COPPER MOUNTAIN
MINING CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended

September 30, 2012

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

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A") OF FINANCIAL CONDITION & THE RESULTS OF OPERATIONS FOR THE PERIOD ENDED SEPTEMBER 30, 2012

November 7, 2012

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 unaudited consolidated financial statements for the period ended September 30, 2012 and the audited consolidated financial statements of the Company for the year ended December 31, 2011. 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 audited consolidated financial statements for the year ended December 31, 2011. 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."**

Financial Highlights

(CDN$ except for cash cost results)	Three months ended September 30, 2012 $	2011 $	Nine months ended September 30, 2012 $	2011 $
Gross revenues[1]	47,755,098	29,943,268	192,504,055	29,943,268
Gross (loss) profit	(1,504,739)	10,668,561	31,983,837	10,668,561
Operating (loss) income	(3,368,704)	9,975,798	26,618,526	4,970,127
Adjusted (loss)[2] earnings	(8,669,641)	9,461,797	20,516,612	5,153,652
Net income (loss)	4,144,495	(22,508,160)	25,024,119	(22,778,079)
Earnings (loss) attributable to shareholders of the Company	2,751,917	(16,979,679)	17,561,639	(18,288,826)
Earnings (loss) per share[3]	0.03	(0.17)	0.18	(0.19)
Adjusted earnings (loss) per share[4]	(0.09)	0.10	0.21	0.05
Adjusted EBITDA[5]	(547,650)	16,058,509	47,728,586	11,052, 838
Cash and cash equivalents	20,382,828	58,996,726	20,382,828	58,996,726
Working capital	25,358,155	23,132,747	25,358,155	23,132,747
Equity	241,766,324	204,777,722	241,766,324	204,777,722
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	2.75	1.93	1.90	2.03
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	3.25	1.40	2.41	1.40

Third Quarter Results & Highlights

- Copper concentrate shipments totalled approximately 20,900 DMT[6] during the third quarter of 2012.
- Concentrate contained approximately 12.1 million pounds of Copper, 3,400 ounces of Gold, and 81,800 ounces of Silver
- Gross revenues were $47.7 million or $47.6 million after pricing adjustments and treatment charge deductions.
- Net income for the period was $4.1 million or $0.03 per share.
- Site cash costs were US$2.75 per pound of copper produced net of precious metal credits.
- Total cash costs were US$3.25 per pound of copper sold net of precious metal credits and after all off-site charges.

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[1] Gross revenues exclude pricing adjustments and treatment and refining charges.

[2]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.

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

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

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

[6] Dry metric tonnes

Overview

Copper Mountain Mining Corporation 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% of the Copper Mountain mine through a subsidiary.

The Company is a new mid-tier copper-gold producing company that is fully focused on optimizing the Copper Mountain mine. Following the successful exploration programs of 2007 and 2008 the Company completed an updated 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 to proceed.

The development plan is based on combining the three existing pits 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 17 year 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.

Mechanical completion of the concentrator and associated facilities was achieved by the end of May 2011, and testing of the equipment was finished by the end of June 2011. Production of copper concentrate commenced during the third quarter of 2011. For the three month period ended September 30, 2012 the Company shipped approximately 20,900 dry metric tonnes (DMT) of copper concentrate containing approximately 12.1 million pounds of copper, 3,400 ounces of gold and 81,800 ounces of silver with a combined value of $47.6 million after pricing adjustments.

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. The development was based on the 2008 Feasibility Study and consisted of the construction of a 35,000 TPD concentrator that is projected to produce on average 100 million pounds of copper per year in the first 12 years. Based on present reserves, the mine has a life of 17 years. 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.

Construction of the concentrator building concrete foundations was completed in the first quarter of 2010 and steel erection of the concentrator building began on April 1st of that year. The building was fully enclosed by the end of October 2010 and by the end of May 2011 all major equipment had been installed and the project was considered to be mechanically complete. Testing of equipment proceeded during June 2011 and on June 30, 2011 the first filtered copper concentrate was produced and deposited in the mine concentrate shed as planned. The concentrator 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 a 9% moisture. Port facilities allow for storage of up to 15,000 wet metric tonnes (WMT) of concentrate and a new truck tipper sufficient in size to handle the new 50-tonne super B train truck units was installed.

The mine is a conventional open pit, truck and shovel operation. The targeted production rate is 12.7 million tonnes per annum of mill feed with open pit mining capacity of 58.4 million tonnes per year. Mining is divided into multiple development phases with sequential pushbacks. 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 0.20 % Cu, while ore that is less than 0.20 % 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, thirteen – 240 ton capacity haul trucks, five used Euclid 260 ton haul trucks, a Komatsu WA 1200 loader, four Komatsu D375 dozers, and two Caterpillar 16G graders.

Mining activities continued in the Pit #3 area with the push-backs on the eastern wall and simultaneously two of the production shovels were relocated to the Pit #2 area for the commencement of mining activities there. During the quarter a total of 15.0 million tonnes of material was mined, including 3.5 million tonnes of ore and 11.0 million tonnes of waste during the quarter, resulting in a 3 to 1 strip ratio and averaged 179,000 tonnes of per day moved during the last month of the quarter, as compared to a planned rate of 172,500 tonnes. The projected life of mine strip ratio is 2 to 1 but higher in the early years. The increase in the average mining rate per day during the quarter is attributable to the commencement of mining activities in the Pit #2 area which allowed the Company to modify the waste haul. The mined ore is hauled to the 60 inch x 89 inch gyratory primary crusher located northeast of Pit #3. The crushed ore is then conveyed 1 kilometer to the coarse ore stockpile.

