

The Company recorded Q3 2021 general and administrative costs of $2.3 million as compared to $1.8 million incurred in Q3 2020. The increase in administrative costs over the prior year period was a result of increases to compensation as a result of new hires and recruiting for the Eva Copper Project.

Finance Expense

The Company recorded Q3 2021 finance expense of $10.2 million as compared to $3.7 million incurred in Q3 2020. Finance expense primarily consists of interest on loans and the amortization of loan related financing fees. The increase in finance expenses was due to the higher interest rate associated with the new Bond financing as compared to the former more restrictive Senior Credit Facility that was paid out during Q2 2021 and the Term loan that was paid out in Q3 2021.

Foreign Exchange

The Company recorded a Q3 2021 foreign exchange loss of $7.6 million as compared to a $6.9 million gain in Q3 2020. Foreign exchange gains and losses are primarily related to the Company's debt which is denominated in US dollars. The significant variance is due to the non-cash foreign exchange adjustment required to be made to the Company's US dollar debt, as the US Dollar and Canadian dollar exchange rates vary.

Financial Results – Nine Months Ended September 30, 2021

Summary

The mine shipped and sold 73.6 million pounds of copper, 23,406 ounces of gold, and 425,076 ounces of silver during the first nine months of 2021; compared to 54.6 million pounds of copper, 18,885 ounces of gold and 226,767 ounces of silver for the first nine months of 2020. During the first nine months of 2021, the Company recognized revenue of $441.4 million, net of pricing adjustments and treatment charges, based on an average realized copper price of US$4.15 per pound; compared to revenue of $235.6 million, net of pricing adjustments and treatment charges, at an average realized copper price of US$2.66 per pound for the first nine months of 2020. The first nine months of 2021 generated gross profit of $248.7 million as compared to a gross profit of $57.3 million for the first nine months of 2020.

The Company reported net income of $116.6 million for the first nine months of 2021 as compared to net income of $21.7 million for the first nine months of 2020. The variance in the net income for the first nine months of 2021, as compared to the first nine months of 2020, was due to several items including:

- Revenue for the nine-months ended September 30, 2021 was higher as a result of higher realized metal prices and higher quantities of metal sold when compared to the nine-months ended September 30, 2020.
- The inclusion of $69.1 million in non-cash deferred tax expense for the nine-month period ended September 30, 2021 as compared to $11.1 million of deferred tax expense for the nine-month period ended September 30, 2020 as a result of higher income before tax.

Revenue

For the nine-month period ended September 30, 2021 revenue was $441.1 million, net of pricing adjustments and treatment charges, compared to $235.6 million for the nine-month period ended September 30, 2020. Revenue for the nine-month period ended September 30, 2021 is based on the sale of 73.6 million pounds of copper, 23,406 ounces of gold, and 425,076 ounces of silver. This compares to 54.6 million pounds of copper, 18,885 ounces of gold and 226,767 ounces of silver sold in the nine-month period ended September 30, 2020. The increase in revenue was due to higher copper prices during the period as well as selling more pounds of copper.

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

	Realized Metal Prices Nine months ended September 30,		Quantities of Metal Sold Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Copper[1] – 000s lb	$4.15	$2.66	73,613	54,565
Gold[1] – oz	$1,802	$1,733	23,406	18,885
Silver[1] – oz	$25.96	$18.94	425,076	226,767

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

Cost of Sales

Cost of sales for the nine-month period ended September 30, 2021 was $192.7 million as compared to $178.3 million for the nine-months ended September 30, 2020. Cost of sales is net of $30.2 million of mining costs, inclusive of $3.7 million in depreciation, allocated to deferred stripping in the nine-month period ended September 30, 2021 as compared to $15.4 million in the nine-months ended September 30, 2020. The lower deferred stripping costs in the first nine months of 2020 was due to lower deferred stripping activity in response to the Company adjusting its operating plan to decrease costs in reaction to market conditions associated with COVID-19.

Depreciation and Depletion

Depreciation expensed through cost of sales for the nine-month period ended September 30, 2021 was $21.3 million as compared to $17.1 million for the nine-month period ended September 30, 2020.

