



FIRST QUARTER REPORT

Financial Statements and MD&A

March 31, 2021

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Copper Mountain Mining Corporation

Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2021
(Unaudited)

Copper Mountain Mining Corporation

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

	March 31, 2021 \$	December 31, 2020 \$
Assets		
Current assets		
Cash and cash equivalents	137,065	85,571
Accounts receivable and prepaid expenses (note 4)	47,498	30,413
Inventory (note 5)	32,815	38,038
	217,378	154,022
Reclamation bonds (note 9)	4,411	4,162
Deferred tax assets	928	473
Property, plant and equipment (note 6)	581,651	552,648
Low grade stockpile (note 5)	64,836	64,836
	869,204	776,141
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	41,641	44,400
Amounts payable to related parties (note 14)	3,625	3,644
Current portion of long-term debt (note 8)	81,002	79,559
Current tax liability	2,323	1,578
	128,591	129,181
Provisions (note 9)	20,325	18,371
Due to related parties (note 14)	162,605	145,918
Long-term debt (note 8)	120,686	129,153
Deferred tax liability	36,318	4,465
	468,525	427,088
Equity		
Attributable to shareholders of the Company:		
Share capital	284,689	283,926
Contributed surplus	19,517	19,611
Accumulated other comprehensive loss	(1,681)	(520)
Retained Earnings (deficit)	1,499	(35,153)
	304,024	267,864
Non-controlling interest	96,655	81,189
Total equity	400,679	349,053
	869,204	776,141
Subsequent event (note 18)		

Approved on behalf of the Board of Directors

(signed) Gil Clausen Director

(signed) Bruce Auger Director

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income
(Loss)

For the Three Months Ended March 31,

(Unaudited in thousands of Canadian dollars, except for number of and earnings per share)

	2021 \$	2020 \$
Revenue (note 11)	162,207	49,564
Cost of sales (note 12)	(65,927)	(64,513)
Gross profit (loss)	96,280	(14,949)
Other income and expenses		
General and administration (note 12)	(5,268)	(2,446)
Share based compensation (note 10)	(5,959)	(628)
Operating income (loss)	85,053	(18,023)
Finance income	18	74
Finance expense (note 13)	(2,931)	(3,299)
Unrealized (loss) gain on interest rate swap	-	(942)
Foreign exchange gain (loss)	3,246	(26,858)
Income (loss) before tax	85,386	(49,048)
Current tax expense	(1,857)	(8)
Deferred income tax (expense) recovery	(31,411)	5,598
Net income (loss)	52,118	(43,458)
Other comprehensive loss		
Foreign currency translation adjustment	(1,161)	(3,106)
Comprehensive income (loss)	50,957	(46,564)
Net income (loss) attributable to:		
Shareholders of the Company	36,652	(32,334)
Non-controlling interest	15,466	(11,124)
	52,118	(43,458)
Income (loss) per share:		
Basic	\$0.18	\$(0.17)
Diluted (note 10c)	\$0.17	\$(0.17)
Weighted average shares outstanding, basic	208,548,526	191,331,053
Weighted average shares outstanding, diluted	218,579,418	191,331,053
Shares outstanding at end of the period	208,760,399	191,331,053

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

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Cash Flows

For the Three Months Ended March 31,

(Unaudited in thousands of Canadian dollars)

	2021	2020
	\$	\$
Cash flows from operating activities		
Net income (loss) for the period	52,118	(43,458)
Adjustments for:		
Depreciation	7,784	6,132
Unrealized foreign exchange loss (gain)	(1,944)	19,724
Unrealized loss on interest rate swap	-	942
Deferred income tax expense (recovery)	31,411	(5,598)
Finance expense	2,931	3,299
Share based compensation	5,959	628
	98,259	(18,331)
Net changes in non-cash working capital items (note 15)	(18,666)	34,671
Net cash provided by operating activities	79,593	16,340
Cash flows from investing activities		
Deferred stripping activities	(8,041)	(7,437)
Development of property, plant and equipment	(15,735)	(6,135)
Reclamation bonds	(249)	-
Net cash used in investing activities	(24,025)	(13,572)
Cash flows from financing activities		
Common shares issued on exercise of options	490	-
Contributions from non-controlling interest	20,393	24,223
Loan principal repaid	(20,120)	(22,699)
Interest paid	(1,067)	(1,732)
Finance lease payments	(2,705)	(865)
Net cash used in financing activities	(3,009)	(1,073)
Effect of foreign exchange rate changes on cash and cash equivalents	(1,065)	2,402
Increase in cash and cash equivalents	51,494	4,097
Cash and cash equivalents - Beginning of period	85,571	32,126
Cash and cash equivalents - End of period	137,065	36,223

Supplementary cash flow disclosures (note 15)

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

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
Share based compensation	-	-	617	-	-	617	-	617
Loss for the period	-	-	-	-	(32,334)	(32,334)	(11,124)	(43,458)
Foreign currency translation	-	-	-	(3,106)	-	(3,106)	-	(3,106)
Balance March 31, 2020	191,331,053	266,663	19,240	(7,264)	(102,850)	175,789	56,165	231,954
Balance January 1, 2021	207,653,732	283,926	19,611	(520)	(35,153)	267,864	81,189	349,053
Options exercised	1,106,667	490	-	-	-	490	-	490
Fair value of options exercised	-	273	(273)	-	-	-	-	-
Share based compensation	-	-	179	-	-	179	-	179
Income for the period	-	-	-	-	36,652	36,652	15,466	52,118
Foreign currency translation	-	-	-	(1,161)	-	(1,161)	-	(1,161)
Balance March 31, 2021	208,760,399	284,689	19,517	(1,681)	1,499	304,024	96,655	400,679

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

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

1 Nature of Operations

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

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

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 ("IFRS") as issued by the International Accounting Standard Board ("IASB"). These condensed consolidated interim financial statements were approved on April 23, 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 our condensed consolidated interim financial statements, we make judgments in applying our accounting policies. The areas of policy judgement are consistent with those reported in our 2020 annual consolidated financial statements. In addition, we make assumptions about the future in deriving estimates used in preparing our condensed consolidated interim financial statements. As disclosed in our 2020 annual consolidated financial statements, sources of estimation uncertainty include estimates used to determine the recoverable amounts of long-lived assets, recoverable reserves and resources, the provision for income taxes and the related deferred tax assets and liabilities and the valuation of other assets and liabilities including inventory and decommissioning and restoration provisions.