Mill production was adversely affected during the quarter due to a continuing failure of SAG mill grates, ball mill motor modifications, and tailings line maintenance. These interruptions affected operating time during the first month of the quarter, resulting in lower than planned production for the quarter and higher costs for repair items that were expensed during the quarter. Following the planned mill maintenance shutdown at the start of August; whereby the newly designed grates were installed in the SAG mill, and electrical modification to the ball mill motors were made, as well as repairs to the tailings line, unscheduled downtime has been decreased providing confidence that the mill can operate at the planned 92 percent availability. Subsequent to the planned maintenance shut down in early August, the Company has attained design mill throughput and the Company is confident that it will reach targeted production rates on a consistent basis in the fourth quarter. Copper concentrate production during the quarter totaled 12.5 million pounds of copper, 4,300 ounces of gold, and 77,200 ounces of silver.

Copper concentrate from the mine is trucked to the port of Vancouver where it is placed in a 15,000 tonne capacity storage shed for loading onto ocean going vessels for transportation to Japan.

During the first nine months of 2012, the Company completed a total of ten shipments containing approximately 45.9 million pounds of copper, 14,700 ounces of gold, and 330,000 ounces of silver which generated $179.4 million in gross revenue net of pricing adjustments.

The Company currently has 360 operating employees engaged at the mine site.

The following table sets out the major operating parameters for the mine for the three and nine months ended September 30, 2012.

Mine Production Information Copper Mountain Mine (100% Basis)	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Mine:				
Total tonnes mined (000's[7])	14,553	10,980	38,803	28,901
Ore tonnes mined (000's)	3,520	2,656	8,361	3,816
Waste tonnes (000's)	11,033	8,324	30,442	25,085
Stripping ratio	3.13	3.13	3.64	6.57
Mill:				
Tonnes milled (000's)	2,441	1,495	6,845	1,665
Feed Grade (Cu%)	0.30	0.37	0.36	0.38
Recovery (%)	76.57	74.06	78.70	63.03
Operating time (%)	83.5	74.3	81.7	64.8
Tonnes milled (TPOD[8])	32,000	22,000	31,000	21,000
Production:				
Copper production (000's lbs)	12,543	9,303	42,809	9,649
Gold production (oz)	4,300	3,800	13,000	3,900
Silver production (oz)	77,200	75,000	287,000	77,600
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	$2.75	$1.93	$1.90	$2.03
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	$3.25	$1.40	$2.41	$1.40

Exploration

During the quarter the Company continued with its 2012 exploration program which forms the first part of an ongoing exploration strategy for the property. The objectives of the exploration program are threefold: determination of the potential long-term pit limits, conversion of resources to reserves in order to assist with near to mid-term mine planning and continued exploration of new targets of mineralization adjacent to the mine. There are currently two diamond drills on the property which are focused on mineralization at depth in the southern end of Pit #3 and around Pit #2. Results will continue to be released as drilling progresses.

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

Results of Operations

(CDN$)	Three months ended September 30, 2012 $	2011 $	Nine months ended September 30, 2012 $	2011 $
Revenues	47,646,402	21,821,321	179,387,350	21,821,321
Cost of sales[9]	(49,151,141)	(11,152,760)	(147,403,513)	(11,152,760)
Gross profit (loss)	**(1,504,739)**	**10,668,561**	**31,983,837**	**10,668,561**
Other income and expenses				
General and administration	(1,052,319)	(943,267)	(3,455,690)	(2,929,889)
Share based compensation	(811,646)	250,504	(1,909,621)	(2,768,545)
Operating income (loss)	**(3,368,704)**	**9,975,798**	**26,618,526**	**4,970,127**
Pricing adjustments on concentrate and metal sales	(3,754,265)	-	(236,821)	-
Finance income	310,828	144,606	1,256,603	853,912
Finance expense	(1,763,226)	(658,607)	(6,072,661)	(670,387)
Income tax expense	(94,273)	-	(1,049,034)	-
Adjusted earnings (loss)[10]	**(8,669,640)**	**9,461,797**	**20,516,613**	**5,153,652**
Pricing adjustments on concentrate and metal sales	3,754,265	-	236,821	-
Unrealized gain (loss) on interest rate swap	71,580	(7,180,346)	(3,259,889)	(10,560,997)
Unrealized gain (loss) on foreign exchange	8,988,290	(24,789,611)	7,530,574	(17,370,734)
Net income (loss) and comprehensive income (loss) for the period	**4,144,495**	**(22,508,160)**	**25,024,119**	**(22,778,079)**
Net income (loss) and comprehensive income (loss) attributable to:				
Shareholders of the company	2,751,917	(16,979,679)	17,561,639	(18,288,826)
Non-controlling interest	1,392,578	(5,528,481)	7,462,480	(4,489,253)
	4,144,495	**(22,508,160)**	**25,024,119**	**(22,778,079)**
Earnings (loss) per share	**0.03**	**(0.17)**	**0.18**	**(0.19)**
Adjusted earnings (loss) per share	**(0.09)**	**0.10**	**0.21**	**0.05**

[9] 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.

[10] 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 Three Months Ended September 30, 2012

The Copper Mountain mine produced 12.5 million pounds of copper during the three months ended September 30, 2012. The mine shipped and sold a total of 12.1 million pounds of copper, 3,400 ounces of gold, and 81,800 ounces of silver during the three months ended September 30, 2012; compared to a total of 5.8 million pounds of copper, 2,100 ounces of gold and 44,600 ounces of silver during the three months ended September 30, 2011. Site cash costs were US$2.75 per pound of copper produced, net of precious metal credits, and total cash costs were US$3.25 per pound sold, net of precious metal credits, for the three months ended; compared to site cash costs of US$1.93 per pound of copper produced and total cash costs of US$1.40 per pound of copper sold, net of precious metal credits for the three months ended September 30, 2011.

