COPPER MOUNTAIN
MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended

December 31, 2015 and 2014

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COPPER MOUNTAIN
MINING CORPORATION

FORM 51-102F1
COPPER MOUNTAIN MINING CORPORATION
(The "Company")

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A") OF FINANCIAL CONDITION & THE RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2015

February 19, 2016

Introduction
Management's discussion and analysis ("MD&A") focuses on significant factors that affected Copper Mountain Mining Corporation's performance and factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015. The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). The Company's significant accounting policies are set out in Note 3 of the audited consolidated financial statements for the year ended December 31, 2015. The Company's financial statements and the MD&A are presented in Canadian dollars and are intended to provide a reasonable basis for the investor to evaluate the Company's development and financial situation.

Forward-Looking Statements

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. Estimates regarding the anticipated timing, amount and cost of mining at the Copper Mountain mine are based on assumptions underlying mineral reserve and mineral resource estimates and the probability of realizing such estimates are set out in the Updated Feasibility Study on the Copper Mountain Mine. Capital and operating cost estimates are based on extensive research by the Company, recent estimates of construction and mining costs and other factors that are set out herein and in the Updated Feasibility Study. Production estimates are based 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; 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 U.S. 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."**

Highlights

(CDN$ except for cash cost results)	Three months ended December 31, 2015 $	2014 $	Year ended December 31, 2015 $	2014 $
Revenues	50,018,106	53,913,648	241,986,728	265,675,927
Cash flow from operations	3,450,037	17,409,412	21,581,928	47,196,650
Gross (loss) profit	(3,458,579)	1,444,734	2,359,711	31,760,280
Operating (loss) income	(30,625,023)	498,220	(31,300,343)	23,011,351
Adjusted earnings[1]	1,534,832	5,635,758	11,358,364	28,745,338
Net loss	(45,818,143)	(16,245,042)	(102,870,801)	(22,530,950)
Loss attributable to shareholders of the Company	(35,066,014)	(12,703,961)	(78,451,166)	(18,220,213)
Loss per share[2]	(0.29)	(0.11)	(0.66)	(0.15)
Adjusted earnings per share[3]	0.01	0.05	0.10	0.24
EBITDA[4]	(36,633,394)	(4,833,890)	(54,960,486)	27,501,470
Adjusted EBITDA[5]	10,719,581	17,046,910	59,268,679	78,777,758
Cash and cash equivalents			12,190,032	21,600,228
Working capital			(15,365,805)	18,030,678
Equity			176,420,557	280,140,008
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	$1.21	$1.54	$1.25	$1.49
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	$1.66	$1.94	$1.74	$1.98

Year-end Results and Highlights

- Copper shipments during 2015 contained 79.8 million pounds of copper
- Copper, gold and silver production for the 2015 year at the Copper Mountain mine (100%) was 77.6 million pounds of Copper, 29,200 ounces of gold, and 276,300 ounces of silver.
- Revenues for the year were $242 million from metal sales.
- Gross profit for the year was $2.4 million.
- Cash flow from operating activities were $21.6 million.
- Adjusted EBITDA of $59.3 million.
- Adjusted earnings[1] of $11.6 million or $0.10 per share.
- Site cash costs for the year were US$1.25 per pound of copper produced net of precious metal credits.
- Total cash costs for the year were US$1.74 per pound of copper sold net of precious metal credits and after all off-site charges.

[1] Adjusted earnings (loss) is a non-GAAP financial measure which removes unrealized gains/losses on interest rate swaps, pricing adjustments on concentrate metal sales and foreign currency gains/losses. Comparatives have been adjusted to include pricing adjustments on concentrate metal sales for comparison.

[2] Calculated based on weighted average number of shares outstanding under the basic method based on earnings attributable to shareholders.

[3] Calculated by dividing the total adjusted earnings by the weighted average number of shares outstanding under the basic method.

[4] Earnings before interest, taxes, depreciation and amortization. Refer to the Non-GAAP Performance measures section of this MD&A.

[5] Adjusted EBITDA is a non GAAP financial measure which removes unrealized gains/losses on interest rate swaps, pricing adjustments on concentrate metal sales and foreign currency gains/losses. Refer to the Non-GAAP Performance measures section of this MD&A.

- Realized prices on metal sales for 2015 were $2.49 per pound of copper, $1,159 per ounce of gold and $15.77 per ounce of silver, as compared to $3.11 per pound of copper, $1,266 per ounce of gold and $19.08 per ounce of silver for 2014.

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%.

Following the successful exploration programs of 2007 and 2008 the Company completed a Feasibility Study and committed to the development of the new mine. On April 1, 2010 the BC Government issued the approval that allowed for construction of the $438 million development. Mechanical completion of the concentrator and associated facilities was achieved on budget and on schedule at the end of May 2011. Commissioning was finished by the end of June 2011. Production of copper concentrate commenced during the third quarter of 2011.

The development plan was based on mining in three existing open pit areas which merge into one larger super pit and constructing a new 35,000 tonnes per day (tpd) concentrator designed to produce approximately 100 million pounds of copper per year in a copper concentrate with gold and silver credits. Over the initial mine life the mine is planned to produce 1.48 billion pounds of copper, 4,490,400 ounces of silver and 452,000 ounces of gold.

In 2013 management confirmed that the ore was tougher than anticipated which limited mill throughput and a secondary crusher was necessary. Construction of the $40 million permanent secondary crushing facility was initiated at the end of 2013 and completed in mid-2014. By early 2015 the mill was operating at rates in excess of the 35,000 tpd design capacity. Management continues to focus on maximizing production while minimizing costs.

The Company trades on the Toronto Stock Exchange under the trading symbol "CUM".

Copper Mountain Mine

The Copper Mountain mine is situated 20 km south of Princeton, British Columbia and 300 km east of the port of Vancouver. Based on current reserves, the mine has a life of 17 years from January 1, 2014. The property consists of 135 Crown granted mineral claims, 156 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702.1 hectares or 67 square kilometers.

The mine is a conventional open pit, truck and shovel operation. Mining is divided into multiple development phases with sequential pushbacks in each of the three main pits. This development sequence is designed to maximize the discounted cash flow which is reflected in the planned pit phases. In order to maximize the head grade being delivered to the concentrator in the initial years the Company is processing ore greater than 0.21% Cu, while ore that is less than 0.21% Cu but greater than 0.1% Cu is being mined and stockpiled (low grade stockpile) for processing in later years.

The Company's mining equipment fleet consists of two Komatsu PC 8000 hydraulic shovels, a Hitachi EX 5500 hydraulic shovel, fifteen Komatsu 240 ton capacity haul trucks, seven Euclid 260 ton haul trucks, a Komatsu WA 1200 loader, four Komatsu D375 dozers, and three Caterpillar 16G gradersplus other support equipment typical of an operation of this size.

The mill is comprised of one SAG mill, two ball mills, a rougher floatation circuit, regrind mill, a cleaner floatation circuit, a concentrate thickener, and a pressure filter that produces copper concentrate at about

25% copper and 9% moisture. Copper concentrate from the mine is trucked to the port of Vancouver where it is placed in a 20,000 tonne capacity storage shed for loading onto ocean going vessels for transportation to Japan.

Mining activities were mainly focused inthe Pit #2 area for the 2015 year. During the year the Company received approval from the BC Government to incorporate the Virginia and Oriole deposits into the mine plan. Mining from the Virginia area had commenced by year end with overburden removal, while delivery of ore will commence early in 2016 as a result of the delay in receiving the mine permit amendment that was submitted to government in October 2014. Both the Virginia and Oriole deposits are scheduled to provide small volumes of higher grade ore that will be blended into the mill feed. Copper head grade for the year averaged about 0.33% copper or approximately 0.41% copper equivalent when adding precious metal credits. During the year a total of 57.7 million tonnes of material was mined, including 22.5 million tonnes of ore and 35.2 million tonnes of waste for a strip ratio of 1.56. The mining rate at the end of the period was in the range of 158,000 tonnes per day moved.

Mill operating time improved during the year and averaged 91.8% operating time by year end, compared to the 89.4% averaged during 2014. The original mill design of 35,000 tpd was exceeded by 7% during the third quarter of 2015 when the mill achieved an average throughput rate of 37,400 tpd. During the fourth quarter the Company had some planned and unplanned downtime that reduced the year’s average to 35,083 tpd. During the fourth quarter the Company experienced a ball mill transformer failure that was quickly corrected and also had some scheduled liner replacements that limited plant availability during the period. The Company has on order isolating disconnect switches between the ball mills and transformers which will be installed during the first half of 2016. This will eliminate the need to de-energize the ball mill transformers during maintenance shut downs of the ball mills.

During the year the mill processed a total of 12.8 million tonnes of ore grading 0.335% copper to produce 77.6 million pounds of copper, 29,200 ounces of gold, and 276,300 ounces of silver. Mill availability was 91.8% and recoveries were 82.1% for the year.

During the year, the Company completed a total of fourteen shipments of copper concentrate containing approximately 79.8 million pounds of copper, 29,500 ounces of gold, and 287,100 ounces of silver which generated $242.0 million in revenue net of treatment and refining charges and pricing adjustments.

The Company currently has 415 operating employees engaged at the mine site and has maintained its excellent safety record of no loss time accidents.

The following table sets out the major operating parameters for the mine for the three months and year ended December 31, 2015.

Mine Production Information Copper Mountain Mine (100% Basis)	Three months ended December 31, 2015	2014	Year ended December 31, 2015	2014
Mine:				
Total tonnes mined (000's)[6]	14,051	15,122	57,658	60,063
Ore tonnes mined (000's)	5,783	5,534	22,516	18,766
Waste tonnes (000's)	8,268	9,588	35,142	41,297
Stripping ratio	1.43	1.73	1.56	2.20
Mill:				
Tonnes milled (000's)	3,134	2,872	12,805	11,096
Feed Grade (Cu%)	0.34%	0.40%	0.34%	0.40%
Recovery (%)	83.1%	79.7%	82.1%	82.5%
Operating time (%)	90.1%	86.7%	91.8%	89.4%
Tonnes milled (TPD)[7]	34,070	31,200	35,100	30,400
Production:				
Copper production (000's lbs)	19,400	20,300	77,600	81,000
Gold production (oz)	7,300	6,100	29,200	22,600
Silver production (oz)	60,000	101,000	276,300	443,800
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	$1.21	$1.54	$1.25	$1.49
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	$1.66	$1.94	$1.74	$1.98

Exploration – Mine Site

Exploration work consisting of mapping and geochemistry in 2015 extended outside the pit areas to the property boundaries. Two small drilling programs were conducted during the year. Drilling was carried out adjacent to, and under the Virginia deposit to determine if potentially economic mineralization extended into undrilled areas to the south and below the known deposit, with negative results. Another drill program was carried out between pit 2 and pit 3 to evaluate the high grade zones identified by mining operations.

Exploration – Other Areas

In 2014 the Company optioned a polymetallic property in the Houston area of BC. The Fenton project consists of an extensive argillic alteration zone containing polymetallic, disseminated and vein form sulphide mineralization with significant, but currently sub-economic, grades of silver-gold-zinc-lead-copper mineralization, which is located in a road accessible area in north-central British Columbia. Both bulk tonnage and high-grade vein stockwork or breccia bodies are being targeted by the exploration programs.