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 have been significant volatility in the stock, commodity and foreign exchange markets and the global movement of people and some goods has become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on demand and prices for the commodities we produce and on global financial markets.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

4 Accounts receivable and prepaid expenses

	March 31, 2021	December 31, 2020
	\$	\$
Amounts due from concentrate sales	23,498	14,565
Pricing adjustments	19,380	11,990
GST and other receivables	1,526	463
Prepaid expenses	3,094	3,395
	47,498	30,413

5 Inventory

	March 31, 2021	December 31, 2020
	\$	\$
Supplies	14,713	14,980
Ore stockpile	8,492	8,842
Crushed ore stockpile	320	1,424
Copper Concentrate	9,290	12,792
	32,815	38,038
Low grade stockpile ¹	64,836	64,836

Inventory expensed during the three months ended March 31, 2021 totaled \$62,069 (2020 – \$61,197).

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

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

6 Property, plant and equipment

Cost	Plant and equipment \$	Exploration and evaluation asset \$	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	31,320	549	9,245	41,114
Restoration provision	-	-	(2,884)	(2,884)
Currency translation adjustment	(7)	(1,263)	-	(1,270)
As at March 31, 2021	648,398	63,445	286,810	998,653

Accumulated depreciation	Plant and equipment \$	Exploration and evaluation asset \$	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	(6,138)	-	(1,819)	(7,957)
As at March 31, 2021	(300,414)	-	(116,588)	(417,002)

Net book value

As at December 31, 2020	322,809	64,159	165,680	552,648
As at March 31, 2021	347,984	63,445	170,222	581,651

Property, plant and equipment includes right of use assets of \$68,392 (December 31, 2020 - \$52,565) with a net book value of \$62,018 (December 31, 2020 - \$47,409) at March 31, 2021.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

7 Accounts payable and accrued liabilities

	March 31, 2021	December 31, 2020
	\$	\$
Trade accounts payable	17,284	19,277
Accrued liabilities	18,690	20,408
Deferred Share Units liability	1,430	582
Restricted and Performance Share Units liability	4,237	4,133
	41,641	44,400

8 Long-term debt

	March 31, 2021	December 31, 2020
	\$	\$
Senior credit facility (b) in US\$	68,640	68,513
Term loan (c) in US\$	30,945	46,828
Total US\$ long term debt in US\$	99,585	115,341
Total US\$ long term debt in CA\$	125,228	146,852
Subordinated loan (a)	14,728	14,609
Leases (d)	61,732	47,251
Total	201,688	208,712
Less: current portion	(81,002)	(79,559)
	120,686	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 bears interest at a fixed rate of 4.8%. The loan principal and accumulated interest matures on June 30, 2023 and is pre-payable at any time without penalty. The loan and accumulated interest is subordinate to the senior credit facility.

b) Senior credit facility

The Company has a senior credit facility (“the 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 carries a variable interest rate of LIBOR plus 2% and matures on June 15, 2023. The SCF is 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 are payable on a fixed schedule, subject to mandatory prepayment based on cash flows relating to the Copper Mountain Mine. As at March 31, 2021 the Company has repaid a total of US\$92.3 million in principal and paid US\$32.9 million in interest on the SCF.

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Notes to Condensed Consolidated Interim Financial Statements

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

Under the terms of the SCF, the Company was required to maintain certain balances up to a total of US \$12 million in the debt service reserve account (“DSRA”) and the capex reserve account (“CXRA”) by June 30, 2012. Since this date, the Company and MMC have jointly guaranteed to June 30, 2021 the amounts owing to the DSRA and the CXRA, as a result no funds were required to be placed on deposit in either of the accounts.

As at March 31, 2021 the SCF has a principal amount outstanding of \$87,597 (US\$69.7 million). The outstanding amount of \$86,315 is net of issue costs of \$1,282.

The SCF is collateralized by all the assets of the Copper Mountain Mine and is insured by Nippon Export and Investment Insurance.

Minimum principal repayments of the amounts outstanding under the SCF are as follows:

Minimum annual payments from March 31,	US\$ '000
2021	21,060
2022	32,400
2023	16,200
	69,660

Under the terms of the SCF, the Company was required to complete an interest rate swap on 70% of the principal amount of the facility. The Company swapped a LIBOR variable rate interest payment stream for a 3.565% fixed rate interest payment stream on US\$55 million of the principal. The interest rate swaps matured on December 15, 2020.

The Company is subject to certain debt covenants on the senior credit facility. As at March 31, 2021 the Company is in compliance with all covenants.

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 carries a variable interest rate of LIBOR plus 0.551% and matures on February 15, 2022. As at March 31, 2021 the Term Loan has a principal amount outstanding of \$40,240 (US\$32 million). The outstanding amount of \$38,913 is net of issue costs of \$1,327. The Term Loan is guaranteed by MMC in exchange for a fee of 0.2% per annum.

The Term Loan is unsecured and repayable in increasing instalments every six months commencing February 2013, with the majority of the loan falling due in the last six instalments. As at March 31, 2021 the Company has repaid a total of US\$128 million in principal and US\$18.9 million in interest on the Term Loan.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

Principal repayment amounts outstanding under the Term Loan are as follows:

Minimum annual payments from March 31	US\$
2021	<u>32,000</u>

The Company is subject to certain debt covenants on the term loan. As at March 31, 2021 the Company is in compliance with all covenants.

d) Leases

Gross finance lease liability and minimum lease payments	March 31, 2021	December 31, 2020
	\$	\$
Within one year	16,079	14,739
Between two and four years	55,692	41,059
	71,771	55,798
Future interest	(10,039)	(8,547)
Finance lease liability	61,732	47,251

9 Provisions

	Decommissioning and restoration provision	Share-based payment obligations	Total
	\$	\$	\$
Balance, January 1, 2021	18,371	4,715	23,086
Share-based payment expense	-	5,776	5,776
Changes in estimate costs and timing	(2,884)	-	(2,884)
Unwinding of discount on restoration provision	14	-	14
Balance, March 31, 2021	15,501	10,491	25,992
<i>Less: Current portion of share-based payment obligations included within accounts payable (Note 7)</i>	-	(5,667)	(5,667)
Total provision – Non-current	15,501	4,824	20,325
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
<i>Less: Current portion of share-based payment obligations included within accounts payable (Note 7)</i>	-	(4,715)	(4,715)
Total provision – Non-current	18,371	-	18,371

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

(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 property. At March 31, 2021 the Company used an inflation rate of 1.20% (2020 – 1.80%) and a discount rate of 1.97% (2020 – 1.32%) 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.