During the period the Company recognized revenues of $47.6 million, net of pricing adjustments and treatment charges based on an average provisional copper price of around US$3.37 per pound; compared to revenues of $21.8 million net of pricing adjustments and an average copper price of US$4.08 per pound for the period ended September 30, 2011. Mining operations for the three month period ended September 30, 2012 resulted in a gross loss of $1.5 million as compared to a gross profit of $l0.7 million for the period ended September 30, 2011. The Company reported net income attributable to the shareholders of the Company of $2.7 million or $0.03 per share for the three months ended September 30, 2012, compared to a net loss of $17.0 million or $0.17 per share for the three months ended September 30, 2011. The net income for the quarter was directly attributable to a non-cash unrealized foreign exchange gain of $8.9 million which was primarily related to the Company's debt that is denominated in U.S. dollars. This compares to an unrealized foreign exchange loss of $24.8 million and an unrealized loss on the interest rate swap of $7.2 million which resulted in the net loss for the three month period ended September 30, 2011.

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 September 30, 2012, was $49.1 million compared to $11.2 million for the three month period ended September 30, 2011. The increase in costs during the quarter is a result of the Company expensing all three months of mining and milling costs during the quarter which included the additional repair and maintenance items expensed during the quarter that were required to achieve design capacity, as compared to the period ended September 30, 2011 in which two months of expenses were deferred as the Company was still in the early start-up phase of mill operations.

General and administration expenses for the three months ended September 30, 2012, were $1.0 million compared to $0.9 million for the three months ended September 30, 2011; the increase was primarily due to the increased corporate activities at the Company head office. Non-cash share based compensation reflected an expense of $0.8 million for the three months ended September 30, 2012, compared to a recovery of $0.2 million for the three month period ended September 30, 2011. The increase in non-cash share based compensation was a result of the vesting of stock options issued in prior periods.

Other items recorded under other income and expenses include finance income of $0.3 million, finance expense of $1.8 million and an income and resource tax expense of $0.09 million. Finance expense primarily consists of interest on loans and the amortization of loan related financing fees.

For the Nine Months Ended September 30, 2012

The Copper Mountain mine produced 42.8 million pounds of copper during the nine months ended September 30, 2012. The mine shipped and sold approximately 46.0 million pounds of copper, 14,700 ounces of gold, and 330,000 ounces of silver during the nine months ended September 30, 2012; compared to 5.8 million pounds of copper, 2,100 ounces of gold and 44,600 ounces of silver during the nine months ended September 30, 2011. Site cash costs were US$1.90 per pound of copper produced, net of precious metal credits and total cash costs were US$2.41 per pound sold, net of precious metal credits for the nine months ended September 30, 2012; compared to site cash costs of US$2.03 per pound of copper produced and total cash costs of US$1.40 per pound of copper sold, net of precious metal credits for the nine month period ending September 30, 2011.

During the period the Company recognized revenues of $179.4 million, net of pricing adjustments and treatment charges based on an average provisional copper price of US$3.47 per pound; compared to revenues of $21.8 million net of pricing adjustments and an average copper price of $US4.08 per pound for the period ended September 30, 2011. Gross profit for the nine month period ended September 30, 2012 was $32.0 million as compared to $10.7 million for the period ended September 30, 2011. The Company reported net income attributable to the shareholders of the Company of $17.6 million or $0.18 per share for the nine months ended September 30, 2012, compared to a net loss of $18.3 million or $0.19 per share for the nine months ended September 30, 2011. Net income for the nine months period ended September 30, 2012, recorded an unrealized foreign exchange gain of $7.5 million which was primarily related to the Company's debt that is denominated in U.S. dollars and an unrealized loss of $3.2 million on the interest rate swap. This compares to an unrealized foreign exchange loss of $17.4 million and an unrealized loss on the interest rate swap of $10.6 million for the nine month period ended September 30, 2011.

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 nine month period ended September 30, 2012, was $147.4 million compared to $11.1 million for the nine month period ended September 30, 2011. The increase in costs during the period is a result of the Company expensing all nine months of mining and milling which included additional repair and maintenance items expensed during the period that were required to achieve design capacity, as compared to the period ended September 30, 2011 in which expenses were deferred until August 31, 2011 as the Company was still in the early start-up phase of mill operations.

General and administration expenses for the nine months ended September 30, 2012, were $3.4 million compared to $2.9 million for the nine months ended September 30, 2011; the increase was primarily due to the increased corporate activities at the Company head office. Non-cash share based compensation reflected an expense of $1.9 million for the nine months ended September 30, 2012, compared to an expense of $2.8 million for the nine month period ended September 30, 2011. The decrease in non-cash share based compensation was a result of the full vesting of stock options issued in prior periods.

Other items recorded under other income and expenses include finance income of $1.2 million, finance expense of $6.1 million and an income tax expense of $1.0 million. Finance expense primarily consists of interest on loans and the amortization of financing fees.

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	Cash flow from Operations $	Revenue[11] $	Net Income (Loss) $	Profit (Loss) Attributable to Shareholders $	Income (Loss) per Share Basic $	Income (Loss) per Share Diluted $
September 30, 2012	73,080	47,646,402	4,144,495	2,751,917	0.03	0.03
June 30, 2012	13,222,377	60,721,215	(7,963,113)	(6,424,989)	(0.07)	(0.07)
March 31, 2012	(8,194,881)	71,019,733	28,842,737	21,234,711	0.21	0.21
December 31, 2011	8,331,184	44,710,034	8,098,610	5,590,703	0.06	0.06
September 30, 2011	14,797,083	21,821,321	(22,508,160)	(16,979,679)	(0.17)	(0.17)
June 30, 2011	(6,630,317)	-	(4,003,813)	(3,594,072)	(0.04)	(0.04)
March 31, 2011	(3,873,052)	-	3,733,894	2,284,925	0.02	0.02

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

Liquidity

As at September 30, 2012, the Company had working capital of $25.3 million compared with working capital of $23.1 million at September 30, 2011.

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 September 30, 2012 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 does not have access to this money but does receive interest on the funds on deposit.