General and Administrative

The Company recorded general and administrative costs of $11.8 million for the nine-month period ended September 30, 2021 as compared to $5.2 million incurred in the nine-month period ended September 30, 2020. The increase was due to non-recurring costs on the exercise of deferred share units related to the retirement of two directors as part of the Company's Board renewal program, additional expenses incurred for the 2021 employee bonus compensation program and recruiting for the Eva Copper Project.

Stock Based Compensation

The Company recorded $12.6 million in stock based compensation during the nine months ended September 30, 2021, as compared to $2.1 million for the nine months ended September 30, 2020.

The increase was due to mark to market adjustments on share unit liabilities to reflect the increase in the share price during the nine months ended September 30, 2021.

Finance Expense

The Company recorded finance expense of $23.6 million for the nine-month period ended September 30, 2021 as compared to $11.2 million incurred in the period ended September 30, 2020. Finance expense primarily consists of interest on loans and the amortization of loan related financing fees. The increase in finance expenses is due to the higher interest rate associated with the Bonds as compared to the former Senior Credit Facility that was paid in Q2 2021 and the Term Loan that was paid in Q3 2021. In addition, due to the early repayment of the Senior Credit Facility, the Company incurred a non-cash expense on settlement totalling $1.1 million reflecting the write off of remaining unamortized financing costs.

Tax Expense

The Company recorded deferred tax expense of $69.1 million for the nine-month period ended September 30, 2021 as compared to $11.1 million of deferred tax expense for the nine-month period ended September 30, 2020. The increase is due to higher income before tax of $193.7 million for the nine-month period ended September 30, 2021 as compared to $21.7 million of deferred tax expense for the nine-month period ended September 30, 2020.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Quarter results (100%)	**2021**			**2020**				**2019**
(In thousands of CDN$, unless otherwise indicated)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	137,176	142,064	162,207	106,103	94,992	91,089	49,564	73,743
Net income (loss)	25,824	38,662	52,118	28,540	33,249	31,933	(43,458)	(35,702)
Earnings per share – basic	0.08	0.12	0.18	0.10	0.13	0.12	(0.17)	(0.14)
Adjusted net income (loss)(1)	41,389	32,161	33,419	5,502	15,078	(1,458)	1,447	1,317
Adjusted earnings per share – basic	0.20	0.15	0.16	0.03	0.08	(0.01)	0.01	0.01
EBITDA	61,550	80,958	95,985	57,205	51,226	49,120	(39,715)	(35,271)
Adjusted EBITDA(1)	77,115	74,457	77,286	34,167	33,055	15,729	5,190	1,748
Cash flow from operations	90,869	94,574	79,593	50,990	38,595	15,685	16,340	4,339
Average realized copper price (US$)	$4.27	$4.33	$3.90	$3.35	$2.97	$2.43	$2.58	$2.67
C1 cash cost per pound of copper produced (US$) (1)	$1.50	$1.38	$1.15	$1.43	$1.27	$1.48	$2.01	$2.06
Copper sales (000's lbs)	24,416	21,696	27,501	18,712	17,824	18,879	17,862	17,598

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

Cash

The Company's cash and cash equivalents and restricted cash at September 30, 2021, was $199.4 million, which includes restricted cash of $16.1 million. The restricted cash of $16.1 million has been placed into a debt service reserve account that is funded equally each month and will be applied to the interest and semi-annual principal instalment payments of US$5.0 million on the Company's Bonds. This compares to cash and cash equivalents of $85.6 million at December 31, 2020.

During the nine months ended September 30, 2021, the Company generated $265.0 million of positive cash flow from operations at the Copper Mountain Mine as compared to $70.6 million for the nine months ended September 30, 2020.

During the nine months ended September 30, 2021, the Company used $107.4 million in investing activities comprised of the purchase of copper puts of $3.4 million, deferred stripping costs of $26.5 million, sustaining capital of $18.1 million, and development expenditures of $56.6 million mainly consisting of the construction work for the Ball Mill #3 expansion, Trolley Assist projects, east seepage pumpback system and the Wolf Creek realignment. Investing activities also included a $2.5 million expenditure for the final payment of the buyback of a royalty interest on the North Pit of the Copper Mountain Mine. The royalty was purchased for a total of $5.0 million in 2020, with $2.5 million paid in Q1 2020 and the balance paid in Q1 2021.