10 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 March 31, 2021, the Company had 9,977,553 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	(1,106,667)	0.45
Outstanding, March 31, 2021	9,977,553	0.93

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

As at March 31, 2021 the following options were outstanding:

Date of stock option grant	Number of options	Exercise price \$	Expiry date
Jan. 25, 2017	885,000	1.18	Jan. 13, 2022
Apr. 24, 2017	35,000	0.93	Apr. 24, 2022
February 22, 2018	1,265,000	1.28	Feb. 22, 2023
June 1, 2018	1,000,000	1.07	June 1, 2023
June 7, 2018	100,000	1.26	June 7, 2023
June 20, 2018	100,000	1.26	June 20, 2023
July 5, 2018	80,000	1.16	July 5, 2023
August 13, 2018	750,000	1.14	Aug 13, 2023
November 2, 2018	250,000	1.00	Nov. 2, 2023
March 22, 2019	1,998,473	1.02	Mar. 22, 2024
August 2, 2019	50,000	0.76	August 2, 2024
February 25, 2020	3,464,080	0.58	Feb. 25, 2025
	9,977,553	0.93	

As at March 31, 2021 the following options were both outstanding and exercisable:

Date of stock option grant	Number of options	Exercise price \$	Expiry date
Jan. 25, 2017	885,000	1.18	Jan. 13, 2022
Apr. 24, 2017	35,000	0.93	Apr. 24, 2022
Feb. 22, 2018	1,265,000	1.28	Feb. 22, 2023
June 1, 2018	666,667	1.07	June 1, 2023
June 7, 2018	75,000	1.26	June 7, 2023
June 20, 2018	75,000	1.26	June 20, 2023
July 5, 2018	53,333	1.16	July 5, 2023
Aug. 13, 2018	500,000	1.14	Aug. 13, 2023
Nov. 2, 2018	166,667	1.00	Nov. 2, 2023
Mar. 22, 2019	1,498,854	1.02	Mar. 22, 2024
Aug. 2, 2019	25,000	0.76	Aug. 2, 2024
Feb. 25, 2020	1,732,040	0.58	Feb. 25, 2025
	6,977,561		

During the period ended March 31, 2021, the stock based compensation expense in respect of stock options was \$179 (2020 – \$560) 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.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

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

	March 31, 2020	March 31, 2021
Risk free interest rate	1.19%	n/a
Expected dividend yield	Nil	n/a
Expected share price volatility	63.59	n/a
Expected forfeiture rate	3.3%	n/a
Expected life	5.0 years	n/a

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 (“DSU”), Restricted Share Units (“RSU”) and Performance Share Units (“PSU”). 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 9).

The continuity of deferred and restricted share units granted and outstanding 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)
Outstanding, March 31, 2021	879,012	3,429,631	2,796,292

During the period ended March 31, 2021, the Company recorded share-based compensation of \$5,780 (2020 - \$40) related to DSUs, RSUs and PSUs.

During the period ended March 31, 2021, the total fair value of DSUs, RSUs and PSUs granted was \$4,548 (2020 - \$2,087) and had a weighted average grant date fair value of \$2.42 (2020 - \$0.58) per unit.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

- c. Basic and diluted weighted average number of shares outstanding

	Three months ended March 31,	
	2021	2020
Weighted average shares outstanding – basic	208,548,526	191,331,053
Dilutive securities		
Stock options	6,601,261	-
Restricted share units	3,429,631	-
Weighted average shares outstanding – diluted	218,579,418	191,331,053

11 Revenue

	Three months ended March 31,	
	2021	2020
	\$	\$
Copper in concentrate	145,257	39,921
Gold in concentrate	17,894	13,509
Silver in concentrate	5,211	1,469
Treatment and refining charges	(6,155)	(5,335)
	162,207	49,564

Revenue for the three months ended March 31, 2021 included a mark-to-market and final adjustments from provisional pricing on concentrate sales of \$15,984 (2020 – decrease of \$19,117).

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 March 31,	
	2021	2020
	\$	\$
Copper in concentrate	15,503	(17,404)
Gold in concentrate	383	493
Silver in concentrate	(433)	(194)
	15,453	(17,105)

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

12 Expenses by nature

	Three months ended March 31,	
	2021	2020
	\$	\$
Direct mining and milling costs	39,670	42,150
Employee compensation and benefits	14,713	12,939
Depreciation	7,686	6,108
Transportation costs	3,858	3,316
Cost of sales	65,927	64,513
Corporate employee compensation and benefits	2,732	778
Corporate and mine site administrative expenses	2,536	1,668
General and administration	5,268	2,446
	71,195	66,959

13 Finance expense

	Three months ended March 31,	
	2021	2020
	\$	\$
Interest on loans	2,732	2,914
Amortization of financing fees	160	339
Loan guarantee fee	24	52
Unwinding of discount on restoration provision	14	(6)
	2,931	3,299

14 Related party transactions

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

- During the three months ended March 31, 2021 the Company sold copper concentrates to MMC with revenues totalling \$162,207 (2020 – \$49,564) including pricing adjustments.
- During the three months ended March 31, 2021 the Company accrued interest on the subordinated loan with MMC totalling \$115 (2020 - \$119).
- As at March 31, 2021 the Company accrued to MMC a guarantee fee related to the Term Loan of \$25 (2020 - \$52). The cumulative guarantee fee accrued at March 31, 2021 is \$3,625 (December 31, 2020 - \$3,644).
- The Company received aggregate funding advances from MMC totalling \$154,117 (as at December 31, 2020 - \$137,945). These advances bear interest at rates of 2.88% to 4.80% with total interest during the three months ended March 31, 2021 of \$1,051 (2020 - \$871). The cumulative funding advances and interest,

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

including the guarantee fees noted in 14(c), as at March 31, 2021 totalled \$166,230 (December 31, 2020 - \$149,562). The maturity of the advances and interest is June 15, 2023.