[11] Net of treatment and refining charges and price adjustments

As at September 30, 2012, the company had the following consolidated contractual obligations:

	Payment Due By Period				
Contractual Obligation (CDN$)	**Total**	**Less than 1 Year**	**1 – 3 Years**	**4 – 5 Years**	**After 5 Years**
Long term debt	303,386,666	12,702,944	26,324,232	45,495,368	218,864,122
Lease obligations	21,884,930	5,773,027	15,035,256	1.076,646	-
Decommissioning & restoration provision	5,743,392	-	-	-	5,743,392
Accounts payable	10,323,099	10,323,099	-	-	-

Cash to meet the Company's future cash commitments will come from existing cash on hand, plus cash flow from operations.

The Company had no material commitments for capital expenditures as of September 30, 2012.

Capital Resources

As at September 30, 2012, the Company had $20.4 million in cash and cash equivalents. *The Company does not anticipate requiring any additional funds other than cash on hand to fund the mine to designed capacity*. (Forward-looking statement italicized).

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 period ended September 30, 2012 the Company sold copper concentrates to MMC for revenues totaling $179,387,350 including pricing adjustments (2011 – 21,821,321) and accrued interest and commitment fees on the subordinated loan totalling $350,720 (2011 – $349,440).

- During the period ended September 30, 2012, the Company paid $4,416 (2011– $43,857) in rent to Compliance Energy Corporation ("Compliance") for office space. Compliance is a public company, listed on the TSX Venture Exchange and related by common directors.

- During the period ended September 30, 2012, the Company paid $108,037 (2011 – $103,440) in office rent to Kobex Minerals Inc. Kobex Minerals Inc. is related to the Company by a common director.

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

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
	$	$	$	$
Salaries and short-term employee benefits	346,336	225,624	1,014,221	675,833
Share-based payments	647,833	36,261	1,970,012	1,149,133
	994,169	**261,885**	**2,984,233**	**1,824,966**

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, 2011. 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:

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

Actual amounts could differ from the estimates used and, accordingly, affect the results of operations once the mine is in production.

Change in Accounting Policies, Including Initial Adoption

None

New Accounting Standards Adopted

None

Financial Instruments and Other Instruments

Please refer to note 3(d) of the audited financial statements for the period ended December 31, 2011.

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 capitalized to 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.

Total Cash Cost of Sales Per Pound of Copper Sold	**Three months ended September 30,**		**Nine months ended September 30,**	
	2012	**2011**	**2012**	**2011**
Cost of Sales	**49,151,141**	**11,152,760**	**147,403,513**	**11,152,760**
Add: Treatment & refining charges	3,862,962	2,798,833	13,353,527	2,798,833
Less: non-cash items:				
Depreciation	(6,575,319)	(759,597)	(21,346,881)	(759,597)
Cash costs of sales	**46,438,784**	**13,191,996**	**139,410,159**	**13,191,996**
Average foreign exchange rate (CDN$ to US$)	1.005	1.020	1.022	1.022
Cash costs of sales (US$)	**46,670,978**	**13,455,837**	**142,477,182**	**13,482,221**
Less: Precious metal credits (US$):	(7,438,186)	(5,308,467)	(31,967,930)	(5,308,467)
Net cash costs of sales (US$)	**39,232,792**	**8,147,370**	**110,509,252**	**8,173,754**
Total pounds of copper sold	**12,081,000**	**5,812,230**	**45,936,000**	**5,812,230**
Total ounces of gold sold	3,400	2,000	14,700	2,000
Total ounces of silver sold	81,800	44,600	330,000	44,600
Cash Cost per pound of copper sold net of precious metal credits (US$)	**$3.25**	**$1.40**	**$2.41**	**$1.40**

Site Cash Cost Per Pound of Copper Produced	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
Cash Cost of Sales	46,438,784	13,191,996	139,410,159	13,191,996
Net change in concentrate inventory	2,286,232	8,819,280	(2,632,196)	10,319,280
Less: Off-site related costs				
Treatment & refining charges	(3,862,962)	(2,798,833)	(13,353,527)	(2,798,833)
Transportation costs	(2,430,325)	(1,011,577)	(9,683,816)	(1,011,577)
Trucking charges	(727,490)	(567,403)	(2,940,124)	(567,403)
Total Site Cash Costs of Production	**41,704,239**	**17,633,463**	**110,800,496**	**19,133,463**
Average foreign exchange rate (CDN$ to US$)	1.005	1.020	1.022	1.022
Total Site Cash Costs of Production (US$)	**41,912,760**	**17,986,132**	**113,238,107**	**19,554,399**
Less precious metal credits (US$)	(7,438,186)	-	(31,967,930)	-
	34,474,574	**17,986,132**	**81,270,177**	**19,554,399**
Total pounds of copper produced	**12,543,000**	**9,303,020**	**42,809,000**	**9,649,150**
Total ounces of gold produced	4,300	3,800	13,000	3,900
Total ounces of silver produced	77,200	75,000	287,000	77,600
Site cash costs per pound net precious metal credits (US$)	**$2.75**	**$1.93**	**$1.90**	**$2.03**

Cash Margin

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

	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2012
Average realized copper price for the period (US$ per pound)	$3.37	$4.08	$3.47	$4.08
Less:				
Total cash cost of sales net of precious metal credits(US$ per pound sold)	$3.25	$1.40	$2.41	$1.40
Cash margin (US$ per pound)	**$0.12**	**$2.68**	**$1.06**	**$2.68**

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 September 30,**		**Nine months ended September 30,**	
	2012	**2011**	**2012**	**2011**
Net income (loss)	4,144,495	(22,508,160)	25,024,119	(22,778,079)
Add (Deduct):				
Finance income	(310,828)	(144,606)	(1,256,603)	(853,912)
Finance expense	1,763,226	658,607	6,072,661	670,387
Depreciation	6,575,319	759,597	21,346,881	759,597
Income & resource tax	94,273	-	1,049,034	-
EBITDA	**12,266,485**	**(21,234,562)**	**52,236,092**	**(22,202,007)**
Add (Deduct):				
Pricing adjustments on concentrate and metal sales	(3,754,265)	5,323,114	(236,821)	5,323,114
Unrealized loss (gain) on interest rate swaps	(71,580)	7,180,346	3,259,889	10,560,997
Unrealized Foreign exchange loss (gain)	(8,988,290)	24,789,611	(7,530,574)	17,370,734
Adjusted EBITDA	**(547,650)**	**16,058,509**	**47,728,586**	**11,052,838**

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.