Exploration on the Fenton property during the year consisted of extending the three dimensional, induced polarization (3D-IP) geophysical survey an additional 1 km to the west from the existing survey area. Data from this survey has recently been received and is currently being evaluated. The large co-incident

[6] Excludes ore re-handle from stockpile
[7] Tonnes per day

chargeability and resistivity anomaly remains open to the north and to the east. Additionally, a soil geochemical survey was completed over the new area of geophysical coverage and results were favorable.

Exploration – Generative

The exploration team continues to investigate and evaluate early and advanced-exploration properties as well as development projects, which are predominately located within the America's.

Results of Operations

(CDN$)	Three months ended December 31, 2015 $	Three months ended December 31, 2014 $	Year ended December 31, 2015 $	Year ended December 31, 2014 $
Revenues	50,018,106	53,913,648	241,986,728	265,675,927
Cost of sales[8]	(53,476,685)	(52,468,914)	(239,627,017)	(233,915,647)
Gross profit	**(3,458,579)**	**1,444,734**	**2,359,711**	**31,760,280**
Other income and expenses				
General and administration	(464,119)	(941,151)	(6,138,521)	(5,527,957)
Property investigation	(1,475,650)	(467,495)	(1,475,650)	(467,495)
Low grade stockpile write-down	(25,000,000)	-	(25,000,000)	-
Share based compensation	(226,675)	462,132	(1,045,883)	(2,753,477)
Operating income	**(30,625,023)**	**498,220**	**(31,300,343)**	**23,011,351**
Low grade stockpile write-down	25,000,000	-	25,000,000	-
Pricing adjustments on concentrate and metal sales	7,495,065	6,760,792	21,421,200	17,899,517
Finance income	31,998	6,240	243,959	197,148
Finance expense	(2,824,080)	(2,358,197)	(10,614,160)	(8,971,230)
Current resource tax recovery (expense)	366,954	(149,202)	(218,862)	(985,610)
Deferred income and resource tax recovery (expense)	2,087,918	877,905	6,826,570	(2,405,838)
Adjusted earnings[9]	**1,534,832**	**5,635,758**	**11,358,570**	**28,745,338**
Pricing adjustments on concentrate and metal sales	(7,495,065)	(6,760,792)	(21,421,200)	(17,899,517)
Unrealized gain (loss) on interest rate swap	1,622,643	(2,494,087)	(2,315,359)	(4,779,505)
Low grade stockpile write-down	(25,000,000)	-	(25,000,000)	-
Unrealized loss on foreign exchange	(16,480,553)	(12,625,921)	(65,492,606)	(28,597,266)
Net loss and comprehensive loss for the period	**(45,818,143)**	**(16,245,042)**	**(102,870,801)**	**(22,530,950)**
Net loss and comprehensive loss attributable to:				
Shareholders of the company	(35,066,014)	(12,703,961)	(78,451,166)	(18,220,213)
Non-controlling interest	(10,752,129)	(3,541,081)	(24,419,635)	(4,310,737)
	(45,818,143)	**(16,245,042)**	**(102,870,801)**	**(22,530,950)**
Loss per share	**(0.29)**	**(0.11)**	**(0.66)**	**(0.15)**
Adjusted earnings per share	**0.01**	**0.05**	**0.10**	**0.24**

[8] Cost of sales consists of direct mining and milling costs (which include mine site employee compensation and benefits, mine site general and administrative costs, non-capitalized stripping costs, maintenance and repair costs, operating supplies and external services), depreciation and offsite transportation costs.

For the Three Months Ended December 31, 2015

The Copper Mountain mine produced 19.4 million pounds of copper during the three months ended December 31, 2015 as compared to 20.3 million pounds of copper in the fourth quarter of the prior year. The mine shipped and sold a total of 18.0 million pounds of copper, 7,800 ounces of gold, and 62,400 ounces of silver during the three months ended December 31, 2015; compared to a total of 17.6 million pounds of copper, 4,100 ounces of gold and 100,200 ounces of silver during the three months ended December 31, 2014. Site cash costs were US$1.21 per pound of copper produced, net of precious metal credits, and total cash costs were US$1.66 per pound sold, net of precious metal credits, for the three months ended; compared to site cash costs of US$1.54 per pound of copper produced and total cash costs of US$1.94 per pound of copper sold, net of precious metal credits for the three months ended December 31, 2014.

During the period the Company recognized revenues of $50.0 million, net of pricing adjustments and treatment charges based on an average provisional copper price of US$2.21 per pound; compared to revenues of $53.9 million net of pricing adjustments and an average copper price of US$3.00 per pound for the period ended December 31, 2014. Mining operations for the three month period ended December 31, 2015 resulted in a gross loss of $3.5 million as compared to a gross profit of $1.4 million for the period ended December 31, 2014. The net loss for the quarter was directly attributable to the non-cash unrealized foreign exchange loss of $16.5 million related to the Company's debt that is denominated in U.S. dollars and a lower realized copper price as compared to the comparative 2014 quarter resulting in a write down of the low grade stockpile of $25.0 million.

Cost of sales represent direct mining and milling costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. The cost of sales for the three month period ended December 31, 2015, was $53.5 million compared to $52.5 million for the three month period ended December 31, 2014.

General and administration expenses for the three months ended December 31, 2015, were $0.5 million compared to $0.9 million for the three months ended December 31, 2014.

Other items recorded include finance expense of $2.8 million and an income and current resource tax recovery of $2.5 million for the three months ended December 31, 2015, compared to finance expense of $2.4 million, and current resource tax expense of $0.7 million for the three months ended December 31, 2014. Finance expense primarily consists of interest on loans and the amortization of loan related financing fees.

[9] Adjusted earnings (loss) is a non-GAAP financial measure which excludes unrealized gains/losses on derivative instruments, changes in fair value of financial instruments, foreign currency gains/losses, pricing adjustments related to metal sales and non-recurring transactions.

For the Year Ended December 31, 2015

The Copper Mountain mine produced 77.6 million pounds of copper during the year ended December 31, 2015, compared to 81.0 million pounds of copper produced in the prior year. The mine shipped and sold 79.8 million pounds of copper, 29,500 ounces of gold, and 287,100 ounces of silver during the year ended December 31, 2015; compared to 80.7 million pounds of copper, 24,700 ounces of gold and 427,600 ounces of silver during the year ended December 31, 2014. Site cash costs were US$1.25 per pound of copper produced, net of precious metal credits and total cash costs were US$1.74 per pound sold, net of precious metal credits for the year ended December 31, 2015; compared to site cash costs of US$1.49 per pound of copper produced and total cash costs of US$1.98 per pound of copper sold, net of precious metal credits for the year period ending December 31, 2014.

During the period the Company recognized revenues of $242.0 million, net of pricing adjustments and treatment charges based on an average provisional copper price of US$2.49 per pound; compared to revenues of $265.7 million net of pricing adjustments and an average copper price of $US3.11 per pound for the year ended December 31, 2014. Gross profit for the year ended December 31, 2015 was $2.4 million as compared to $31.8 million for the year ended December 31, 2014. The Company reported a net loss attributable to the shareholders of the Company of $78.5 million or $0.66 per share for the year ended December 31, 2015, compared to a net loss of $18.2 million or $0.15 per share for the year ended December 31, 2014. The net loss for the year ended December 31, 2015, recorded a deferred income and resource tax recovery of $6.8 million, a write down of $25 million to the low grade stockpile, a non cash unrealized foreign exchange loss of $65.5 million which was primarily related to the Company's debt that is denominated in U.S. dollars and an unrealized loss of $2.3 million related to the revaluation of the interest rate swap liability required under the Company's loan agreements. This compares to a deferred income and resource tax expense of $2.4 million, an unrealized foreign exchange loss of $28.6 million and an unrealized loss of $4.8 million related to the revaluation of the interest rate swap liability required under the Company's loan agreements for the year ended December 31, 2014.

Cost of sales represent direct mining and milling costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. The cost of sales for the year ended December 31, 2015, was $239.6 million compared to $233.9 million for the year ended December 31, 2014. The increase is a result of major scheduled maintenance being completed in the mill and the mine departments as compared to 2014.

General and administration expenses for the year ended December 31, 2015, was $6.1 million compared to $5.5 million for the year ended December 31, 2014. Non-cash share based compensation reflected an expense of $1.0 million for the year ended December 31, 2015, compared to an expense of $2.7 million for the year ended December 31, 2014. The decrease in non-cash share based compensation was the result of a grant of stock options which took place during the year ended December 31, 2014.

Other items recorded under other income and expense include property investigation costs of $1.5 million, finance income of $0.2 million, finance expense of $10.6 million and an income and a current and deferred income and resource tax recovery of $6.8 million, compared to property investigation costs of $0.5 million, finance income of $0.20 million, finance expense of $9.0 million and a current and deferred income and resource tax expense of $3.4 million for the prior period. Finance expense primarily consists of interest on loans and the amortization of financing fees.

Selected Annual Information

	Years ended December 31, 2015 $	2014 $	2013 $
Revenue	241,986,728	265,675,927	233,122,274
Net loss	(102,870,801)	(22,530,950)	(3,414,357)
Net loss attributed to shareholders	(78,451,166)	(18,220,213)	(3,245,051)
Basic loss per share	(0.66)	(0.15)	(0.03)
Diluted loss per share	(0.66)	(0.15)	(0.03)
Total assets	647,305,187	692,662,988	663,081,401
Total non-current liabilities[10]	386,457,412	357,646,582	330,206,114

Summary of Quarterly Results

The following table contains selected quarterly financial information derived from the Company's financial statements and should be read in conjunction with the consolidated quarterly financial statements reported under IFRS.

Quarter	Revenue[11] $	Net income (Loss) $	Profit (Loss) Attributable to Shareholders $	Cash flow from operations $	Income (Loss) per Share Basic $	Income (Loss) per Share Diluted $
December 31, 2015	50,018,106	(45,818,143)	(35,066,014)	3,450,037	(0.29)	(0.29)
September 30, 2015	63,701,608	(28,121,399)	(21,059,135)	4,773,700	(0.18)	(0.18)
June 30, 2015	56,810,348	1,748,925	1,642,018	14,983,996	0.01	0.01
March 31, 2015	71,456,666	(31,803,234)	(23,968,035)	(1,625,805)	(0.20)	(0.20)
December 31, 2014	53,913,648	(16,245,042)	(12,703,961)	17,409,412	(0.11)	(0.11)
September 30, 2014	82,546,359	(290,243)	(2,820,267)	17,792,717	(0.02)	(0.02)
June 30, 2014	68,033,648	13,307,852	9,458,355	(449,683)	0.08	0.08
March 31, 2014	61,182,272	(15,619,792)	(12,154,340)	12,444,204	(0.10)	(0.10)

Net Income (Loss) and Profit (Loss) attributable to the shareholders varies from period to period primarily as a result of non-cash items such as; changes in foreign exchange rates, share based compensation charges, and valuation of the interest rate swap related to a portion of the Company's long-term debt denominated in U.S. dollars and operational performance discussed in the overview section above.