During the nine-months ended September 30, 2021, the Company used a net of $59.9 million in its financing activities. This is comprised primarily of $287.8 million proceeds from a bond issuance, $178.3 million in full repayment to MMC, $164.3 million in full repayment of the Senior Credit Facility and Term Loan including interest payments, and $11.6 million in lease payments on mining equipment. The Company also received $20.4 million from MMC, which was applied towards Q1 2021 principal and interest payment on the Term Loan that was subsequently repaid.

Working Capital

As at September 30, 2021, the Company had working capital (current assets less current liabilities) of $156.6 million compared with working capital of $24.8 million at December 31, 2020.

Debt

The Company holds debt and financial liabilities in both Canadian and United States dollars and is demonstrated in the following table in both currencies. The Company's US debt position is summarized in the following table:

(In thousands of CDN$, except for ratio amounts and where otherwise noted)	September 30, 2021 $	December 31, 2020 $	December 31, 2019 $
Bond ($US)	250,000	-	-
Senior credit facility (US$)	-	69,660	78,975
Term loan (US$)	-	48,000	80,000
Related party loan (US$)	-	108,345	74,543
Subordinated loan (US$)	-	11,474	10,881
Leases (US$)	47,665	37,111	21,072
Total debt (US$ in thousands)	**297,665**	**274,590**	**265,471**
Period-end foreign exchange rate (US$ to CAD$)	1.2741	1.2732	1.2988
Total debt (CDN$ in thousands)	**379,255**	**349,608**	**344,794**

The Company's net debt to EBITDA has improved significantly year over year. At September 30, 2021, the Company had a net debt to trailing twelve month EBITDA of 0.6 compared to a net debt to trailing twelve month EBITDA of 13.0 at September 30, 2020. This significant improvement is due to increased production, improved copper price and the resulting reduction in debt.

Shareholders' Equity

As of September 30, 2021, the Company had 210,166,126 common shares outstanding and shareholders' equity was $347.7 million, compared to $267.9 million at December 31, 2020.

Proposed Transactions

None.

Commitments and Contractual Obligations

As at September 30, 2021, the Company had the following consolidated contractual obligations:

		Annual Repayments due from September 30,					
(In thousands of CDN$)	Total $	2021 $	2022 $	2023 $	2024 $	2025 $	Over 5 years $
Bond	304,467	12,741	25,482	25,482	25,482	25,482	189,798
Lease obligation	60,730	10,874	10,893	10,642	10,344	9,318	8,660
Mine closure and reclamation	22,607	-	-	-	-	-	22,607
Total contractual obligations	387,804	23,615	36,375	36,124	35,826	34,800	221,065

Capital Resources

As at September 30, 2021, the Company had $199.4 million in cash and cash equivalents on hand, including restricted cash of $16.1 million. The Company expects to meet future cash commitments from existing cash on hand and anticipated cash flows generated from the Copper Mountain Mine.

In order to facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the board of directors. The Company manages liquidity by continuously monitoring and forecasting cash flows based on changes in operations and economic conditions to facilitate the management of its capital requirements. If required, the Company may adjust the capital structure by issuing new shares, issuing new debt or retiring existing debt. For the balance of 2021, the Company intends to allocate a majority of its capital resources to development of its mining operations, resource expansion and exploration programs mentioned previously in this MD&A.

The Company's investment policy is to invest its cash in highly liquid interest-bearing investments that are readily convertible to known amounts of cash or in cashable Guaranteed Investment Certificates at major Canadian, United States, or Australian banks. There were no changes to the Company's approach to capital management during the period ended September 30, 2021.

As at September 30, 2021, the Company had a total of $4.3 million on deposit and a surety bond in the amount of $17.5 million with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain Mine. The Company receives interest from these funds on deposit and pays an annual 1.25% fee for the surety bonding balance.

Financial Instruments and Risks

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

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

The financial instruments risk factors and the Company's exposure to these risks, are disclosed in Note 19 of the Company's audited annual consolidated financial statements. For a discussion on the methods used to value financial instruments, as well as significant assumptions, refer also to Notes 3 of the Company's audited annual consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at September 30, 2021.