(b) The following details the share capital structure as at November 7, 2012 the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	Expiry Date	Exercise Price	Number	Number
Common shares	-	-	-	98,547,377
Share purchase options	May 6, 2014	$0.60	2,529,050	
	January 14 – August 12, 2015	$2.26 - $2.55	1,765,000	
	September 11, 2016 – April 5, 2017	$4.52 - $5.48	1,010,000	
	February 10 –May 1, 2016	$7.01 – 7.22	395,000	
			5,699,050	
Fully diluted shares outstanding				**104,246,427**

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 three months ended September 30, 2012 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.

Market Review

Copper

The Company's ability to generate positive operating cash flow is significantly influenced by the market price of copper. During 2011, copper markets displayed above average pricing and significant volatility. Copper market prices reach record high averages during 2011 and ended with significant declines in the last four months of the year. Copper pricing remained in the US$3.29 per pound to US$3.93 per pound range during the first nine months of the year.

Emerging economies continued to show strong demand for copper in 2011 however; concerns over sovereign debt issues in Europe and the slowing economies around the world resulted in volatility in the commodity markets in the latter part of 2011. Copper prices have trended lower early in 2012 and have since recovered somewhat in the third quarter of 2012, but substantial risk in the form of volatility remains in the commodity and financial markets. This volatility can cause rapid declines in copper prices which can have a significant impact on profitability.

The results of the Company's operations are also affected by the Canadian dollar/ US dollar exchange rate. Our copper concentrate sales are denominated in US dollars while the majority of our operating expenses are denominated in Canadian dollars. Accordingly, fluctuations in the Canadian dollar/ US dollar exchange rate can have a significant effect on operating results. Historically, there has been an offsetting correlation between fluctuations of exchange rates and copper prices. Fluctuations in the Canadian dollar/ US dollar exchange rate will also have an effect on the net operating cash costs of production as reported in US$ per pound.

Copper Mountain Mining Corporation

Interim Consolidated Financial Statements
For the Nine Months Ended September 30, 2012
(Unaudited)

Copper Mountain Mining Corporation

Consolidated Statement of Financial Position
Canadian dollars (Unaudited)

	September 30, 2012 $	December 31, 2011 $
Assets		
Current assets		
Cash and cash equivalents	20,382,828	39,094,343
Restricted cash	34,500	23,000
Accounts receivable and prepaid expenses (note 3)	32,405,077	7,804,812
Inventory (note 4)	16,631,739	21,323,712
	69,454,144	68,245,867
Reclamation bonds (note 8a)	8,200,500	4,700,500
Property, plant and equipment (note 5)	512,507,512	520,051,062
Non-current inventory (note 4)	20,350,733	5,540,890
	610,512,889	**598,538,319**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	24,570,984	48,677,788
Current portion of long-term debt (note 7)	18,475,971	12,336,210
Current tax liability	1,049,034	-
	44,095,989	61,013,998
Decommissioning and restoration provision (note 8)	5,743,392	5,152,382
Interest rate swap liability	12,111,559	10,610,394
Long-term debt (note 7)	306,795,625	308,390,897
	368,746,565	385,167,671
Equity		
Attributable to shareholders of the Company:		
Share capital (note 9)	157,857,330	157,596,608
Contributed surplus	9,062,166	6,602,387
Retained earnings (deficit)	6,533,761	(11,027,878)
	173,453,257	153,171,117
Non-controlling interest	68,313,067	60,199,531
Total equity	241,766,324	213,370,648
	610,512,889	**598,538,319**

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 Income (Loss) and Comprehensive Income (Loss)
Canadian dollars (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
	$	**$**	**$**	**$**
Revenue (note 11)	47,646,402	21,821,321	179,387,350	21,821,321
Cost of sales (note 12)	(49,151,141)	(11,152,760)	(147,403,513)	(11,152,760)
Gross profit (loss)	(1,504,739)	10,668,561	31,983,837	10,668,561
Other income and expenses				
General and administration (note 12)	(1,052,319)	(943,267)	(3,455,690)	(2,929,889)
Share based compensation (note 10)	(811,646)	250,504	(1,909,621)	(2,768,545)
Operating income (loss)	(3,368,704)	9,975,798	26,618,526	4,970,127
Finance income	310,828	144,606	1,256,603	853,912
Finance expense (note 13)	(1,763,226)	(658,607)	(6,072,661)	(670,387)
Unrealized (loss) on interest rate swap	71,580	(7,180,346)	(3,259,889)	(10,560,997)
Foreign exchange (loss) gain	8,988,290	(24,789,611)	7,530,574	(17,370,734)
Income (loss) before tax	4,238,768	(22,508,160)	26,073,153	(22,778,079)
Income and resource tax expense	(94,273)	-	(1,049,034)	-
Net income (loss) and comprehensive income (loss)	**4,144,495**	**(22,508,160)**	**25,024,119**	**(22,778,079)**
Net income (loss) and comprehensive income (loss) attributable to:				
Shareholders of the Company	2,751,917	(16,979,679)	17,561,639	(18,288,826)
Non-controlling interest	1,392,578	(5,528,481)	7,462,480	(4,489,253)
	4,144,495	**(22,508,160)**	**25,024,119**	**(22,778,079)**
Earnings per share:				
Basic	$0.03	$(0.17)	$0.18	$(0.19)
Diluted	$0.03	$(0.17)	$0.17	$(0.19)
Weighted average shares outstanding, basic	98,509,366	98,405,522	98,506,469	96,974,088
Shares outstanding at end of period	98,547,377	98,411,879	98,547,377	98,411,879

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

Copper Mountain Mining Corporation

Consolidated Statements of Cash Flows

Canadian dollars (Unaudited)