Management of the Company believe that as a result of the Company having U.S. denominated debt, selling Copper, Gold and Silver in U.S. dollars and reporting the financial statements in Canadian dollars, the unrealized foreign exchange loss or gain each quarter is misleading to the reader of the financial statements if only looking at net income. As a result, management believe that readers of the financial statements should look to adjusted EBITDA, Adjusted Earnings and Adjusted Earnings per share as a better way to evaluate the Company's performance during the period. The following table contains selected quarterly non-GAAP financial information derived from the Company's financial statements and should be read in conjunction with the consolidated quarterly financial statements reported under IFRS.

[10] Non-current liabilities include decommissioning and restoration provision, interest rate swap liability and long-term debt.
[11] Net of treatment and refining charges and price adjustments

Quarter	Revenue[6] $	Adjusted EBITDA $	Cash Flow from Operations before working capital changes $	Adjusted Earnings $	Adjusted Earnings (Loss) per Share Basic $
December 31, 2015	50,018,106	10,719,581	3,450,037	1,534,832	0.01
September 30, 2015	63,701,608	14,683,665	13,929,811	2,034,651	0.02
June 30, 2015	56,810,348	15,426,044	6,900,785	3,476,530	0.03
March 31, 2015	71,456,666	18,439,389	17,876,006	4,312,351	0.04
December 31, 2014	53,913,648	17,046,910	10,897,033	5,635,758	0.05
September 30, 2014	82,546,359	34,406,602	25,961,400	18,178,961	0.15
June 30, 2014	68,033,648	10,221,054	17,447,551	(1,793,510)	(0.02)
March 31, 2014	61,182,272	17,103,192	8,608,661	6,724,129	0.07

Liquidity

As at December 31, 2015, the Company had negative working capital of $15.4 million compared with working capital of $18.0 million at December 31, 2014. The Company has no future material commitments for capital expenditures as of December 31, 2015, however, included in accounts payable and accrued liabilities is $4.8 million related to the construction of the new permanent secondary crusher and are payable in 2016.

Copper prices had a high of US $2.92 and a low US $2.04, this decline during the year has had a negative impact on the Company's operating income and cash generated from operating activities from $23.0 million and $47.1 million respectively for the year ended December 31, 2014 to an operating loss of $66.3 million and cash generated from operating activities of $21.6 million for the year ended December 31, 2015. The decline in the metal prices has been partially offset by the weakening of the Canadian dollar in which the majority of the Company's operating costs are incurred. In light of the lower copper price being realized, the Company continues to review its 2016 operating plans and has taken steps to reduce costs further in a prudent and cost efficient manner to maximize cash flow from operations, while maintaining the copper output at the Company's 2016 production guidance of 80 million pounds (+/- 5%) of copper. Subsequent to the end of the quarter, the BC Government announced a BC Hydro deferral program for qualifying operating mines in British Columbia that would see up to 75% of their hydro bills deferred. While all of the details of the program have yet to be released, management has been informed that under the current copper price environment the Company would qualify for the full 75% deferral to be paid back in future years. This has the potential to defer approximately $22.5 million annually in electricity charges that would carry an interest rate of between 8 to 12%. In addition the Company has changed fuel suppliers at the beginning of 2016 which has the potential to result in significant savings for the mine if prices continue to hold.

The Company has contractual obligations which are due in US dollars including project debt repayments under the senior credit facility of US$8.9 million and term loan repayments of US$8.0 million and the funding of the debt service and capex reserve accounts of approximately US$12.0 million for the next 12 months starting in June 2016. Management plans to seek an extension of the required funding of the debt service and capex reserve accounts by extending the existing corporate guarantees currently in place until June 30, 2016. Such extensions have been obtained in the past, but there are no guarantees they can be obtained in the future. In addition, the Company has requested from the senior credit facility a re-scheduling of the amortization schedule to better match current market conditions. The Company remains vigilant for other opportunities to improve net cash generation.

The Company holds its excess cash in interest bearing accounts or in cashable Guaranteed Investment Certificates at major Canadian or United States banks. As at December 31, 2015 the Company had a total of

$8.2 million on deposit 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.

As at December 31, 2015, the Company had the following consolidated contractual obligations:

	Contractual Obligation (CDN$)			
Annual repayments	Long term debt*	Lease obligations	Decommissioning & restoration provision	Accounts payable
2016	22,049,035	9,711,990	-	39,280,209
2017	38,753,915	5,869,863	-	-
2018	45,397,115	4,219,300	-	-
2019	50,331,075	1,097,838	-	-
2020	55,825,555	-	-	-
2021 and later	171,469,632	-	7,940,268	-
Total	**383,826,329**	**20,898,811**	**7,940,268**	**39,280,209**

*Note that the Senior Credit Facility and Term Loan of Long Term Debt is denominated in US dollars and the Company sells its copper, gold and silver in US dollars so this acts as a natural hedge. As at December 31, 2015, the Company's Long Term Debt due in US dollars had the following annual repayments:

Annual repayments	**Long term debt payable in ($US)**
2016	15,931,384
2017	28,001,384
2018	32,801,384
2019	36,366,384
2020	40,336,384
2021 and later	115,340,915
Total	**268,777,835**

Cash to meet the Company's future cash commitments will come from existing cash on hand and from cash flow from operations. The Company manages liquidity by continuously monitoring and forecasting cash flows. Other than disclosed above the Company had no material commitments for capital expenditures as of December 31, 2015.

Capital Resources

As at December 31, 2015, the Company had $12.2 million in cash and cash equivalents on hand.

Off-Balance Sheet Arrangements

None

Transactions with Related Parties

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 year ended December 31, 2015 the Company sold copper concentrates to MMC with revenues totalling $241,986,728 (2014 – $265,675,927) including pricing adjustments.

- During the year ended December 31, 2015 the Company accrued interest on the subordinated loan with MMC totalling $467,200 (2014 - $467,200).

- As at December 31, 2015 the Company has accrued to MMC a guarantee fee of $2,450,369 (2014 - $1,702,492) related to the Term Loan. The Company has also received funding advances from MMC totalling $6,048,561 (2014 - $3,272,348). These advances bear interest at 2.88% to 4.80% with total accrued interest of $413,864 (2014 - $194,419).

- During the year ended December 31, 2015 a company controlled by a director of the Company agreed to purchase 642 acres of land adjoining the mine site for future expansion opportunities. Under the terms of the put/call agreement the Company has the irrevocable right to call the land from the company controlled by the director at any time for the same price as the company controlled by the director paid for the land. Similarly, the company controlled by the director has the irrevocable right to put the land to the Company at any time after January 16, 2016. The purchase price of the land is $1.53 million plus out of pocket expenses.

- Compensation awarded to the Company's Key management, directors and officers includes:

	Three months ended December 31,		**Year ended December 31,**	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Salaries and short-term employee benefits	441,989	346,290	2,294,705	1,471,772
Share-based payments	10,697	(539,061)	829,240	1,275,296
	622,685	**(192,771)**	**3,123,945**	**2,747,068**

Proposed Transactions

None

Critical Accounting Estimates

The Company's significant accounting policies are presented in note 3 of the audited consolidated financial statements for the year ended December 31, 2015. The preparation of consolidated financial statements in accordance with International Financial Reporting Standard "IFRS" requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the consolidated financial statements. These estimates include:

- impairment review
- mineral resources and reserves,
- current and deferred income and resource taxes
- the assumptions used in determining the decommissioning and restoration provision
- inventory valuation

Actual amounts could differ from the estimates used and, accordingly, affect the results of operations.

Change in Accounting Policies, Including Initial Adoption

None.

New Accounting Standards Adopted

None.

Financial Instruments and Other Instruments

Please refer to note 2(d) of the audited financial statements for the year ended December 31, 2015.

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 by, 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 following tables below provide a reconciliation of these non-GAAP measures to the most directly comparable IFRS measure.

Cash costs per pound

Cash costs of sales include all costs absorbed into concentrate inventory, as well as precious metal credits, treatment & refining costs and transportation costs, less non-cash items such as depreciation. Total cash cost per pound sold is calculated by dividing the aggregate of the applicable costs by copper pounds sold. Site cash costs of production include all costs absorbed into inventory less non-cash items such as depreciation and non-site charges such as trucking charges of concentrate inventory. Site cash costs per pound produced are 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.

Site Cash Cost Per Pound of Copper Produced	**Three months ended December 31,**		**Year ended December 31,**	
	2015	**2014**	**2015**	**2014**
Cash Cost of Sales	51,306,200	48,099,024	223,167,198	220,137,649
Net change in concentrate inventory	2,148,092	7,148,604	(5,527,894)	2,289,666
	53,454,292	**55,247,628**	**217,639,305**	**222,427,315**
Less: Off-site related costs				
Treatment & refining charges	(6,679,054)	(5,418,008)	(27,688,003)	(24,088,892)
Transportation costs	(2,778,162)	(3,584,870)	(14,855,320)	(15,730,591)
Trucking charges	(1,200,572)	(1,464,638)	(5,394,421)	(5,940,686)
Total Site Cash Costs of Production	**42,796,504**	**44,780,112**	**169,701,560**	**176,667,146**
Average foreign exchange rate (CDN$ to US$)	0.7490	0.8803	0.7822	0.9053
Total Site Cash Costs of Production (US$)	**32,052,504**	**39,419,933**	**132,734,893**	**159,936,768**
Less precious metal credits (US$)	(8,572,172)	(8,191,272)	(35,944,790)	(39,245,209)
	23,480,332	**31,228,661**	**96,790,102**	**120,691,559**
Total pounds of copper produced	**19,400,000**	**20,259,000**	**77,600,000**	**80,941,000**
Total ounces of gold produced	7,300	6,100	29,200	22,600
Total ounces of silver produced	60,000	101,100	276,300	443,800
Site cash costs per pound net precious metal credits (US$)	**$1.21**	**$1.54**	**$1.25**	**$1.49**

Total Cash Cost of Sales Per Pound of Copper Sold	**Three months ended December 31,**		**Year ended December 31,**	
	2015	**2014**	**2015**	**2014**
Cost of Sales	**53,476,685**	**$52,468,914**	**239,627,017**	**$233,915,647**
Add: Treatment & refining charges	6,679,054	5,418,008	27,688,003	24,088,892
Less: non-cash items:				
Depreciation	(8,849,539)	(9,787,898)	(44,147,822)	(37,866,890)
Cash costs of sales	**51,306,200**	**48,099,024**	**223,167,198**	**220,137,649**
Average foreign exchange rate (CDN$ to US$)	0.7490	0.8803	0.7822	0.9053
Cash costs of sales (US$)	**38,425,854**	**42,341,571**	**174,553,929**	**199,290,614**
Less: Precious metal credits (US$):	(8,572,172)	(8,191,272)	(35,944,790)	(39,245,209)
Net cash costs of sales (US$)	**29,853,862**	**34,150,299**	**138,609,139**	**160,045,405**
Total pounds of copper sold	**18,000,000**	**17,648,000**	**79,800,000**	**80,748,000**
Total ounces of gold sold	7,800	4,100	29,500	24,700
Total ounces of silver sold	62,400	100,200	287,100	427,600
Cash Cost per pound of copper sold net of precious metal credits (US$)	**$1.66**	**$1.94**	**$1.74**	**$1.98**

Cash Margin

Cash margin represents the average realized copper price per pound sold less total cash cost per pound sold.