- e. Compensation of key management:

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

	Three months ended March 31,	
	2021	2020
	\$	\$
Salaries and short-term employee benefits	2,648	633
Share based compensation	4,102	564
	6,750	1,197

15 Supplementary cash flow disclosures

- a. As at March 31, 2021, cash and cash equivalents consists of guaranteed investment certificates of \$81 (2020 - \$81) and \$136,984 in cash (2020 - \$36,142) held in bank accounts.
- b. A reconciliation of net changes in working capital items is as follows:

	Three months ended March 31,	
	2021	2020
	\$	\$
Change in accounts receivable and prepaid expenses	(16,769)	23,479
Change in inventory	6,807	1,536
Change in tax liability	745	(133)
Change in accounts payable and accrued liabilities	(9,449)	9,789
	(18,666)	34,671

- c. The significant non-cash financing and investing transactions during the three month period ended March 31 are as follow:

	2021	2020
	\$	\$
Increase in accounts payable related to plant and equipment	(1,876)	(114)
Depreciation of equipment capitalized to deferred stripping	(1,206)	(702)
Addition of plant and equipment through leases	(17,599)	(11,885)

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

16 Financial instruments

The fair values of financial asset and financial liabilities approximate their carrying amounts in the condensed consolidated interim statement of financial position.

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 March 31, 2021:

	Level 1 \$	Level 2 \$	Level 3 \$	Total fair value \$
Financial assets				
Pricing adjustments (note 4 and 11)		15,453		15,453
				-

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 the board of directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

Liquidity risk

	March 31, 2021	December 31, 2020
	\$	\$
Cash and cash equivalents	137,065	85,571
Working capital	88,787	24,841

Maturity analysis of financial liabilities as at March 31, 2021 is as follows:

	Total	< 1 year	2-3 years	4-5 years	Thereafter
	\$	\$	\$	\$	\$
Long-term debt	139,956	65,517	74,439	-	-
Due to MMC	166,230	3,625	162,605	-	-
Lease liabilities	61,732	13,960	18,752	19,259	9,761
Decommissioning & restoration provision	15,501	-	-	-	15,501
Trade accounts payable	17,284	17,284	-	-	-
	400,703	100,386	255,796	19,259	25,262

17 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:

	March 31, 2021	December 31, 2020
Assets by geographic segment, at cost		
Canada		
Current assets	216,267	153,066
Non-current assets	597,048	566,654
	<u>813,315</u>	<u>719,720</u>
Australia		
Current assets	1,111	956
Non-current assets	54,778	55,465
	<u>55,889</u>	<u>56,421</u>

The Company sells all of its copper concentrates to MMC smelters in Japan based on quoted market prices. During the period ended March 31, 2021 revenues attributed to the sale of copper concentrate to MMC totaled \$162,207 (2020 - \$49,564).

Copper Mountain Mining Corporation

Notes to Condensed Consolidated Interim Financial Statements

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

18 Subsequent Event

On April 9, 2021 the Company closed US\$250 million in senior secured bonds. The five year bonds will mature on April 9, 2026 and bear interest at 8% per annum. The net proceeds will be used to refinance the Company's existing debt.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF COPPER MOUNTAIN MINING CORPORATION FOR THE QUARTER ENDED MARCH 31, 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 three months ended March 31, 2021 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to interim financial reporting. This MD&A contains forward-looking statements that are subject to risks and uncertainties, as discussed in the cautionary note contained in this MD&A. The reader is cautioned not to place undue reliance on forward-looking statements. All figures in this MD&A are expressed in thousands of **Canadian dollars** except for share, per share, per pound and per ounce amounts, unless otherwise specified. References to "US\$" are to United States dollars. This MD&A has been prepared as at April 23, 2021.

About Copper Mountain

Copper Mountain is a Canadian mining company focused on the development and production of base and precious metals assets. 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 owns the permitted, 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 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; the limited operating history of the Company; 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, 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 annual information form 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.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources. This discussion uses the terms "measured resources" and "indicated resources". The Company advises investors that while those terms are recognized and required by Canadian regulations, the US Securities and Exchange Commission does not recognize them. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves."

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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, two 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

- Record quarterly production in the first quarter of 2021 of 30.4 million pounds of copper equivalent (comprised of 25.5 million pounds of copper, 8,187 ounces of gold, and 160,484 ounces of silver).
- Record quarterly C1 cash cost for the first quarter of 2021 of US\$1.15/lb copper produced, all-in sustaining cost (AISC) was US\$1.46/lb copper and all-in cost (AIC) was US\$1.71/lb copper.
- Record quarterly revenue for the first quarter of 2021 was \$162.2 million, from the sale of 27.5 million pounds of copper, 8,553 ounces of gold and 161,657 ounces of silver, net of pricing adjustments.
- Record gross profit of \$96.3 million and net income of \$52.1 million resulting in earnings per share of \$0.18.
- Cash and cash equivalents at the end of the first quarter of 2021 was \$137.1 million, an increase of \$51.5 million from the end of the fourth quarter of 2020 and a \$100.9 million increase from the end of the first quarter of 2020.
- Cash flow from operations for the first quarter of 2021 was \$79.6 million.
- Subsequent to the quarter:
 - The Company closed a US \$250 million bond financing to refinance its existing debt, enabling the Company to access 100% of the excess free cash flow from the mine and to help fund its internal growth projects at the Copper Mountain Mine as well as the Eva Copper Project.
 - Purchased put options for 28.4 million pounds of copper at a strike price of US\$3.75 per pound for the period of May to December 2021, approximately 45-50% of estimated production for that period.