RELATED PARTY TRANSACTIONS

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

- During the nine months ended September 30, 2021, the Company sold copper concentrates under the provision of a long-term contract with MMC, for revenues totalling $441.4 million (2020 – $235.6 million) including pricing adjustments.
- During the nine months ended September 30, 2021, the Company accrued interest on the subordinated loan with MMC totalling $203 thousand (2020 – $357 thousand). The subordinated loan and accrued interest was repaid on June 9, 2021.
- During the nine months ended September 30, 2021, the Company accrued to MMC a guarantee fee related to the Term Loan of $45 thousand (2020 – $130 thousand). The cumulative amount of guarantee fees payable of $3.5 million was settled on June 9, 2021.
- The Company received aggregate funding advances from MMC totalling $154.1 million (December 31, 2020 – $137.9 million). These advances bore interest at rates of 2.88% to 4.80% with total interest during the nine months ended September 30, 2021 of $1.9 million (2020 – $2.7 million). The cumulative funding advances of $154.1 million and related accumulated interest was repaid on June 8, 2021.

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2021	**2020**	**2021**	**2020**
(In thousands of CDN$)	**$**	**$**	**$**	**$**
Salaries and short-term employee benefits	694	616	5,155	1,868
Share based compensation	3,936	689	11,049	1,761
Total	**4,630**	**1,305**	**16,204**	**3,629**

ACCOUNTING POLICIES AND ESTIMATES

Critical accounting estimates

The Company's significant accounting policies are presented in Note 3 of the 2020 audited annual consolidated financial statements. The preparation of consolidated financial statements in accordance with IFRS requires management to establish accounting policies and to make judgement, estimates and assumptions that affect both the amount and timing of assets, liabilities, income and expenses. Some of these estimates require judgments about matters that are inherently uncertain.

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

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

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

Change in accounting policies

No changes to accounting policies have been made in the period ended September 30, 2021. The accounting policies adopted in the preparation of the Company's condensed interim consolidated financial statements are based on IFRS and interpretations effective as at September 30, 2021.

NON-GAAP PERFORMANCE MEASURES

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

Cash Costs per Pound

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

C1 Cash Costs

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

All-in Sustaining Costs (AISC)

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

All-in Costs (AIC)

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

A reconciliation of site cash costs, C1 cash costs, all-in sustaining costs (AISC), and all in costs (AIC) is provided below:

Cash Costs per Pound Produced (100%)	**Three months ended September 30,**		**Nine months ended September 30,**	
(In thousands of CDN$, unless otherwise noted)	**2021 $**	**2020 $**	**2021 $**	**2020 $**
Cost of sales	70,535	52,973	192,740	178,316
Adjustments				
Depreciation and depletion	(7,286)	(5,072)	(21,272)	(17,143)
Change in inventory	(5,105)	811	(1,030)	(5,079)
Transportation costs	(5,567)	(3,953)	(16,332)	(13,222)

Cash Costs per Pound Produced (100%)	Three months ended September 30,		Nine months ended September 30,	
(In thousands of CDN$, unless otherwise noted)	2021 $	2020 $	2021 $	2020 $
Site cash costs	**52,577**	**44,759**	**154,106**	**142,872**
Adjustments				
Transportation costs	5,567	3,953	16,332	13,222
Treatment and refining costs	5,579	4,835	16,747	15,721
By-product credits (gold and silver)	(21,442)	(21,555)	(64,367)	(55,515)
C1 cash cost	**42,281**	**31,992**	**122,818**	**116,300**
Adjustments				
Sustaining capital	4,700	1,406	18,102	4,941
Lease payments	2,403	2,007	11,578	5,000
Applicable administration	636	554	2,191	1,946
All-in sustaining costs (AISC)	**50,020**	**35,959**	**154,689**	**128,187**
Adjustments				
Deferred stripping	11,316	6,402	26,504	13,839
Low grade stockpile	-	-	-	327
All-in costs (AIC)	**61,336**	**42,361**	**181,193**	**142,353**
Average foreign exchange rate (CDN$ to US$)	0.7937	0.7507	0.7992	0.7385
Copper production (000s lb)	22,406	18,934	73,446	54,498
C1 cash costs (US$/lb produced (net))	**$1.50**	**$1.27**	**$1.34**	**$1.58**
All-in sustaining costs (AISC) (US$/lb produced (net))	**$1.77**	**$1.43**	**$1.68**	**$1.74**
All-in costs (AIC) (US$/lb produced (net))	**$2.17**	**$1.68**	**$1.97**	**$1.93**
Average realized copper price (US$/lb)	$4.27	$2.97	$4.15	$2.66

Adjusted Net Income

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

- Pricing adjustments on concentrate and metal sales;
- Unrealized interest rate swap gains/losses;
- Unrealized foreign exchange gains/losses; and
- Non-recurring transactions.