	Three months ended December 31,		**Year ended December 31,**	
	2015	**2014**	**2015**	**2014**
Average realized copper price for the period (US$ per pound)	$2.21	$3.00	$2.49	$3.11
Less:				
Total cash cost of sales net of precious metal credits(US$ per pound sold)	$1.66	$1.94	$1.74	$1.98
Cash margin (US$ per pound)	**$0.55**	**$1.07**	**$0.75**	**$1.13**
Average realized gold price for the period (US$ per oz.)	$1,104	$1,213	$1,159	$1,266
Average realized silver price for the period (US$ per oz.)	$14.67	$16.71	$15.80	$19.08

Adjusted Earnings (Loss)

Adjusted earnings (loss) removes the effects of the following transactions from operating income as reported under IFRS:

- Unrealized gains/losses on derivative instruments;
- Changes in fair value of financial instruments;
- Foreign currency translation 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.

EBITDA and Adjusted EBITDA

EBITDA represents earnings before interest, income taxes and depreciation. Adjusted EBITDA includes further adjustments for non-recurring items and items not indicative to the future operating performance of the Company. The Company believes EBITDA and Adjusted EBITDA are appropriate supplemental measure of debt service capacity and performance of its operations.

Adjusted EBITDA is calculated by removing the following income statement items:

- Unrealized loss/gain on interest rate swaps;
- Foreign exchange loss/gain;
- Pricing adjustments on concentrate and metal sales

EBITDA and Adjusted EBITDA	**Three months ended December 31, 2015**	**2014**	**Year ended December 31, 2015**	**2014**
Net loss	(45,818,143)	(16,245,042)	(102,870,801)	(22,530,950)
Add (Deduct):				
Finance income	(31,998)	(6,240)	(243,959)	(197,148)
Finance expense	2,824,080	2,358,197	10,614,160	8,971,230
Depreciation	8,849,539	9,787,898	44,147,822	37,866,890
Deferred income and resource tax expense (recovery)	(368,954)	(877,905)	218,832	2,405,838
Current resource tax (recovery) expense	(2,087,918)	149,202	(6,826,570)	985,610
EBITDA	**(36,633,394)**	**(4,833,890)**	**(54,960,486)**	**27,501,470**
Add (Deduct):				
Pricing adjustments on concentrate and metal sales	7,495,065	6,760,792	21,421,200	17,899,517
Unrealized (gain) loss on interest rate swaps	(1,622,643)	2,494,087	2,315,359	4,779,505
Low grade stockpile write down	25,000,000	-	25,000,000	-
Unrealized Foreign exchange loss	16,480,553	12,625,921	65,492,606	28,597,266
Adjusted EBITDA	**10,719,581**	**17,046,910**	**59,268,679**	**78,777,758**

Other MD&A Requirements

(a) Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

The following details the share capital structure as at February 19, 2015 the date of this MD&A.

	Expiry Date	**Exercise Price**	**Number**	**Number**
Common shares	-	-	-	118,795,427
Share purchase options	Feb. 10 to Dec 12, 2016	\$4.59 to \$7.125	525,000	
	April 5, 2017	\$4.52	850,000	
	Feb. 20, 2019	\$1.92	3,300,000	
	April 24, 2020	\$1.25	75,000	
	Sep. 18, 2020	\$0.59	605,000	
			5,355,000	
Fully diluted shares outstanding				**124,150,427**

Internal Controls Over Financial Reporting and Disclosure Controls and Procedures

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures. Our internal control system over financial reporting is designed to provide reasonable assurance to management and the Board of Directors regarding the preparation and fair presentation of published financial statements. Internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Our internal control system over disclosure controls and procedures is designed to provide reasonable assurance that material information relating to the Company is made known to management and disclosed to others and information required to be disclosed by the Company in our annual filings, interim filings or other reports filed or submitted by us under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined effective can provide only reasonable assurance with respect to financial reporting and disclosure. Other than changes related to our conversion to IFRS, there have been no changes in our internal control over financial reporting and disclosure controls and procedures during the year ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

The Company’s management, at the direction of our chief executive officer and chief financial officer, have evaluated the effectiveness of the design and operation of the internal controls over financial reporting and disclosure controls and procedures as of the end of the period covered by this report, and have concluded that they were effective at a reasonable assurance level.

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 develop the Copper Mountain mine. These risks and uncertainties are managed by experienced managers, advisors and consultants, by maintaining adequate liquidity, and by cost control initiatives.

Copper Mountain Mining Corporation

Consolidated Financial Statements
For the Years Ended December 31, 2015 and 2014

February 19, 2016

Independent Auditor's Report

To the Shareholders of Copper Mountain Mining Corporation

We have audited the accompanying consolidated financial statements of Copper Mountain Mining Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806, www.pwc.com/ca

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Copper Mountain Mining Corporation as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

signed "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Copper Mountain Mining Corporation

Consolidated Statement of Financial Position

Canadian dollars

	December 31, 2015 $	December 31, 2014 $
Assets		
Current assets		
Cash and cash equivalents	12,190,032	21,600,228
Accounts receivable and prepaid expenses (note 4)	11,989,775	6,886,175
Inventory (note 5)	44,881,606	44,420,673
	69,061,413	72,907,076
Reclamation bonds (note 9a)	8,231,500	8,231,500
Deferred tax asset (note 17)	-	2,939,731
Property, plant a nd equipment (note 6)	519,750,090	559,118,221
Low grade stockpile (note 5)	50,262,184	49,466,460
	647,305,187	**692,662,988**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	51,311,788	36,497,094
Current portion of long-term debt (note 8)	33,115,430	17,403,103
Current tax liability	-	976,201
	84,427,218	54,876,398
Decommissioning and restoration provision (note 9b)	7,787,046	7,797,154
Interest rate swap liability (note 8)	7,060,656	7,180,836
Long-term debt (note 8)	371,609,710	332,902,291
Deferred tax liability (note 17)	-	9,766,301
	470,884,630	412,522,980
Equity		
Attributable to shareholders of the Company:		
Share capital (note 10)	188,306,341	188,306,341
Contributed surplus	12,929,007	11,818,044
Retained earnings (deficit)	(81,379,350)	(2,928,184)
	119,855,998	197,196,201
Non-controlling interest	56,564,559	82,943,807
Total equity	176,420,557	280,140,008
	647,305,187	**692,662,988**

Approved on behalf of the Board of Directors

(signed) Jim O'Rourke Director

(signed) Bruce Aunger Director

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

Copper Mountain Mining Corporation

Consolidated Statement of Loss and Comprehensive Loss
For the Years Ended December 31, 2015 and 2014
Canadian dollars

	2015 $	2014 $
Revenue (note 12)	241,986,728	265,675,927
Cost of sales (note 13)	(239,627,017)	(233,915,647)
Gross profit	2,359,711	31,760,280
General and administration (note 13)	(6,138,521)	(5,527,957)
Property investigation (note 6)	(1,475,650)	(467,495)
Low grade stockpile write-down (note 5)	(25,000,000)	-
Share based compensation (note 11)	(1,045,883)	(2,753,477)
(Loss) income from operations	(31,300,343)	23,011,351
Finance income	243,959	197,148
Finance expense (note 14)	(10,614,160)	(8,971,230)
Unrealized loss on interest rate swap	(2,315,359)	(4,779,505)
Foreign exchange loss	(65,492,606)	(28,597,266)
Loss before tax	(109,478,509)	(19,139,502)
Current resource tax expense	(218,862)	(985,610)
Deferred income and resource tax recovery (expense)	6,826,570	(2,405,838)
Net loss and comprehensive loss	**(102,870,801)**	**(22,530,950)**
Net loss and comprehensive loss attributable to:		
Shareholders of the Company	(78,451,166)	(18,220,213)
Non-controlling interest	(24,419,635)	(4,310,737)
	(102,870,801)	**(22,530,950)**
Loss per share:		
Basic	$(0.66)	$(0.15)
Diluted	$(0.66)	$(0.15)
Weighted average shares outstanding, basic and diluted	118,795,427	117,997,114
Shares outstanding at end of the year	118,795,427	118,795,427

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

Copper Mountain Mining Corporation

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014
Canadian dollars

	2015 $	2014 $
Cash flows from operating activities		
Net loss for the year	(102,870,801)	(22,530,950)
Adjustments for:		
Depreciation	44,147,822	37,866,890
Low grade stockpile write-down (note 5)	25,000,000	-
Unrealized foreign exchange loss	65,443,285	28,668,655
Unrealized loss on interest rate swap	2,315,359	4,779,505
Deferred income and resource tax (recovery) expense	(6,826,570)	2,405,838
Finance expense	10,614,160	8,971,230
Share based compensation	1,045,883	2,753,477
	38,869,138	62,914,645
Net changes in working capital items (note 16)	(17,287,210)	(15,717,995)
Net cash from operating activities	21,581,928	47,196,650
Cash flows from investing activities		
Reclamation bonding	-	(15,000)
Deferred stripping activities	-	(13,054,042)
Development of property, plant and equipment	(3,722,933)	(39,699,088)
Net cash used in investing activities	(3,722,933)	(52,768,130)
Cash flows from financing activities		
Issue of common shares - net of issue costs	-	1,411,092
Contributions from non-controlling interest	2,020,829	11,268,108
Payments to non-controlling interest	(1,959,613)	-
Loan principal paid	(8,405,957)	(9,715,966)
Interest paid	(11,683,673)	(10,181,060)
Finance lease payments	(8,483,801)	(7,772,719)
Net cash used in financing activities	(28,512,215)	(14,990,545)
Effect of foreign exchange rate changes on cash and cash equivalents	1,243,024	(118,884)
Decrease in cash	(9,410,196)	(20,680,909)
Cash and cash equivalents - Beginning of year	21,600,228	42,281,137
Cash and cash equivalents - End of year	**12,190,032**	**21,600,228**

Supplementary cash flow disclosures (note 16)

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

Copper Mountain Mining Corporation

Consolidated Statements of Changes in Equity

Canadian dollars

Attributable to equity owners of the company

	Number of Share	Amount $	Contributed surplus $	Retained earnings (deficit) $	Total $	Non-controlling interest $	Total equity $
Balance January 1, 2014	116,319,427	186,291,105	9,662,977	15,292,029	211,246,111	77,254,519	288,500,630
Share issue costs	-	(74,508)	-	-	(74,508)	-	(74,508)
Options exercised	2,476,000	2,089,744	(604,144)	-	1,485,600	-	1,485,600
Share based compensation	-	-	2,759,211	-	2,759,211	-	2,759,211
Contributions made by Non-controlling interest	-	-	-	-	-	10,000,025	10,000,025
Loss for the year	-	-	-	(18,220,213)	(18,220,213)	(4,310,737)	(22,530,950)
Balance – December 31, 2014	**118,795,427**	**188,306,341**	**11,818,044**	**(2,928,184)**	**197,196,201**	**82,943,807**	**280,140,008**
Share based compensation	-	-	1,110,963	-	1,110,963	-	1,110,963
Payments made to Non-controlling interest	-	-	-	-	-	(1,959,613)	(1,959,613)
Loss for the year	-	-	-	(78,451,166)	(78,451,166)	(24,419,635)	(102,870,801)
Balance December 31, 2015	**118,795,427**	**188,306,341**	**12,929,007**	**(81,379,350)**	**119,855,998**	**56,564,559**	**176,420,557**

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

1 Nature of operations and going concern

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.