Results and Highlights (100%)	Three months ended March 31,	
	2021	2020
(In thousands of CDN\$, except for per share amounts)	\$	\$
Financial		
Revenue	162,207	49,564
Gross profit (loss)	96,280	(14,949)
Gross profit (loss) before depreciation ⁽¹⁾	103,966	(8,841)
Net income (loss)	52,118	(43,458)
Income (loss) per share – basic	\$0.18	\$(0.17)
Adjusted earnings ⁽¹⁾	33,419	1,447
Adjusted earnings per share – basic	\$0.16	\$0.01
EBITDA ⁽¹⁾	95,985	(39,715)
Adjusted EBITDA	77,286	5,190
Cash flow from operations	79,593	16,340
Cash and cash equivalents – end of period	137,065	36,223
Production		
Copper (000s lb)	25,526	17,472
Gold (oz)	8,187	6,139
Silver (oz)	160,484	80,016
Unit costs and prices		
C1 cash cost per pound of copper (US\$/lb produced (net)) ⁽¹⁾	1.15	2.01
AISC per pound of copper produced (US\$) ⁽¹⁾	1.46	2.14
AIC per pound of copper produced (US\$) ⁽¹⁾	1.71	2.47
Average realized copper price (US\$/lb)	3.90	2.58

⁽¹⁾ Non-GAAP performance measure. See Page 16 of this MD&A for details.

OPERATIONS REVIEW

Mine Production Information

Copper Mountain Mine (100% Basis)	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2020 Annual	2019 Annual	2018 Annual
Mine								
Total tonnes mined (000s)	15,372	15,499	13,681	10,947	14,919	55,045	62,129	74,337
Ore tonnes mined (000s)	3,428	3,785	3,133	3,577	3,678	14,173	12,496	20,567
Waste tonnes (000s)	11,944	11,713	10,548	7,370	11,241	40,872	49,633	53,770
Stripping ratio	3.48	3.09	3.37	2.06	3.06	2.88	3.97	2.61
Mill								
Tonnes milled (000s)	3,430	3,408	3,725	3,665	3,538	14,336	14,643	14,535
Feed Grade (Cu%)	0.42	0.40	0.29	0.28	0.30	0.32	0.29	0.31
Recovery (%)	80.2	77.3	80.4	79.0	75.3	78.0	77.8	79.8
Operating time (%)	93.9	94.1	90.8	92.5	92.3	92.4	93.2	92.6
Tonnes milled (TPD)	38,111	37,043	40,489	40,275	38,879	39,169	40,118	39,822
Production								
Copper (000s lb)	25,526	23,053	18,934	18,092	17,472	77,551	71,950	78,847
Gold (oz)	8,187	8,959	6,630	7,499	6,139	29,227	26,747	28,250
Silver (oz)	160,484	144,934	81,418	86,126	80,016	392,494	271,835	273,913
Sales								
Copper (000s lb)	27,501	18,712	17,824	18,879	17,862	73,277	71,898	79,195
Gold (oz)	8,553	7,253	6,232	6,289	6,364	26,137	26,478	26,799
Silver (oz)	161,657	96,509	67,901	80,294	78,572	323,276	254,541	284,086
C1 cash cost per pound of copper produced (US\$) ⁽¹⁾	1.15	1.43	1.27	1.48	2.01	1.53	1.92	1.77
AISC per pound of copper produced (US\$) ⁽¹⁾	1.46	1.58	1.43	1.67	2.14	1.69	2.06	1.94
AIC per pound of copper produced (US\$) ⁽¹⁾	1.71	1.82	1.68	1.67	2.47	1.90	2.44	2.33

⁽¹⁾ Non-GAAP performance measure. See Page 17 of this MD&A for details.

Operation Results – First Quarter 2021

Production

In Q1 2021, the Copper Mountain Mine produced a record 25.5 million pounds of copper, 8,187 ounces of gold, and 160,484 ounces of silver, as compared to 17.5 million pounds of copper, 6,139 ounces of gold, and 80,016 ounces of silver for Q1 2020. The higher-grade ore was the primary driver of the record production in Q1 2021. Average mill feed grade increased to 0.42% Cu during the quarter, as compared to average feed grade of 0.30% Cu in Q1 2020. Mined grade was higher in the first quarter and similar to the grade mined in the fourth quarter of 2020. The 2021 development sequence plan has proportionally more ore coming from Phase 3 of the Main Pit in the first quarter which has higher grade. Grades and production are expected to moderate for the remainder of the year.

Copper recovery was 80.2% in Q1 2021 as compared to 75.3% in Q1 2020, a normal level of recovery as the Q1 2020 production primarily occurred in a lower recovery domain area of the deposit. The mill processed a total of

3.4 million tonnes of ore during the quarter as compared to 3.5 million tonnes in Q1 2020. Mill tonnage was intentionally reduced in Q1 2021 in order to manage the volume of copper concentrate being produced due to the higher head grade. The Company plans to invest in additional filtration capacity in order to maintain full throughput during periods of high grade production. Mill availability averaged 93.9% for Q1 2021 as compared to 92.3% in Q1 2020.

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 Q1 2021 was US\$1.15, as compared to US \$2.01 in Q1 2020. The decrease in cost per pound in Q1 2021 was the result of higher production and larger by-product credits for the gold and silver produced in Q1 2021 as compared to Q1 2020. Higher by-product credits were the result of improved precious metal prices and greater gold and silver production in Q1 2021 as compared to Q1 2020.

All-in sustaining cost per pound of copper produced (AISC) was US\$1.46 in Q1 2021, as compared to US\$2.14 in Q1 2020. The low AISC carries forward from the low C1 cost per pound with the addition of \$10.1 million in sustaining capital, lease and applicable administration expenditures in Q1 2021 as compared to \$3.1 million in Q1 2020. The increase is largely a result of higher sustaining capital of \$6.4 million and lease payments of \$2.7 million. Sustaining capital was in line with budget but higher than the same quarter last year as the Company completed the installation of new ground water and seepage pond pumpback systems in the quarter. Sustaining capital is expected to decrease throughout the year and the Company reaffirms its estimates provided for 2021 of US\$9.0 million. Increased lease costs were a result of four new haul truck leases that were entered into in late 2020.

Total all-in cost per pound of copper produced (AIC), net of credits, for Q1 2021 was US\$1.71, as compared to US\$2.47 in Q1 2020. The low AIC carries forward from the low AISC with the addition of \$8.0 million in deferred stripping as compared to \$7.4 million of deferred stripping in Q1 2020, as the Company commenced advanced initial development of the Phase 4 pushback of the main pit during the quarter. No low-grade stockpile mining costs incurred in Q1 2021 as compared to \$0.3 million of low-grade stockpile costs in Q1 2020.

The significant decrease in C1, AISC, and AIC recognized in Q1 2021 as compared to past quarters was a result of the Company's strong copper production, cost savings initiatives and operating efficiencies at the Copper Mountain mine, supplemented by an increase in precious metals production and prices and production for Q1 2021.