	Three months ended September 30, 2012 $	Three months ended September 30, 2011 $	Nine months ended September 30, 2012 $	Nine months ended September 30, 2011 $
Cash flows from operating activities				
Net income (loss) for the period	4,144,495	(22,508,160)	25,024,119	(22,778,079)
Adjustments for:				
Depreciation	6,575,318	736,103	21,346,881	759,597
Unrealized foreign exchange loss (gain)	(11,968,149)	25,330,703	(10,609,042)	17,987,684
Unrealized loss on interest rate swap	(71,580)	7,180,346	3,259,889	10,560,997
Finance expense	2,347,234	631,317	6,485,312	643,097
Share based compensation	811,646	(250,504)	1,909,621	2,768,545
	1,838,964	11,119,805	47,416,780	9,941,841
Net changes in working capital items (note 15)	(1,765,884)	3,677,279	(34,121,323)	(5,648,126)
Net cash from (used in) operating activities	73,080	14,797,084	13,295,457	4,293,715
Cash flows from investing activities				
Reclamation bonding	-	(35,000)	(3,500,000)	(735,000)
Restricted cash	-	-	(11,500)	1,000,000
Development of property, plant and equipment	(3,752,622)	(21,497,268)	(14,328,070)	(155,483,028)
Net cash (used) in investing activities	(3,752,622)	(21,532,268)	(17,839,570)	(155,218,028)
Cash flows from financing activities				
Issue of common shares - net of issue costs	104,744	(123,068)	172,625	40,706,667
Term loan proceeds	-	8,269,934	-	-
Contributions from non-controlling interest	447,483	3,759,870	651,056	12,510,376
Term loan principal (paid)	(790,080)	(8,776,950)	(7,411,170)	8,269,934
Interest paid	(1,057,050)	(800,228)	(4,135,042)	(3,574,911)
Finance lease payments	(1,692,408)	(92,125)	(3,450,526)	(251,160)
Net cash (used in) from financing activities	(2,987,311)	2,237,433	(14,173,057)	57,660,906
Effect of foreign exchange rate changes on cash and cash equivalents	(139,366)	645,344	5,655	(818,395)
Decrease in cash	(6,806,219)	(3,852,407)	(18,711,515)	(94,081,802)
Cash and cash equivalents - Beginning of period	27,189,047	62,849,133	39,094,343	153,078,528
Cash and cash equivalents - End of period	20,382,828	58,996,726	20,382,828	58,996,726

Supplementary cash flow disclosures (note 15)

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

Copper Mountain Mining Corporation

Consolidated Statements of Changes in Equity

Canadian dollars (Unaudited)

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, 2011	90,508,645	116,286,786	3,800,668	1,670,246	121,757,700	49,667,631	171,425,331
Shares issued for cash	5,680,002	40,044,000	-	-	40,044,000	-	40,044,000
Share issue costs	-	(2,258,329)	-	-	(2,258,329)	-	(2,258,329)
Options exercised	591,750	1,003,982	(335,832)	-	668,150	-	668,150
Fair value of options exercised	-	-	-	-	-	-	-
Contributions made by Non-controlling interest	-	-	-	-	-	12,510,376	12,510,376
Brokers warrants exercised	1,631,482	2,482,347	(229,502)	-	2,252,845	-	2,252,845
Fair value of warrants issued	-	-	-	-	-	-	-
Fair value of warrants exercised	-	-	-	-	-	-	-
Share based compensation	-	-	2,913,428	-	2,913,428	-	2,913,428
(Loss) for the period	-	-	-	(18,288,826)	(18,288,826)	(4,489,253)	(22,778,079)
Balance – September 30, 2011	**98,411,879**	**157,558,786**	**6,148,762**	**(16,618,580)**	**147,088,968**	**57,688,754**	**204,777,722**
Balance January 1, 2012	98,466,877	157,596,608	6,602,387	(11,027,878)	153,171,117	60,199,531	213,370,648
Options exercised	80,500	172,625	-	-	172,625	-	172,625
Fair value of options exercised	-	88,097	(88,097)	-	-	-	-
Contributions made by Non-controlling interest	-	-	-	-	-	651,056	651,056
Share based compensation	-	-	2,547,876	-	2,547,876	-	2,547,876
Income for the period	-	-	-	17,561,639	17,561,639	7,462,480	25,024,119
Balance September 30, 2012	**98,547,377**	**157,857,330**	**9,062,166**	**6,533,761**	**173,453,257**	**68,313,067**	**241,766,324**

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

1 General Information

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% in the Copper Mountain mine.

2 Basis of presentation and adoption of IFRS

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, interim financial reporting ("IAS 34"). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements. Accordingly, they should be read in conjunction with the most recent annual financial statements. These condensed consolidated financial statements were approved for issue on November 7, 2012, by the Board of Directors.

3 Accounts receivable and prepaid expenses

	September 30, 2012	**December 31, 2011**
	$	**$**
Amounts due from concentrate sales	21,409,774	7,279,262
Pricing adjustments	4,838,172	(5,658,400)
Other receivables	5,471,460	5,077,114
Prepaid expenses	685,671	1,106,836
	32,405,077	**7,804,812**

4 Inventory

	September 30, 2012	**December 31, 2011**
	$	**$**
Supplies	8,374,278	7,548,733
Ore stockpile	21,867,217	9,432,813
Crushed ore stockpile	1,497,669	829,252
Copper Concentrate	5,243,308	9,053,804
	36,982,472	26,864,602
Non-current ore stockpile[1]	(20,350,733)	(5,540,890)
	16,631,739	**21,323,712**

Inventory expensed during the period ended September 30, 2012 totaled $116,372,816 (December 2011 – 37,883,340).