These financial statements are prepared on a going concern basis which assumes the Company will be able to realize its assets and discharges its liabilities in the normal course of business. As at December 31, 2015, the Company had negative working capital of $15.4 million compared to positive working capital of $18.0 million at December 31, 2014. The Company has no future material commitments for capital expenditures as of December 31, 2015, however, included in accounts payable and accrued liabilities is $4.8 million related to the construction of the new permanent secondary crusher scheduled for payment in 2016.

The recent declines in US dollar denominated commodity prices have had a negative impact on the Company's operating results decreasing operating income and cash generated from operating activities from $23.0 million and $47.2 million respectively for the year ended December 31, 2014 to an operating loss of $31.3 million including a $25 million net realizable value write down of the low grade stock pile and cash flows of $21.1 million for the year ended December 31, 2015. The US dollar denominated commodity price decline has been partially offset by the weakening of the Canadian dollar in which the majority of the Company's operating costs are incurred. In the next twelve months the Company has contractual obligations which are due in US dollars including senior credit facility and term loan payments of approximately US$16.9 million. The current commodity price and exchange rate environment is highly volatile and accordingly, there is no assurance that the Company's initiatives to manage its cash flows will be successful. These market conditions, combined with the Company's contractual financing obligations as discussed above give rise to a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business.

In light of the lower copper price being realized, the Company continues to review its near term operating plans and has taken steps to reduce costs to maximize cash flow from operations, while still maintaining copper output levels. The Company also expects to benefit from a five year power rate deferral program recently announced by the Government of British Columbia. Management has been informed that under the current copper price environment the Company would qualify for the full 75% deferral to be paid back in future years. This has the potential to defer approximately $22.5 million annually in electricity charges that would carry an interest rate of approximately 8%. In addition the Company changed fuel suppliers at the beginning of 2016 which has the potential to result in significant savings for the mine. The Company remains vigilant for other opportunities to improve net cash generation.

The Company has requested from the senior credit facility lender, a re-scheduling of the amortization schedule to better match current market conditions. Management also plans to seek an extension of the required funding of the debt service and capex reserve accounts by providing corporate guarantees. Such extensions have been obtained in the past but there are no guarantees they will be obtained in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern adjustment inappropriate. Such adjustments could be material.

2 Basis of presentation and adoption of IFRS

a. The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements were approved for issue on February 19, 2016, by the Board of Directors.

The Company's accounting policies have not changed from the year ended December 31, 2015.

b. Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Transactions in currencies other than the 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 gains or losses are recognized in profit or loss. The determination of functional currency requires the use of judgement as the Company has transactions in both Canadian and US dollars.

c. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year.

The Company's management reviews these estimates and underlying assumptions on an ongoing bases. Estimates are based on historical experience and other factors, including the expectation of future events considered to be reasonable under the circumstances. However, actual results may differ from these estimates. Revisions to accounting estimates are recognized prospectively in the period in which the estimates are revised and any future periods affected. The estimates and judgements used in the preparation of these consolidated financial statements are included in the notes to these consolidated financial statements with those items which could have a material affect on these consolidated financial statements outlined below.

Impairment review

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, production budgets and forecasts, and life of-mine estimates. The determination of fair value less costs to sell and value in use requires management to make estimates and assumptions about expected production, sales volumes, commodity prices, mineral reserves, operating costs, taxes, close down and restoration costs and future capital expenditures. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the the estimate of recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be impaired with the impact recorded in the consolidated statements of loss.

Mineral reserve estimates

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 *Standards for Disclosure of Mineral Projects* (NI 43-101). Reserves are used in the calculation of depreciation, impairment assessment and for forecasting the timing of payment of mine closure, reclamation and rehabilitation costs. There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecasted prices of commodities, exchange rates, production costs or recovery rates could have a material affect in the future of the Company's financial position and results of operation.

Inventory valuation

Stockpiled ore and concentrate inventory are valued at the lower of average cost and net realizable value. Net realizable value is calculated as the estimated price at the time of sale based on prevailing and future metal prices less estimated future production costs to convert the inventory into saleable form and associated selling costs. The determination of future sales price, production and selling costs requires assumptions that may impact the stated value of inventory.

Decommissioning and restoration provisions

Accounting for restoration provisions requires management to make estimates of the future costs the Company will incur to complete the restoration and remediation work required to comply with its permits, existing laws and regulations. Actual costs incurred may differ from those amounts estimated. In addition, future changes to environmental laws and regulations could increase the extent of restoration work required to be performed by the Company. Increases in future costs could materially impact the provision for restoration. The provision represents management's best estimate of the present value of the future restoration and remediation costs.

Current and deferred taxes

Judgment is required in determining whether deferred tax assets are recognized on the balance sheet. Deferred tax assets, including those arising from unutilized tax losses require management to assess the probability that the Company and its subsidiaries will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

3 Significant accounting policies

a. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the derivative financial instruments, which is stated at fair value. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b. Consolidation

The financial statements of the Company consolidate the accounts of Copper Mountain Mining Corporation and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The significant subsidiary entities of Copper Mountain are listed below. Each of the entities has a December 31 year end.

Entity	**Location**	**Proportion of ownership interest**	**Non-controlling interest**
Copper Mountain Mine (BC) Ltd.	Canada	75%	25%
Similco Finance Ltd.	Canada	75%	25%
Copper Mountain Operating Company Ltd.	Canada	100%	-
Princeton GP Ltd.	Canada	75%	25%

Substantially all of the Company's activities are conducted through non-wholly owned subsidiaries, with the exception of G&A expenses incurred within the parent company.

c. Non-controlling interest

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. The non-controlling interests' share of net income and comprehensive income is presented separately in the statement of loss and comprehensive loss directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

d. Financial instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, reclamation bonds, accounts payable and accrued liabilities, debt and interest rate swap liabilities.

Cash and cash equivalents and reclamation bonds

Cash and cash equivalents comprise of cash in bank accounts and on hand and other short-term investments with initial maturities of less than 90 days. Cash subject to restrictions is excluded.

Cash and cash equivalents, restricted cash and reclamation bonds have been classified as loans and receivables and are recorded at amortized cost.

Accounts receivable

Trade accounts receivable are classified as loans and receivables and accordingly are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method. Included in accounts receivable are provisionally priced receivables recorded at fair value through profit and loss.

Derivatives

The Company periodically enters into derivative instruments to mitigate risk. The Company does not apply hedge accounting. Derivative financial instruments are classified as held-for-trading and measured at fair value. Changes in fair value of derivative instruments are recorded in profit or loss.

Accounts payable and accrued liabilities and debt

Accounts payable and accrued liabilities and debt are classified as other financial liabilities and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption amount is recognized in net earnings over the period to maturity using the effective interest rate method.

e. Inventory

Concentrate and ore stockpile inventories are valued at the lower of average cost and net realizable value. Ore stockpiles include materials extracted from the mine and stockpiled before and after the crushing process. Concentrate inventories include concentrates located at the mine, port facility or in transit. Ore stockpiles not expected to be processed in the next twelve months, are included in non-current inventory.
Ore stockpiles and concentrate inventory costs include all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization, and directly attributable overhead costs.
When inventories have been written down to net realizable value, a new assessment of net realizable value is made in each subsequent period. If the circumstances that caused the write-down no longer exist, the amount of the write-down is reversed.

Consumable stores inventories are valued at the lower of weighted average cost and net realizable value. Cost includes acquisition, freight, and other directly attributable costs.

f. Property, plant and equipment

Exploration and evaluation

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized as exploration and evaluation assets and classified as a component of property, plant and equipment. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Development

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to development and construction are capitalized as construction-in progress and classified as a component of property, plant and equipment. Costs associated with the commissioning of new assets incurred in the period before they are operating in the manner intended by management, are capitalized.

The Company determines the date for commencement of production based on consideration of sustained operating levels and production of saleable concentrate.

The costs of removing waste and overburden (stripping costs) to access ore prior to the commencement of mine operations are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

Stripping costs after the commencement of operations are incurred both in relation to the production of inventory of that period and towards improved access to ore to be mined in the future. Stripping costs incurred towards current ore production are included as part of inventory, while stripping costs incurred towards improved access and future development are capitalized as a stripping activity asset.

Stripping costs benefiting future periods are identified by reference to the waste to ore stripping ratio. In periods when the life of a mining phase stripping ratio exceeds the average expected stripping ratio, costs are capitalized as stripping activity assets.

Stripping activity assets are amortized on a unit of production basis over the proven and probable reserves over the remaining life of each mining phase to which they relate.

Property, plant and equipment

Plant and equipment are recorded at cost less accumulated amortization. Costs for facilities under construction include all expenditures incurred directly in connection with project development.

Mobile mining equipment is recorded at cost and amortized over its estimated useful economic life based on operating hours. Repairs and maintenance costs are expensed during the period in which they are incurred. Other equipment and buildings are recorded at cost and amortized over their estimated useful lives on a straight-line basis between 5 to 16 years. Resource property assets are amortized on a units of production basis over proven and probable reserves. Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required.

The following table outline the methods used to amortized property, plant and equipment:

Assets	Depreciation Method
Buildings	Straight line
Mobile mining equipment	Hours of operation
Light duty vehicles	Straight line
Plant and equipment	Units of production
Resource property	Units of production
Stripping activity assets	Units of production

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the statement of income in the period in which they are incurred.

Impairment of tangible assets

The carrying amounts of tangible assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Cash-generating units are individual operating mines or exploration and development projects. The recoverable amount of an asset is determined as the higher of its fair value less costs of disposal and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In assessing fair value less costs of disposal, fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. For mining assets fair value less costs of disposal is typically estimated using a discounted cash flow approach. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying value, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. When an impairment loss exists it is recorded as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Leases

Assets financed by leasing agreements that give rights approximating ownership (finance leases) are capitalized at fair value. The capital elements of future obligations under finance leases are included as liabilities in the balance sheet and the interest element is charged to the income statement. Annual payments under other lease arrangements, known as operating leases, are charged to the income statement on a straight-line basis.

g. Decommissioning and restoration provisions

Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk free rate. The restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the risk-free discount rate.

The restoration provision is also accreted to full value over time through periodic charges to income. The amount of the restoration provision initially recognized is capitalized as part of the related asset's carrying value and amortized to earnings. The method of amortization follows that of the underlying asset. The costs related to a restoration provision are only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit. A revision in estimates or a new disturbance will result in an adjustment to the liability with an offsetting adjustment to the related asset.

h. Provisions

Provisions for restructuring costs and legal claims, where applicable, are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

i. Revenue recognition

Sales of metal in concentrates are recognized on a provisional pricing basis when title transfers and the rights and obligations of ownership pass to the customer, which occurs upon shipment. Final pricing for concentrates sold is not determined at that time as it is contractually linked to market prices at a subsequent date. These arrangements have the characteristics of a derivative instrument as the value of the accounts receivable will vary as prices for the underlying commodities vary in the metal markets. These price adjustments result in gains in a rising price environment and losses in a declining price environment and are recorded as adjustments to revenues.

j. Current and deferred income and resource taxes

Income tax expense comprises current and deferred income and resource tax. The Company records B.C. Mineral Tax as an income tax. Income tax expense is recognized in the statement of income (loss) except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same entity or entities where there is an intention to settle balances on a net basis.

k. Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and are recorded over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed.
Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

l. Share capital

The Company records proceeds from share issuances net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares is concluded.

m. Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding in the period.

Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In periods of loss basic and diluted earnings per share are the same as dilutive instruments have an anti-dilutive effect.

n. New Accounting Pronouncements

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company. The Company is in the process of assessing the impact the new and amended standards on its financial statements.

IFRS 16 – Leases

IFRS 16 establishes the principles that an entity should use to determine the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’). IFRS 16 replaces the previous leases Standard, IAS 17, Leases, and related Interpretations. IFRS 16 is effective from January 1, 2019 though a company can choose to apply IFRS 16 before that date but only in conjunction with IFRS 15 Revenue from Contracts with Customers. The Company is currently assessing the impact of this standard.

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. IFRS 9 is effective for periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from contracts with customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Company is currently assessing the impact of IFRS 15.

4 Accounts receivable and prepaid expenses

	2015 $	2014 $
Amounts due from concentrate sales	17,603,811	11,730,513
Pricing adjustments	(9,140,288)	(8,720,053)
GST and other receivables	2,100,466	2,174,619
Prepaid expenses	1,425,786	1,701,096
	11,989,775	**6,886,175**

5 Inventory

	2015 $	2014 $
Supplies	17,557,989	16,579,321
Ore stockpile	21,240,345	16,909,991
Crushed ore stockpile	1,931,035	31,703
Copper Concentrate	4,152,237	10,899,658
	44,881,606	**44,420,673**
Low grade stockpile[1]	**50,262,184**	**49,466,460**

Inventory expensed during the period ended December 31, 2015 totaled $224,771,697 (2014 – $218,185,056).

During the year ended December 31, 2015, the Company recorded a charge of $25.0 million (2014 - $NIL) to the low grade stockpile. These write downs were necessary to record the low grade stockpile at net realizeable value.

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

6 Property, plant and equipment

Cost	**Plant and equipment $**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2014	464,121,326	6,091,252	142,024,598	612,237,176
Additions	55,102,330	675,792	15,389,029	71,167,151
Restoration provision	-	-	1,456,947	1,456,947
As at December 31, 2014	519,223,656	6,767,044	158,870,574	684,861,274
Additions	10,447,789	45,599	-	10,493,388
Exploration and evaluation	-	(397,918)	-	(397,918)
Restoration provision	-		(14,724)	(14,724)
As at December 31, 2015	**529,671,445**	**6,414,725**	**158,855,850**	**694,942,020**

Accumulated depreciation	**Plant and equipment**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2014	(63,700,859)	-	(16,646,103)	(80,346,962)
Depreciation charge	(31,926,687)	-	(13,469,404)	(45,396,091)
As at December 31, 2014	(95,627,546)	-	(30,115,507)	(125,743,053)
Depreciation charge	(33,618,129)	-	(15,830,748)	(49,448,877)
As at December 31, 2015	**(129,245,675)**	**-**	**(45,946,255)**	**(175,191,930)**
Net book value				
As at December 31, 2014	423,596,110	6,767,044	128,755,067	559,118,221
As at December 31, 2015	**400,425,770**	**6,414,725**	**112,909,595**	**519,750,090**

Asset impairments

The Company reviews the carrying value of assets at each reporting period for indicators of impairment using both internal and external sources of information.

Due primarily to the decreased price of copper at December 31, 2015, indicators for impairment existed leading to a test of the recoverable amount of the Copper Mountain mine. The Company estimated the recoverable amount of the Copper Mountain mine based on the fair value using a life of mine discounted cash flow model. The cash flow model is based on detailed budgets for the current year and forecasts for subsequent years which are prepared using life-of-mine plans with expected future production. The analysis performed has not lead to the recognition of any impairment loss as at December 31, 2015.

Key assumptions and sensitivity

The Company's key assumptions used in determining the recoverable amount of the Copper Mountain mine are metal prices, operating costs, capital costs, reserves and resources, foreign exchange rates and discount rates as noted below. The carrying value of the Copper Mountain mine remained above the fair value for the purposes of the impairment test.

Metal Prices
The metal prices used to calculate the recoverable amounts at December 31, 2015 are based on analysts' consensus prices and are summarized in the following table:

Metal prices	**2016 – 2018 average**	**Long term**
Copper price (US$/ lbs.)	$2.40	$2.97
Gold price (US$/ oz.)	$1,180	$1,242
Silver price (US$/ oz.)	$16.39	$18.03

Operating and capital costs
Operating costs and capital expenditures are based on life of mine plans and internal forecasts using management's best estimates. The Company has no future material commitments for capital expenditures as of December 31, 2015, however, included in accounts payable and accrued liabilities is $4.8 million related to the construction of the new permanent secondary crusher and scheduled for payment in 2016.

Reserves and resources
Future mineral production is included in projected cash flows based on mineral reserve and resource estimates and exploration and evaluation work, undertaken by qualified persons.

Foreign exchange
Foreign exchange rates are estimated with reference to external market forecasts and analysts' consensus pricing for current and long term amounts. US dollar to Canadian dollar foreign exchange rate assumptions used in 2016 to 2018 was 1 US dollar to 1.35 Canadian dollars. With assumptions used from 2019 onward being 1 US dollar to 1.28 Canadian dollars.

Discount rate
Discount rates used to present value the life of mine cash flow are based on weighted average cost of capital for similar companies and adjusted for risk and current market information. The Company has used a real post-tax discount rate of 7.5%.

Sensitivity
The calculation of the recoverable amount is very sensitive to changes in the long-term prices of copper, Canadian-US dollar exchange rates, the discount rate and changes to the operating plan. These assumptions interrelate significantly with each other as nothing moves in isolation and this analysis is intended to illustrate what would happen if they did move in isolation without taking into effect how these changes would impact the Company's operating plans. In addition, commodity prices including copper prices and Canadian-U.S. dollar exchange rates are generally considered to have an inverse relationship. It is difficult to determine how all of these factors would interrelate, but in deriving an accurate fair value, the Company believes all of these factors would need to be considered. Ignoring all of these interrelationships, a US$0.05 decrease in the long term

copper price would result in a post-tax impairment charge of approximately $16 million, conversely a US$0.05 increase in the long term copper price would result in an increase in the estimated recoverable amount of approximately $16 million. A $0.05 strengthening of the Canadian dollar against the U.S. dollar would result in a post-tax impairment charge of approximately $42 million, conversely, a $0.05 weakening of the Canadian dollar against the U.S. dollar would result in an increase in the estimated recoverable amount of approximately $42 million. Additionally, a 0.5% increase in the real post-tax discount rate would result in a post-tax impairment charge of approximately $16 million, conversely a decrease of 0.5% in the real post-tax discount rate would result in an increase in the recoverable amount of approximately $17 million. A further decrease in these assumptions does not correspond with a proportionate increase in a potential impairment charge as effects would be limited to the remaining carrying values.

7 Accounts payable and accrued liabilities

	2015 $	2014 $
Trade accounts payable	19,459,144	11,377,122
Accrued liabilities	21,149,170	18,423,950
Amount due to related party (note 15)	8,912,794	5,169,259
Current portion of interest rate swap liability (note 8(b))	1,765,164	1,436,167
Deferred Share Units liability	25,516	90,596
	51,311,788	**36,497,094**

8 Long-term debt

	2015 $	2014 $
Senior credit facility (b) in US$	125,093,936	126,204,134
Term loan (c) in US$	143,683,899	148,015,085
Total US$ long term debt in US$	268,777,835	274,219,219
Total US$ long term debt in CAD$	371,988,523	329,389,541
Subordinated loan (a)	11,837,806	11,267,826
Leases (d)	20,898,811	20,915,853
Total	404,725,140	350,305,394
Less: current portion	(33,115,430)	(17,403,103)
	371,609,709	**332,902,291**

a) Subordinated loan

In April 2010, the Company entered into a loan agreement with a subsidiary of MMC for $9,600,000. 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. Total issue and transaction costs incurred were $930,802.

The outstanding amount of $11,837,806 is net of the remaining issue and transaction costs of $416,914 which are amortized over the life of the loan.

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$162,000,000, 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 project. As at December 31, 2015 cumulative principle payments totalled US$33,210,000.

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 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. This guarantee has been extended to June 30, 2016.

As at December 31, 2015 the SCF has a principal amount outstanding of $178,245,360 (US$128,790,000). The outstanding amount of $173,130,007 is net of issue costs of $5,115,353 which are amortized over the life of the loan.

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:

	US$
2016	8,910,000
2017	14,580,000
2018	14,580,000
2019 – 2023	90,720,000
	128,790,000

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$91,287,000 of the principal. The interest rate swaps mature on December 15, 2020.

As at December 31, 2015 the swap had an unrealized fair value loss of $8,825,820 (2014 - $8,617,003). The current portion of $1,765,164 is included in accounts payable and accrued liabilities.

The Company is subject to certain debt covenants on the SCF. As at December 31, 2015 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$160,000,000 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 December 31, 2015 the Term Loan has a principal amount outstanding of $203,724,800 (US$147,200,000). The outstanding amount of $198,858,516 is net of issue costs of $4,866,284 which are amortized over the life of the loan. 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 December 31, 2015 the cumulative principal payments totalled US $12,800,000.

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

	US$
2016	8,000,000
2017	14,400,000
2018	19,200,000
2019 - 2022	105,600,000
	147,200,000

The Company is subject to certain debt covenants. As at December 31, 2015 the Company is in compliance with all covenants.

d) Leases

The Company has a number of leases related to mobile mining equipment. The mobile equipment is security for the respective lease obligations. During 2015, the Company entered into the following new lease arrangements:

(i) In January 2015 the Company entered into a finance lease agreement with its explosives supplier for an explosives factory site at the Copper Mountain mine. The lease is payable in 60 monthly instalments which commenced on January 31, 2015 and will end on December 31, 2019 with interest at a fixed rate of 7.50% per annum.

(ii) In March 2015 the Company entered into a finance lease agreement with one of its equipment suppliers. The lease is payable in 57 monthly instalments which commenced on March 4, 2015 and will end on December 3, 2019 with interest at a fixed rate of 5.50% per annum

Gross finance lease liability and minimum lease payments	**2015** **$**	**2014** **$**
Within one year	9,639,858	10,765,431
Between two and four years	13,146,757	11,663,261
	22,786,615	22,428,692
Future interest	(1,887,804)	(1,512,839)
Present value of finance lease liability	**20,898,811**	**20,915,853**

9 Decommissioning and restoration provision

a. Reclamation bonds

The Company has on deposit $8,231,500 with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain mine site. The Company receives interest on these bonds.

b. Decommissioning and restoration provision

The Company has a liability for remediation of current and past disturbances associated with mining activities at the Copper Mountain property. Decommissioning liabilities are as follows:

	2015 **$**	**2014** **$**
Opening balance	7,797,154	6,245,963
Changes in estimated costs and timing	(14,724)	1,456,949
Unwinding of discount on restoration provision	4,616	94,242
End of year	**7,787,046**	**7,797,154**

At December 31, 2015 the Company used an inflation rate of 2.00% (2014 – 2.20%) and a discount rate of 2.15% (2014 – 2.33%) 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 $7,940,268 (2014 - $7,940,268). The expected timing of payment of the cash flows commences in 2028.