OUTLOOK

As a result of strong Q1 2021 production results, the Company expects to achieve the upper end of its annual guidance range of 85 to 95 million pounds of copper. The Company expects production to normalize from Q1 2021 levels to levels similar to Q4 2020, with the fourth quarter of 2021 planned to be higher with the commissioning of the Ball Mill 3 Expansion Project. The Company expects all-in cost (AIC) to remain low and reaffirms annual AIC guidance of US\$1.80 to US\$2.00 per pound.

PROJECT DEVELOPMENT UPDATE

Copper Mountain Mine, Canada

The Company continued to progress the Ball Mill 3 Expansion Project in the first quarter with construction well advanced. 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. Demolition has been completed in the area where the third ball mill is to be installed and the raft foundation has been poured on top of the lean concrete and bedrock. The Company is currently erecting forms and installing rebar for the mill pier foundations, with concrete expected to be poured in April. The Ball Mill 3 Expansion Project is on track for commissioning in the third quarter of 2021.

EXPLORATION UPDATE

Canada

The 2021 exploration program at the Copper Mountain Mine began in early March. The program consists of exploration drilling designed to expand resources and reserves in the Copper Mountain North and New Ingerbelle deposits. The total program for 2021 consists of approximately 20,000 metres of diamond drilling.

Australia

The exploration team mobilized to Cloncurry in mid-March and are preparing for an extensive field program aimed at discovering new deposits within some of the high potential areas within the Company's large land holdings. Detailed geochemical and geophysical surveys will be used to target exploration drill holes in some areas, whereas other areas to be drilled will be following up on previous drill results. The drill program will focus primarily on copper and copper-gold targets. The 2021 exploration program consists of 6,000 metres of RC drilling and 1,200 metres of diamond drilling.

FINANCIAL REVIEW

The following quarterly financial information was derived from quarterly financial statements that are prepared in accordance with International Financial Reporting Standards (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 March 31,	
	2021 \$	2020 \$
(In thousands of CDN\$, except for per share amounts)		
Revenue		
Copper	145,257	39,921
Gold	17,894	13,509
Silver	5,211	1,469
Treatment and refining	(6,155)	(5,335)
	162,207	49,564
Cost of sales		
Direct mining and milling	(39,670)	(42,150)
Employee compensation	(14,713)	(12,939)
Depreciation	(7,686)	(6,108)
Transportation	(3,858)	(3,316)
Gross profit (loss)	96,280	(14,949)
General and administration	(5,268)	(2,446)
Share based compensation	(5,959)	(628)
Operating income (loss)	85,053	(18,023)
Other income	18	74
Finance expense	(2,931)	(3,299)
Unrealized gain (loss) on interest rate swap	-	(942)
Foreign exchange gain (loss)	3,246	(26,858)
Income (loss) before tax	85,386	(49,048)
Current tax expense	(1,857)	(8)
Deferred tax (expense) recovery	(31,411)	5,598
Net income (loss)	52,118	(43,458)
Adjustments		
Pricing adjustments on concentrate sales	(15,453)	17,105
Unrealized loss on interest rate swap	-	942
Foreign exchange (gain) loss	(3,246)	26,858
Adjusted net income⁽¹⁾	33,419	1,447
Income (loss) per share	0.18	(0.17)
Adjusted earnings per share⁽¹⁾	0.16	0.01

⁽¹⁾ Non-GAAP performance measure. See Page 17 of 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 – First Quarter 2021

Summary

Q1 2021 sales were higher than Q1 2020 production levels as a result of slightly higher concentrate inventory levels at the end of the last quarter. During Q1 2021, the mine shipped and sold 27.5 million pounds of copper, 8,553 ounces of gold, and 161,657 ounces of silver; compared to 17.9 million pounds of copper, 6,364 ounces of gold and 78,572 ounces of silver for Q1 2020. The Company expects sales to more closely match production levels going forward.

During the quarter, the Company recognized revenues of \$162.2 million, net of pricing adjustments and treatment charges based on an average realized copper price of US\$3.90 per pound; compared to revenues of \$49.6 million net of pricing adjustments and treatment charges, at an average realized copper price of US\$2.58 per pound for Q1 2020. Q1 2021 generated gross profit of \$96.3 million as compared to a gross loss of \$14.9 million for Q1 2020.

The Company reported net income of \$52.1 million for Q1 2021 as compared to net loss of \$43.5 million for Q1 2020. The variance in the net income for Q1 2021, as compared to the net loss for Q1 2020, was a result of several items including:

- Significantly higher revenue in Q1 2021 is a result of higher realized copper, gold and silver metal prices of 51%, 13% and 55%, respectively, as compared to Q1 2020.
- Higher quantities of metal sold in Q1 2021 as a result of higher concentrate levels at the end of the previous quarter.
- Revenue in Q1 2021 included a \$15.4 million positive mark to market adjustment from provisional pricing on concentrate sales, as compared to a \$17.1 million negative mark to market adjustment for Q1 2020, a differential of \$32.5 million.
- The inclusion of a non-cash unrealized foreign exchange gain of \$3.2 million in Q1 2021 as compared to a non-cash unrealized foreign exchange loss of \$26.9 million in Q1 2020, a differential of \$30.0 million, which is primarily related to the Company's debt that is denominated in US dollars.

Revenue

In Q1 2021, revenue was \$162.2 million, net of pricing adjustments and treatment charges, compared to \$49.6 million in Q1 2020. Q1 2021 revenue is based on the sale of 27.5 million pounds of copper, 8,553 ounces of gold, and 161,657 ounces of silver and on an average realized copper price of US\$3.90 per pound. This compares to 17.9 million pounds of copper, 6,364 ounces of gold and 78,572 ounces of silver sold in Q1 2020 at an average

realized copper price of US\$2.58 per pound. As noted above, revenue increased significantly during the quarter as a result of increased sales and higher metal prices, including a positive mark to market and final adjustment on concentrate sales of \$15.4 million as compared to a negative mark to market and final adjustment of \$17.1 million for Q1 2020, a differential of approximately \$32.5 million. Q1 2021 revenue before the mark to market adjustment is \$146.7 million as compared to \$66.7 million for Q1 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 March 31,		Quantities of Metal Sold Three months ended March 31,	
	2021	2020	2021	2020
Copper ⁽¹⁾ – 000s lb	\$3.90	\$2.58	27,501	17,862
Gold ⁽¹⁾ – oz	\$1,791	\$1,586	8,553	6,364
Silver ⁽¹⁾ – oz	\$26.26	\$16.92	161,657	78,572

⁽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 Q1 2021 was \$65.9 million as compared to \$64.5 million for Q1 2020. Mine operating costs are net of \$9.2 million of mining costs allocated to deferred stripping in Q1 2021 and \$7.4 million in Q1 2020, a similar amount.