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

Adjusted Net Income	Three months ended September 30,		Nine months ended September 30,	
(In thousands of CDN$, except per share amounts)	2021 $	2020 $	2021 $	2020 $
Net income	25,824	33,249	116,604	21,724

Adjustments				
Pricing adjustments on concentrate sales	7,601	(11,337)	(16,685)	(13,236)
Unrealized loss on derivative	794	2	2,709	1,020
Unrealized foreign exchange (gain) loss	7,570	(6,938)	4,729	5,457
Sale of fixed assets (gain) loss	(400)	102	(388)	102
Adjusted net income	**41,389**	**15,078**	**106,969**	**15,067**
Adjusted income per share	**$0.20**	**$0.08**	**$0.51**	**$0.08**

EBITDA and Adjusted EBITDA

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

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

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

- Pricing adjustments on concentrate and metal sales;
- Unrealized interest rate swap gains/losses;
- Unrealized foreign exchange gains/losses; and
- Non-recurring transactions.

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

EBITDA and Adjusted EBITDA	**Three months ended September 30,**		**Nine months ended September 30,**	
(In thousands of CDN$)	**2021 $**	**2020 $**	**2021 $**	**2020 $**
Net income (loss)	25,824	33,249	116,604	(11,525)
Adjustments				
Finance income	(88)	(517)	(137)	(105)
Finance expense	10,240	3,741	23,640	7,432
Depreciation	7,286	5,072	21,272	12,071
Current tax expense	4,420	(385)	8,010	513
Deferred income and resource tax expense	13,868	10,066	69,105	1,019

EBITDA and Adjusted EBITDA (In thousands of CDN$)	Three months ended September 30, 2021 $	 2020 $	Nine months ended September 30, 2021 $	 2020 $
EBITDA	**61,550**	**51,226**	**238,493**	**9,405**
Adjustments				
Mark to market adjustments on concentrate sales	7,601	(11,337)	(16,685)	(1,899)
Unrealized loss on derivative	794	2	2,709	1,018
Unrealized foreign exchange (gain) loss	7,570	(6,938)	4,729	12,395
Sale of fixed assets (gain) loss	(400)	102	(388)	-
Adjusted EBITDA	**77,115**	**33,055**	**228,858**	**20,919**

Net Debt to EBITDA

The net debt to EBITDA ratio measures financial leverage and the Company's ability to pay off its debt with earnings. Essentially, the net debt to EBITDA (debt minus cash divided by EBITDA) gives an indication as to how long the Company would need to operate at its current level to pay off all its debt.

Net Debt to EBITDA (In thousands of CDN$)	September 30, 2021 $	 2020 $
Debt		
Long-term debt	342,166	161,661
Related party debt	-	155,588
Current debt	23,031	64,769
Total debt	**365,197**	**382,018**
Cash and restricted cash	(199,436)	(53,573)
Net debt	**165,761**	**328,445**
EBITDA (trailing 12 months)	295,698	25,360
Net Debt to EBITDA	**0.6**	**13.0**

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

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

Internal controls over financial reporting

Management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting, and uses the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's controls. The Company's internal control over financial reporting is designed to provide reasonable assurance of the reliability of its financial reporting and preparation of the financial statements.

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

Changes in internal controls over financial reporting

There have been no changes in the Company's internal control over financial reporting and disclosure controls and procedures during the period ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

RISKS AND UNCERTAINTIES

The Company's success depends on a number of factors, most of which are beyond the control of the Company. Typical risk factors include copper, gold and silver price fluctuations, foreign currency fluctuations, and operating uncertainties encountered in the mining business. Future government, legal or regulatory changes could affect any aspect of the Company's business, including, among other things, environmental issues, land claims, permitting and taxation costs all of which could adversely affect the ability of the Company to operate the Copper Mountain Mine and develop its projects. However, sometimes other risks show up that are not typical, like the recent uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on demand and prices for the commodities the Company produces and on global financial markets. These risks and uncertainties are managed by experienced managers, advisors and consultants, by adjusting annual plans and by cost control initiatives and maintaining adequate liquidity for the Company's operations. For a comprehensive list of risks, please refer to the Company's 2020 AIF.