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

5 Property, plant and equipment

Cost	Plant and equipment $	Capital work in progress $	Mineral properties being depleted $	Total $
As at January 1, 2011	43,518,117	262,694,956	41,902,088	348,115,161
Additions	-	131,034,788	50,269,734	181,304,522
Transfer between categories	393,729,744	(393,729,744)	-	-
Restoration provision	-	-	1,311,442	1,311,442
Capitalized interest	3,935,649	-	-	3,935,649
As at December 31, 2011	441,183,510	-	93,483,264	534,666,774
Additions	11,597,995	-	2,730,075	14,328,070
Restoration provision	-	-	561,911	561,911
As at September 30, 2012	**452,781,505**	**-**	**96,775,250**	**549,556,755**

Accumulated depreciation	Plant and equipment	Capital work in progress	Mineral properties being depleted	Total $
As at January 1, 2011	(2,027,731)	-	-	(2,027,731)
Depreciation charge	(10,933,904)	-	(1,654,077)	(12,587,981)
As at December 31, 2011	(12,961,635)	-	(1,654,077)	(14,615,712)
Depreciation charge	(18,868,889)	-	(3,564,642)	(22,433,531)
As at September 30, 2012	**(31,830,524)**	**-**	**(5,218,719)**	**(37,049,243)**
Net book value				
As at December 31, 2011	428,221,875	-	91,829,187	520,051,062
As at September 30, 2012	**420,950,981**	**-**	**91,556,531**	**512,507,512**

6 Accounts payable and accrued liabilities

	September 30, 2012 $	December 31, 2011 $
Trade accounts payable	10,129,866	30,987,200
Accrued liabilities	13,094,403	15,848,586
Current portion of interest rate swap liability	1,153,482	1,010,514
Deferred Share Units liability	193,233	831,488
	24,570,984	**48,677,788**

7 Long-term debt

	September 30, 2012 $	December 31, 2011 $
Subordinated loan (a)	9,984,416	9,556,544
Senior credit facility (b)	142,794,994	153,436,222
Term loan (c)	150,607,256	157,238,066
Leases (d)	21,538,669	-
Other	346,261	496,275
	325,271,596	320,727,107
Less: current portion	(18,475,971)	(12,336,210)
	306,795,625	**308,390,897**

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 principle and accumulated interest matures on August 31, 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 $9,984,416 is net of issue and transaction costs of $750,944 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 and this was fully drawn during the 2011 year. 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 commencing 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 the cash flows relating to the project. On December 15, 2011 the Company commenced instalment payments on the loans. As at September 30, 2012 these payments totaled US$11,340,000.

As at September 30, 2012 the SCF has a principal amount outstanding of $148,128,912 (US$150,660,000). The outstanding amount of $142,794,994 is net of issue costs of $5,319,634 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. In addition, the Company and MMC have guaranteed the SCF until project completion is achieved.

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

	US$
2012	4,860,000
2013	9,720,000
2014	5,670,000
2015	1,620,000
2016 – 2023	128,790,000
	150,660,000

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 has swapped a LIBOR plus 2% variable rate interest payment stream for a 3.565% fixed rate interest payment stream on US$113,400,000 of the principal. The interest rate swaps mature on December 15, 2020.

As at September 30, 2012 the swap had an unrealized fair value loss of $13,265,040 (2011 - $11,620,908). The current portion is included in accounts payable and accrued liabilities.

The Company is subject to certain debt covenants. As at September 30, 2012 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 is US$160,000,000. The Term Loan carries a variable interest rate of LIBOR plus 0.551% and matures on February 10, 2022. As at September 30, 2012 the term loan has a principal amount outstanding of $155,738,880 (US$158,400,000). The outstanding amount of $150,607,256 is net of issue costs of $5,131,380 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 2012, with the majority of the loan falling due at the last six instalment dates of the Term Loan. As at September 30, 2012 the Company paid two instalments of $1,588,080 (US $1,600,000) in accordance with the loan agreement.

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

	US$
2013	3,200,000
2014	3,200,000
2015	4,800,000
2016 - 2022	147,200,000
	158,400,000

The Company is subject to certain debt covenants. As at September 30, 2012 the Company is in compliance with all covenants.

d) Leases

(i) In March 2012 the Company entered into a finance lease agreement with one of its equipment suppliers. The lease is payable in 48 instalments which commenced on April 26, 2012 and will end on March 26, 2016 at a fixed interest rate of 5.5% per annum.

(ii) In September 2012 the Company entered into a finance lease agreement with one of its equipment suppliers. The lease is payable in 36 instalments which commenced on September 6, 2012 and will end on September 5, 2015 at a fixed interest rate of 5.5% per annum.

Gross finance lease liability and minimum lease payments	**September 30, 2012** **$**	**December 31, 2011** **$**
Within one year	6,805,202	-
Between two and four years	16,887,886	-
	23,693,088	-
Future interest	(2,154,419)	-
Present value of finance lease liability	**21,538,669**	**-**

The present value of the finance lease liability is repayable as follows:

	September 30, 2012 **$**	**December 31, 2011** **$**
Within one year	5,773,027	-
Between two and four years	15,765,642	-
Total over one year	**21,538,669**	**-**

8 Decommissioning and restoration provision

a. Reclamation bonds

The Company has on deposit $8,200,500 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:

	September 30, 2012 **$**	**December 31, 2011** **$**
December 31, 2011	5,152,382	3,802,222
Changes in estimated costs and timing	561,911	1,311,442
Unwinding of discount on restoration provision	29,099	38,718
End of period	**5,743,392**	**5,152,382**

The provision also increased due to a decrease in the discount rate. The Company used an inflation rate of 2.00% (December 2011 – 1.90%) and a discount rate of 2.28% (December 2011 – 2.79%) 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 $5,977,788. The expected timing of payment of the cash flows commences in 2028.

9 Share capital

Authorized - Unlimited number of common shares without par value.

10 Share based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 7,500,000 stock options exercisable for a period of up to ten years from the grant date. As at September 30, 2012 the Company had 5,699,050 options outstanding as follows:

	Number of shares	**Weighted average exercised price** **$**
December 31, 2011	4,997,050	1.99
Granted in the period	850,000	4.52
Expired	(67,500)	5.93
Exercised	(80,500)	2.14
September 30, 2012	**5,699,050**	**2.32**

The weighted average share price on the date of stock option exercises during the period was $1.96.