Depreciation and Depletion

Depreciation expensed through cost of sales in Q1 2021 was \$7.7 million as compared to \$6.1 million for Q1 2020.

General and Administrative

The Company recorded Q1 2021 general and administrative costs of \$5.3 million as compared to \$2.4 million incurred in Q1 2020. The increase in general and administrative costs is a result of higher employee compensation in Q1 2021 as well as a lower proportion of technical staff salaries being allocated and capitalized to the various ongoing development projects being undertaken in Q1 2021. Total G&A cost for 2021 are expected to be similar to the prior year.

Share Based Compensation

The Company recorded Q1 2021 share based compensation costs of \$6.0 million as compared to \$0.6 million incurred in Q1 2020. The increase in share based compensation is a result of the increased price of the Company's shares and required IFRS method of graded vesting in recognizing share based compensation expense. Application of the graded vesting method results in the recognition of a higher proportion of cost in the early years of share based compensation that was issued in the year.

Finance Expense

The Company recorded Q1 2021 finance expense of \$2.9 million as compared to \$3.3 million incurred in Q1 2020. Finance expense primarily consists of interest on loans and the amortization of loan related financing fees. The decrease of \$0.4 million is attributable to the decrease in long-term debt from ongoing debt payments made by the Company over the past year.

Foreign Exchange

The Company recorded a Q1 2021 foreign exchange gain of \$3.2 million as compared to a \$26.9 million loss in Q1 2020. Foreign exchange is primarily related to the Company's project debt which is denominated in US dollars. The significant variance is related directly to the non-cash foreign exchange adjustment of the Company's US dollar debt to a Canadian / US dollar exchange rate of \$1.26 at the end of Q1 2021 as compared to 1.42 at the end of Q1 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%) (In thousands of CDN\$, unless otherwise indicated)	2021	2020				2019		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	162,207	106,103	94,992	91,089	49,564	62,703	65,144	86,870
Net income (loss)	52,118	28,540	33,249	31,933	(43,458)	(10,595)	2,529	17,826
Earnings per share – basic	0.18	0.10	0.13	0.12	(0.17)	(0.05)	0.01	0.07
Adjusted net income (loss) ⁽¹⁾	33,419	5,502	15,078	(1,458)	1,447	(5,602)	(917)	6,036
Adjusted earnings per share – basic	0.16	0.03	0.08	(0.01)	0.01	(0.03)	(0.00)	0.03
EBITDA	95,985	57,205	51,226	49,120	(39,715)	(3,204)	10,257	31,864
Adjusted EBITDA ⁽¹⁾	77,286	34,167	33,055	15,729	5,190	1,789	6,811	20,074
Cash flow from operations	79,593	50,990	38,595	15,685	16,340	368	23,685	23,689
Average realized copper price (US\$)	\$3.90	\$3.35	\$2.97	\$2.43	\$2.58	\$2.65	\$2.72	\$2.85
C1 cash cost per pound of copper produced (US\$) ⁽¹⁾	\$1.15	\$1.43	\$1.27	\$1.48	\$2.01	\$2.12	\$1.74	\$1.77
Copper sales (000's lbs)	27,501	18,712	17,824	18,879	17,862	17,021	17,931	19,348

⁽¹⁾ Non-GAAP performance measure. See Pages 16-19 of 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 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 as at March 31, 2021, was \$137.1 million, compared to \$85.6 million at December 31, 2020. During the three months ended March 31, 2021, the Company generated \$79.6 million of positive cash flow from operations at the Copper Mountain mine as compared to \$16.3 million for the three months ended March 31, 2020.

During the three months ended March 31, 2021, the Company used \$24.1 million in investing activities comprised of deferred stripping costs of \$8.0 million (Q1 2020 – \$7.4 million), sustaining capital of \$6.4 million (Q1 2020 – \$1.4 million), and development expenditures of \$9.3 million (Q1 2020 – \$4.7 million) mainly consisting of the construction work for the Ball mill #3 expansion and Trolley Assist project work. Investing activities also included a \$2.5 million expenditure for 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 first quarter of 2021, the Company used \$3.0 million in its financing activities (Q1 2020 – \$1.1 million). This is comprised primarily of \$21.1 million in debt principal and interest payments (Q1 2020 – \$24.4 million), and \$2.7 million in lease payments on mining equipment (Q1 2020 – \$0.9 million). The Company also received \$20.4 million from MMC (Q1 2020 – \$24.2 million), which was applied towards principal and interest payment on the term loan during the quarter, as has been done in previous years.

Working Capital

As at March 31, 2021, the Company had working capital (current assets less current liabilities) of \$133.0 million (exclusive of \$3.6 million of related party debt which is not expected to be repaid in the next twelve months and \$40.2 million of term debt that is expected to be funded by MMC as it has been done in the past) compared with working capital of \$76.5 million at December 31, 2020 (exclusive of \$51.7 million of related party debt which is not expected to be repaid in the next twelve months).

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)	March 31, 2021 \$	December 31, 2020 \$	December 31, 2019 \$
Senior credit facility (US\$)	69,660	69,660	78,975
Term loan (US\$)	32,000	48,000	80,000
Related party loan (US\$)	132,190	108,345	74,543
Subordinated loan (US\$)	11,712	11,474	10,881
Leases (US\$)	49,091	37,111	21,072
Total debt (US\$ in thousands)	294,653	274,590	265,471
Period-end foreign exchange rate (US\$ to CAD\$)	1.2575	1.2732	1.2988
Total debt (CDN\$ in thousands)	370,526	349,608	344,794

Subsequent to the end of the quarter, the Company closed a US \$250 million bond financing. The five year bonds will mature on April 9, 2026 and bear interest at 8% per annum. The net proceeds will be used to refinance the Company's existing debt, enabling the Company to access 100% of the excess free cash flow from the mine and fund its internal growth projects at the Copper Mountain Mine as well as the Eva Copper Project. The bond funds are being held in escrow and awaiting draw down by the Company to repay the senior credit facility, the term loan, subordinated loan, and the related party loan which is being arranged shortly.