10 Share capital

Authorized - Unlimited number of common shares without par value.

11 Share based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 13,000,000 stock options exercisable for a period of up to ten years from the grant date. As at December 31, 2015 the Company had 5,355,000 options outstanding as follows:

	Number of shares	Weighted average exercised price $
Opening balance	6,395,000	2.78
Granted	680,000	0.66
Expired	(1,520,000)	2.38
Forfeited	(200,000)	2.35
December 31, 2015	**5,355,000**	**2.64**

Date of stock option grant	Number of options	Exercise price $	Weighted average exercise price $	Expiry date
Feb. 10 to Dec 12, 2011	525,000	4.59 to 7.12	6.63	Feb. 10 to Dec 12, 2016
Apr. 5, 2012	850,000	4.52	4.52	Apr. 5, 2017
Feb. 20, 2014	3,300,000	1.92	1.92	Feb. 20, 2019
Apr. 24, 2015	75,000	1.25	1.25	Apr. 24, 2020
Sep. 18, 2015	605,000	0.59	0.59	Sep. 18, 2020
	5,355,000		**2.64**	

As at December 31, 2015 the following options were both outstanding and exercisable:

Date of stock option grant	Number of options	Exercise price $	Weighted average exercise price $	Expiry date
Feb. 10 to Dec 12, 2011	525,000	4.59 to 7.12	6.63	Feb. 10 to Dec. 12, 2016
Apr. 5, 2012	850,000	4.52	4.52	Apr. 5, 2017
Feb. 20, 2014	1,650,000	1.92	1.92	Feb. 20, 2019
Apr. 24, 2015	75,000	1.25	1.25	Apr. 24, 2020
Sep. 18, 2015	151,250	0.59	0.59	Sep. 18, 2020
	3,251,250		**3.32**	

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and consultants. During the year ended December 31, 2015, the Company recorded a share-based compensation expense of $1,110,962 (2014 - $2,759,211) related to stock options.

During the year ended December 31, 2015, the total fair value of stock options granted was $228,570 (2014 – $4,409,932) and had a weighted average grant-date fair value of $0.65 (2014 – $1.26) 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.

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

	December 31, 2015
Risk free interest rate	1.57%
Expected dividend yield	Nil
Expected share price volatility	60.99%
Expected forfeiture rate	3.26%
Expected life	4.90 years

b. Deferred Share Unit Plans

Deferred Share Unit Plan for Non-Employee Directors ("DSU-D")

The Company established a deferred share unit ("DSU") plan that allows directors to receive director fees in the form of deferred share units. Directors can elect to receive common shares or cash upon exercise of the DSU. Certain DSUs may only be exercised when the holder ceases to be a director. Vesting terms of the DSUs are established by the directors at the time the DSUs are granted.

Deferred Share Unit Program for Employees ("DSU-E")

The Company established a deferred share unit program that allows executive officers to receive incentive compensation in the form of deferred share units. Executive officers can elect to receive common shares upon exercise of the DSU by paying the exercise price or they can elect to receive cash equal to the difference between the exercise price and the market price of the Company's common shares at the time of exercise of the DSU. Vesting terms of the DSUs are established by the directors at the time the DSUs are granted.

The continuity of deferred share units granted and outstanding is as follows:

Units	**DSU-D**	**Weighted average exercise price $**	**DSU-E**	**Weighted average exercise price $**
Outstanding, December 31, 2013	557,339	1.69	779,646	2.65
Granted	1,250,000	1.92	1,900,000	1.92
Outstanding, December 31, 2014	1,807,339	1.85	2,679,646	2.13
Granted	-	-	-	-
Outstanding, December 31, 2015	**1,807,339**	**1.85**	**2,679,646**	**2.13**

As at December 31, 2015 the following deferred share units were outstanding:

Date of DSU grant	Number of Units	Exercise price $	Weighted average exercise price $	Expiry date
DSU-D – September 17, 2010	27,027	-	-	September 17, 2020
DSU-E – September 17, 2010	329,646	3.70	3.70	September 17, 2020
DSU-D – August 12, 2011	9,571	-	-	August 12, 2021
DSU-D – April 5, 2012	20,741	-	-	April 5, 2022
DSU-D – April 13, 2013	500,000	1.88	1.88	April 13, 2018
DSU-E – April 13, 2013	350,000	1.88	1.88	April 13, 2018
DSU-D – February 20, 2014	1,250,000	1.92	1.92	February 20, 2019
DSU-E – February 20, 2014	2,050,000	1.92	1.92	February 20, 2019
	4,536,985		**2.02**	

As at December 31, 2015 the following deferred share units were both outstanding and exercisable:

Date of DSU grant	Number of Units	Exercise price $	Weighted average exercise price $	Expiry date
DSU-D – September 17, 2010	27,027	-	-	September 17, 2020
DSU-E – September 17, 2010	329,646	3.70	3.70	September 17, 2020
DSU-D – August 12, 2011	9,571	-	-	August 12, 2021
DSU-D – April 5, 2012	20,741	-	-	April 5, 2022
DSU-D – April 13, 2013	500,000	1.88	1.88	April 13, 2018
DSU-E – April 13, 2013	450,000	1.88	1.88	April 13, 2018
DSU-D – February 20, 2014	625,000	1.92	1.92	February 20, 2019
DSU-E – February 20, 2014	950,000	1.92	1.92	February 20, 2019
	2,911,985		**2.07**	

The liability for deferred share units issued and outstanding is as follows:

Liability	DSU-D $	DSU-E $
December 31, 2013	96,330	75,819
DSU based compensation recovery	(5,734)	(75,819)
December 31, 2014	90,596	-
DSU based compensation recovery	(65,080)	-
December 31, 2015	**25,516**	-

During the year ended December 31, 2015, the Company recorded share-based compensation recovery of $65,080 (2014 – $5,734) related to deferred share units.

During the year ended December 31, 2015 the total fair value of deferred share units granted was $NIL (2014 - $6,048,000) and had a weighted average grant-date fair value of $NIL (2014 - $1.92) per unit.

12 Revenue

	2015 $	2014 $
Copper in concentrate	244,739,194	264,332,940
Gold in concentrate	40,997,810	35,510,072
Silver in concentrate	5,358,928	7,872,309
Treatment and refining charges	(27,688,004)	(24,139,877)
Pricing adjustments on unsettled concentrate and metal sales	(8,051,156)	(8,632,250)
Concentrate and metal sales settled in the year	(13,370,044)	(9,267,267)
	241,986,728	**265,675,927**

Sales of metal in concentrates are recognized on a provisional pricing basis when title transfers and the rights and obligations of ownership pass to the customer, which occurs upon shipment. Final pricing for concentrates sold is not determined at that time as it is contractually linked to market prices at a subsequent date. These arrangements have the characteristics of a derivative instrument as the value of our receivables will vary as prices for the underlying commodities vary in the metal markets. These price adjustments result in gains in a rising price environment and losses in a declining price environment and are recorded as pricing adjustments to revenues.

13 Expenses by nature

	2015 $	2014 $
Direct mining and milling costs	136,478,013	137,022,125
Employee compensation and benefits	44,145,862	43,296,041
Depreciation	44,147,822	37,866,890
Transportation costs	14,855,320	15,730,591
Cost of sales	**239,627,017**	**233,915,647**
General and administration:		
Corporate employee compensation and benefits	3,646,279	2,807,741
Corporate and mine site administrative expenses	2,492,242	2,720,216
	6,138,521	5,527,957
	245,765,538	**239,443,604**

Cost of sales consists of direct mining and milling costs (which include operating waste stripping costs, maintenance and repair costs, operating supplies, and external services), employee compensation and benefits, depreciation, transportation costs and changes in the inventory balance.

14 Finance expense

	2015 $	2014 $
Interest on loans	8,850,643	7,217,620
Amortization of financing fees	1,364,551	1,187,504
Loan guarantee fee	394,350	471,862
Unwinding of discount on restoration provision	4,616	94,244
	10,614,160	**8,971,230**

15 Related party transactions

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

a. During the year ended December 31, 2015 the Company sold copper concentrates to MMC with revenues totalling $241,986,728 (2014 – $265,675,927) including pricing adjustments.

b. During the year ended December 31, 2015 the Company accrued interest on the subordinated loan with MMC totalling $467,200 (2014 - $467,200).

c. As at December 31, 2015 the Company has accrued to MMC a guarantee fee related to the Term Loan of $2,450,369 (2014 - $1,702,492). The Company has also received funding advances from MMC totalling $6,048,561 (2014 - $3,272,348). These advances bear interest at 2.88% to 4.80% with total accrued interest of $413,864 (2014 - $194,419).

d. A company controlled by a director of the Company agreed to purchase 642 acres of land adjoining the mine site for future expansion opportunities. Under the terms of the put/call agreement the Company has the irrevocable right to call the land from the company controlled by the director at any time for the same price as the company controlled by the director paid for the land. Similarly, the company controlled by the director has the irrevocable right to put the land to the Company at any time after January 16, 2016. The purchase price of the land is $1.53 million plus out of pocket expenses.

e. Compensation of key management:

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

	2015 $	2014 $
Salaries and short-term employee benefits	2,294,705	1,471,772
Share based compensation	829,240	1,275,296
	3,123,945	**2,747,068**

16 Supplementary cash flow disclosures

a. As at December 31, 2015, cash and cash equivalents consists of guaranteed investment certificates of $3,057,500 (2014 – $5,503,880) and $9,132,532 in cash (2014 – $16,096,348) held in bank accounts.

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

	2015 **$**	**2014** **$**
Change in accounts receivable and prepaid expenses	(349,496)	12,610,260
Change in inventory	(19,240,472)	(27,886,799)
Change in mineral tax liability	(976,201)	347,548
Change in accounts payable and accrued liabilities	3,278,959	(789,004)
	(17,287,210)	**(15,717,995)**

c. During the year ended December 31, 2015, the Company paid B.C. Mineral tax of $838,275 (2014 - $638,062.

17 Income tax

The Company and its subsidiaries are subject to Canadian federal and provincial tax for the estimated assessable profit for the years ended December 31, 2015 and 2014 at a rate of 26.00%.