Date of stock option grant	Number of options	Exercise price	Expiry date
May 6, 2009	2,529,050	$ 0.60	May 6, 2014
Jan. 14 to Aug. 12 , 2010	1,765,000	$ 2.26 to $2.55	Jan. 14 to Aug.12, 2015
Feb. 10 to May 01, 2011	395,000	$7.01 to $7.22	Feb. 10 to May 01, 2016
Sept. 11, 2011 to April 5, 2012	1,010,000	$4.52 to $5.48	Sept. 11, 2016 to April 5, 2017
	5,699,050		

As at September 30, 2012, 5,154,050 options were fully vested and exercisable at a weighted average exercise price of $2.05.

The fair value of the stock options granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: a risk free interest rate of 1.57%, an expected life of 5 years, an expected volatility of 86% and no expectation of dividend payments.

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. 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 table below shows the changes to the deferred share units as at September 30, 2012 and December 31, 2011:

Units	**DSU-D** [1]	**DSU-E** [2]
December 31, 2011	**34,684**	**329,646**
Granted in the period	**22,655**	**-**
September 30, 2012	**57,339**	**329,646**

Liability	**DSU-D $**	**DSU-E $**
December 31, 2011	**195,271**	**636,217**
Share based compensation	(2,039)	(636,217)
September 30, 2012	**193,232**	**-**

(1) As at September 30, 2012, all DSU-Ds had vested.
(2) As at September 30, 2012, all DSU-Es had vested.

As at September 30, 2012, the following deferred share units were outstanding:

Date of grant	**Number of units**	**Exercise price**	**Expiry date**
DSU-D - September 17, 2010	27,028	-	September 17, 2020
DSU-D - August 12, 2011	7,656	-	August 12, 2021
DSU-D - April 5, 2012	22,655	-	April 5, 2022
DSU-E - September 17, 2010	329,646	$ 3.70	September 17, 2020
	386,985		

11 Revenue

	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
	$	$	$	$
Copper concentrate	40,407,429	23,464,900	160,401,624	23,464,900
Gold metal sales	5,154,904	4,617,729	22,965,746	4,617,729
Silver metal sales	2,192,765	1,860,639	9,136,685	1,860,639
Treatment and refining charges	(3,862,962)	(2,798,833)	(13,353,527)	(2,798,833)
Pricing adjustments on unsettled concentrate and metal sales	4,838,172	(5,323,114)	4,838,172	(5,323,114)
Concentrate and metal sales settled in the period	(1,083,906)	-	(4,601,350)	-
	47,646,402	**21,821,321**	**179,387,350**	**21,821,321**

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.

12 Expenses by nature

	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
	$	$	$	$
Direct mining and milling costs	30,413,492	1,969,174	87,923,805	1,969,174
Employee compensation and benefits	9,732,006	7,412,412	28,449,011	7,412,412
Depreciation	6,575,319	759,597	21,346,881	759,597
Transportation costs	2,430,324	1,011,577	9,683,816	1,011,577
Cost of sales	**49,151,141**	**11,152,760**	**147,403,513**	**11,152,760**
General and administration:				
Corporate employee compensation and benefits	491,501	307,188	1,507,440	1,118,433
Corporate administrative and office expenses	560,818	636,079	1,948,250	1,811,456
	1,052,319	943,267	3,455,690	2,929,889
	50,203,460	**12,096,027**	**150,859,203**	**14,082,649**

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 change in inventory balance.

13 Finance expense

	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
	$	$	$	$
Interest on loans	1,490,620	552,177	5,250,034	552,177
Amortization of financing fees	265,317	91,277	793,528	91,277
Unwinding of discount on restoration provision	7,289	15,153	29,099	26,933
	1,763,226	**658,607**	**6,072,661**	**670,387**

14 Related party transactions

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

a. During the period ended September 30, 2012 the Company sold copper concentrates to MMC with revenues totalling $179,387,350, including pricing adjustments. (2011 – 21,821,321)

b. During the period ended September 30, 2012 the Company accrued interest on the subordinated loan with MMC totalling $350,720 (2011 - $349,440)

c. During the period ended September 30, 2012, the Company paid its officers and directors consulting, management and geological fees aggregating $1,014,221 (2011 - $675,833).

d. During the period ended September 30, 2012, the Company paid $4,416 (2011 - $43,857) in rent to Compliance Energy Corporation ("Compliance") for office space. Compliance is a public company, listed on the TSX Venture Exchange, and related by common directors.

e. During the period ended September 30, 2012, the Company paid $108,037 (2011 - $103,440) in office rent to Kobex Minerals Inc., a company related to the Company by a common director.

f. Compensation of key management.

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

	Three months ended September 30, 2012	2011	Nine months ended September 30, 2012	2011
	$	$	$	$
Salaries and short-term employee benefits	346,336	225,624	1,014,221	675,833
Share based compensation	647,833	36,261	1,970,012	1,149,133
	994,169	**261,885**	**2,984,233**	**1,824,966**

15 Supplementary cash flow disclosures

a. As at September 30, 2012, cash and cash equivalents consists of guaranteed investment certificates of $10,775,000 (2011 –$51,417,000) and $9,642,328 in cash (2011 - $11,432,133) held in bank accounts.

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

	Three months ended September 30,		**Nine months ended September 30,**	
	2012	**2011**	**2012**	**2011**
Change in accounts receivable and prepaid expenses	2,461,418	8,985,908	(24,600,265)	6,846,725
Change in inventory	(6,010,356)	(10,667,081)	(9,031,220)	(17,688,686)
Change in income tax liability	94,273	-	1,049,034	-
Change in accounts payable and accrued liabilities	1,688,781	5,358,452	(1,538,872)	5,193,835
	(1,765,884)	**3,677,279**	**(34,121,323)**	**(5,648,126)**