Shareholders' Equity

As of March 31, 2021, the Company had 208,760,399 common shares outstanding and shareholders' equity was \$304.0 million at March 31, 2021, compared to \$267.9 million at December 31, 2020.

Proposed Transactions

None.

Commitments and Contractual Obligations

As at March 31, 2021, the Company had the following consolidated contractual obligations:

	Annual Repayments due from March 31,						
(In thousands of CDN\$)	Total	2021	2022	2023	2024	2025	Over 5 years
	\$	\$	\$	\$	\$	\$	\$
Senior credit facility	86,315	25,842	40,101	20,372	-	-	-
Term loan	38,913	38,913	-	-	-	-	-
Due to related party	166,230	3,625	-	-	162,605	-	-
Subordinated loan	14,728	-	-	-	-	-	14,728
Lease obligation	61,732	13,960	9,711	9,041	8,888	10,370	9,762
Mine closure and reclamation	15,501	-	-	-	-	-	15,501
Total contractual obligations	383,419	82,340	49,812	29,413	171,493	10,370	39,991

Capital Resources

As at March 31, 2021, the Company had \$137.1 million in cash and cash equivalents on hand. The Company is expected to meet its future cash commitments from existing cash on hand and anticipated cash flows generated from the Copper Mountain mine. The Company continues to review its near-term operating plans and take steps to reduce costs and maximize cash flow from operations, while maintaining copper output levels.

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. In 2021, the Company intends to allocate its capital resources to debt repayment, 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 March 31, 2021.

As at March 31, 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 2% 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, an interest rate swap 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 risks factors and the Company's exposure to these risks, is further disclosed in Note 18 of the audited annual consolidated financial statements. For a discussion on the methods used to value financial instruments, as well as significant assumptions, refer also to Note 3 of the audited annual consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at March 31, 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 as determined by management.

- During the three months ended March 31, 2021, the Company sold copper concentrates to MMC with revenue totalling \$162.2 million (2020 – \$49.6 million) including pricing adjustments.
- During the three months ended March 31, 2021, the Company accrued interest on the subordinated loan with MMC totalling \$115 thousand (2020 – \$119 thousand).
- As at March 31, 2021, the Company accrued to MMC a guarantee fee related to the term loan of \$25 thousand (2020 – \$52 thousand).
- The Company also received annual funding advances from MMC totalling \$154.1 million (2020 – \$137.9 million). These advances were used to pay the principal and interest on the term loan and bear interest at rates of 2.88% to 4.80% with total interest expense during the three months ended March 31, 2021 of \$1.0 million (2020 – \$0.9 million).

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

	Three months ended March 31,	
	2021	2020
<i>(In thousands of CDN\$)</i>	\$	\$
Salaries and short-term employee benefits	2,648	633
Share based compensation	4,102	564
Total	6,750	1,197

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 for the period ended March 31, 2021. The accounting policies adopted in the preparation of the Company's condensed interim consolidated financial statements have been prepared based on all IFRS and interpretations effective as at March 31, 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 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.

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-base 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	
	March 31,	
	2021	2020
(In thousands of CDN\$, unless otherwise noted)	\$	\$
Cost of sales	65,927	64,513
Adjustments		
Depreciation and depletion	(7,686)	(6,108)
Change in inventory	(4,080)	(1,597)
Transportation costs	(6,066)	(4,631)
Site cash costs	48,095	52,177
Adjustments		
Transportation costs	6,066	4,631
Treatment and refining costs	6,155	5,335
By-product credits (gold and silver)	(23,105)	(14,978)
C1 cash cost	37,211	47,165
Adjustments		
Sustaining capital	6,368	1,427
Lease payments	2,705	865
Applicable administration	986	832
All-in sustaining costs (AISC)	47,270	50,289
Adjustments		
Deferred stripping	8,041	7,437
Low grade stockpile	-	327
All-in costs (AIC)	55,311	58,053

Cash Costs per Pound Produced (100%)	Three months ended March 31,	
	2021	2020
(In thousands of CDN\$, unless otherwise noted)	\$	\$
Average foreign exchange rate (CDN\$ to US\$)	0.7899	0.7435
Copper production (000s lb)	25,526	17,472
C1 cash costs (US\$/lb produced (net))	\$1.15	\$2.01
All-in sustaining costs (AISC) (US\$/lb produced (net))	\$1.46	\$2.14
All-in costs (AIC) (US\$/lb produced (net))	\$1.71	\$2.47
Average realized copper price (US\$/lb)	\$3.90	\$2.58

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 March 31,	
	2021	2020
(In thousands of CDN\$, except per share amounts)	\$	\$
Net income (loss)	52,118	(43,458)
Adjustments		
Pricing adjustments on concentrate sales	(15,453)	17,105
Unrealized interest rate swap loss	-	942
Unrealized foreign exchange (gain) loss	(3,246)	26,858
Adjusted net income	33,419	1,447
Adjusted income per share	\$0.16	\$0.01

EBITDA and Adjusted EBITDA

EBITDA represents net earnings before interest, income taxes, and depreciation. EBITDA is presented because it is an important supplemental measure of our 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	
	March 31,	
	2021	2020
(In thousands of CDN\$)	\$	\$
Net income (loss)	52,118	(43,458)
Adjustments		
Finance income	(18)	(74)
Finance expense	2,931	3,299
Depreciation	7,686	6,108
Current tax expense	1,857	8
Deferred income and resource tax expense (recovery)	31,411	(5,598)
EBITDA	95,985	(39,715)
Adjustments		
Pricing adjustments on concentrate sales	(15,453)	17,105
Unrealized interest rate swap loss	-	942
Unrealized foreign exchange (gain) loss	(3,246)	26,858
Adjusted EBITDA	77,286	5,190

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 used the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of our controls. The Company's internal control over financial reporting is designed to provide reasonable assurance of the reliability of our 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 our internal control over financial reporting and disclosure controls and procedures during the three months ended March 31, 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 we produce 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 Annual Information Form.