Income tax expense comprises current and deferred income and resource tax. BC mineral taxes meet the definition of an income tax. Income tax expense is recognized in the statement of income (loss) except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

The tax recovery for the Company can be reconciled to the loss for the year per the consolidated statement of income (loss) and comprehensive income (loss) as follows:

	2015	**2014**
	$	**$**
Loss before income taxes	(109,478,509)	(19,139,502)
Statutory tax rate	26.00%	26.00%
Income tax recovery	(28,464,412)	(4,976,271)
Increase (decrease) due to:		
Non-deductible expenses and other	556,344	610,504
Non-taxable items	8,435,663	3,647,626
Losses for which no tax benefit has been recorded	16,557,936	4,189,055
Losses allocated to minority interest	(604,094)	-
Share issue costs charged to equity	-	(79,465)
Use of losses and temporary differences for which no tax benefit has previously been recorded	(3,089,145)	-
Income tax (recovery) expense	**(6,607,708)**	**3,391,448**
Income tax expense consists of:		
Deferred income tax (recovery) expense	(6,826,570)	2,405,838
Current BC Mineral tax	218,862	985,610
	(6,607,708)	**3,391,448**

a. Deferred income tax assets reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The significant components of the Company's recognized net deferred income tax asset and deferred income tax liability at December 31, 2015 and 2014 are as follows:

	2015 **$**	**2014** **$**
Non-capital losses	4,975,458	878,036
Capital leases	6,470,966	7,450,227
Derivative instruments	-	2,240,421
Decommissioning and restoration provision	749,114	4,213,063
Property, plant and equipment expenditures	(3,460,734)	(16,677,047)
Debt issue costs	(2,695,212)	(2,571,569)
Inventory	(5,587,950)	(5,168,005)
Unrealized foreign exchange gain	(451,642)	-
Deferred tax liability	**-**	**(6,826,570)**
Deferred tax asset	**-**	**2,939,731**

The significant components of the Company's unrecognized deferred income tax assets at December 31, 2015 and 2014 are as follows:

	2015 **$**	**2014** **$**
Deferred income tax assets		
Non-capital loss carry-forward	2,140,017	5,819,988
Share issue costs	210,205	479,326
Property, plant and equipment expenditures	214,940	-
Capital leases	973,190	-
Derrivative	2,294,713	-
Asset retirement obligation	2,024,632	-
Unrealized foreign exchange loss	13,471,164	5,095,360
Other	3,383,683	148,496
	24,712,545	**11,543,170**

b. As at December 31, 2015 the Company has investment tax credits available for carry forward which may be applied to reduce future year's income taxes. These investment tax credits will expire as follows:

	2015	**2014**
	$	**$**
2021	713,268	713,268
2022	992,433	992,433
2028	616,771	616,771
2029	177,709	177,709
2030	5,525,227	5,525,227
2031	2,096,527	2,096,527
2032	1,786,379	1,786,379
2033	684,979	-
	12,593,293	**11,908,314**

As at December 31, 2015, the Company has non-capital losses available for carry forward which may be applied to reduce future year's taxable income. These losses, if not utilized will expire as follows:

	2015	**2014**
	$	**$**
Expiry date		
December 31, 2026	-	81,876
December 31, 2027	-	1,148,365
December 31, 2028	-	1,635,278
December 31, 2029	-	2,191,347
December 31, 2030	-	4,539,308
December 31, 2031	2,491,805	4,153,361
December 31, 2032	2,938,264	2,938,264
December 31, 2033	6,344,493	6,344,493
December 31, 2034	567,131	2,729,340
December 31, 2035	15,025,518	-
	27,367,211	**25,761,632**

18 Financial instruments

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. Those categories are: fair value through profit or loss; loans and receivables; available for sale assets; and, for liabilities, amortized cost.

The following table shows the carrying values of assets and liabilities for each of these categories at December 31, 2015 and 2014.

	2015 $	2014 $
Financial assets		
Loans and receivables		
Cash and cash equivalents	12,190,034	21,600,228
Reclamation bonds	8,231,500	8,231,500
Amounts due from concentrate sales (note 4)	17,603,811	11,730,513
Fair value through profit and loss		
Pricing adjustments (notes 4 and 12)	(9,140,288)	(8,720,053)
Financial liabilities		
Amortized cost		
Accounts payable (note 7)	19,459,144	11,377,122
Long-term debt (note 8)	371,609,710	332,902,291
Fair value through profit and loss		
Interest rate swap liability (note 8b)	8,825,820	8,617,003

The carrying values of cash and cash equivalents, restricted cash, reclamation bonds, accounts payable and accrued liabilities approximate their fair value. The methods and assumptions used in estimating the fair value of other financial assets and liabilities are as follows:

- Amounts due from concentrate sales. Copper concentrate is sold under pricing arrangements where final prices are set at a specified future date based on market copper prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in copper market prices give rise to an embedded derivative in the accounts receivable. This derivative is recorded at fair value, with changes in fair value recognized as a component of revenue.

- Long-term debt. The company's long-term debt carries interest based on specified benchmark interest rates plus a spread (see note 8). The fair values of the Company's debt obligations approximate their carrying amounts due to the fact that interest is adjusted periodically based on changes in the relevant benchmark interest rates except for the SCF. The fair value of the SCF is less than the carrying value due to changes in the Company's credit risk since the inception of the agreement.

- Interest rate swaps liability. The Company's derivative liabilities relate to interest rate swap contracts. The fair values of interest rate swaps are calculated as the net present value of the future cash flows expected to arise on the variable and fixed legs, determined using applicable yield curves at each measurement date. Swap curves, which incorporate credit spreads applicable to large commercial banks, are typically used to calculate expected future cash flows and the present values thereof. Adjustments are also made to reflect the company's own credit risk and the credit risk of the counter party, if different from the spread implicit in the swap curve.

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 December 31, 2015:

	Level 1 **$**	**Level 2** **$**	**Level 3** **$**	**Total fair value** **$**
Financial assets				
Pricing adjustments (note 4 and 12)	-	9,140,288	-	9,140,288
Financial liabilities				
Interest rate swap liability (note 8b)	-	8,825,820	-	8,825,820

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.

a. Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash of cash equivalents, reclamation bonds and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions. The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships using industry-standard contract terms. Other accounts receivable consist of amounts owing from government authorities in relation to the refund of value-added taxes applying to inputs for the production process and property, plant and equipment expenditures. The carrying value of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

b. Market risks

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices of copper, gold and silver. The Company is also exposed to commodity price risk on diesel fuel required for its mining operations.

As at December 31, 2015 and December 31, 2014, the Company had not entered into any diesel derivative contracts and no commodity hedging in respect of copper, gold or silver production had been undertaken. The Company's commodity price risk related to accounts receivable concerns changes in fair value of embedded derivatives in accounts receivable reflecting copper concentrate sales provisionally priced based on the forward price curve at the end of each quarter.

The following table shows the impact on net earnings from changes in the fair values of financial instruments of a 10% change in the copper, gold and silver commodity prices, based on December 31, 2015 prices. There is no impact of these changes on other comprehensive income.

The impact of a 10% movement in commodity prices as of December 31, 2015 is as follows:

	Impact of price change on net earnings	
	10% increase	**10% decrease**
	$	**$**
Accounts receivable		
Amounts due from concentrate sales	6,605,764	(6,605,764)

As at December 31, 2015 the Company had approximately 40,450,000 pounds of copper, 14,950 ounces of gold and 137,870 ounces of silver that was provisionally priced at US$2.13 per pound, US$1,060 per ounce and US$13.78 per ounce respectively to be settled at a future date.

Subsequent to the year ended December 31, 2015 the Company settled receivables resulting in a repayment of $359,707 (2014 – receipt of $445,076).

Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash and short-term deposits and interest paid on floating rate borrowings. The floating rate deposits and borrowings expose the Company to cash flow interest rate risk. This risk is managed through the use of interest rate swaps.
Deposits are invested on a short-term basis to ensure adequate liquidity for payment of operational and capital expenditures. To date, no interest-rate management products, such as swaps, are used in relation to deposits.

The floating-to-fixed interest rate swaps as at December 31, 2015 covered 32% (2014 – 32%) of the Company's floating rate debt at a rate of 3.565% per annum. The final maturity of the swaps is on December 15, 2020.

At December 31, 2015 the impact on a full year net earnings of a 1% change in interest rate would be as follows:

	Impact of interest rate change on net earnings	
	1% increase	**1% decrease**
	$	**$**
Cash and cash equivalents	82,740	(82,740)
Interest rate swap liabilities	(2,282,131)	2,282,131
Long-term debt	(2,558,117)	2,558,117

Currency risk

The Company incurs expenditures in Canadian and US dollars. The measurement and functional currency of the parent company is Canadian dollars. Foreign exchange risk arises because the amount of the US dollar cash and cash equivalents, receivable, payables and debt will vary in Canadian dollar terms due to changes in exchange rates.

The Company has not hedged its exposure to currency fluctuations. The majority of the Company's debt is denominated in US dollars. The currency risk on debt principal and interest payments are minimized as the Company receives US dollars on the sale of copper concentrate. The net impact of a 10% increase or decrease in the US dollar to the Canadian dollar exchange rate at December 31, 2015 would result in a $36,993,343 (2014 - $31,761,930) decrease or increase in net income.

Liquidity risk

The Company had the following balances and facilities available to them:

	2015	**2014**
	$	**$**
Cash and cash equivalents	12,190,032	21,600,227
Working capital balance	(15,783,363)	18,030,677

Maturity analysis of financial liabilities as at December 31, 2015 is as follows:

	Total $	**< 1 year** $	**2-3 years** $	**4-5 years** $	**Thereafter** $
Long-term debt	383,826,329	22,049,035	84,151,031	106,156,631	171,469,632
Capital lease	20,898,811	9,711,990	11,186,821	-	-
Decommissioning & restoration provision	7,940,268	-	-	-	7,940,268
Trade accounts payable	39,280,209	39,280,209	-	-	-

19 Capital management

The Company's objectives when managing capital are to safe guard its ability to continue as a going concern, to provide an adequate return on investment to shareholders and, to the extent possible, maintain a flexible capital structure that optimizes the cost of capital at acceptable risk. There were no changes to the Company's approach to capital management during the year ended December 31, 2015. In the management of capital, the Company includes the components of equity, net of cash and cash equivalents.

20 Segmented information

The Company operates as a single reportable operating segment which consists of the Copper Mountain mine and other corporate function entities which are both located in Canada. The corporate entities are responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury, finance and corporate administration.

The Company sells all of its copper concentrates to MMC smelters in Japan based on quoted market prices in a period. During the period ended December 31, 2015 revenues attributed to the sale of copper concentrate to MMC totaled $241,986,728 (2014 - $265,675,927).

As at December 31, 2015 the Company has property, plant and equipment totalling $519,750,090 (2014 - $559,118,221) and non-current inventory of $50,262,184 (2014 – $49,466,460) all of which is located in Canada.

21 Contingencies and commitments

Secondary Crusher Completion

During the year end December 31, 2014 the Company completed construction of its secondary crusher facilities. As at December 31, 2015 the Company has accrued $4,781,858 representing outstanding commitments to a service and equipment supplier for the construction of the secondary crusher facility. It is expected all of these accrued costs will be paid in the following fiscal year.

Minimum Shipping Requirement

During the year ended December 31, 2010, the Company entered into a seven year terminal services agreement ("the TSA") with Kinder Morgan Canada Terminals Limited Partnership ("Kinder Morgan") in which Kinder Morgan will provide terminal storage and loading facilities for the Company's concentrate. Under the TSA, there is a minimum shipping tonnage requirement of 130,000 tonnes of concentrate annually. For the year ended December 31, 2015 the Company met this shipping tonnage requirement.