COPPER MOUNTAIN MINING CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended

March 31, 2011

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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 PERIOD ENDED MARCH 31, 2011

June 10, 2011

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 of the Company and the unaudited financial statements and the notes thereto for the period ended March 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 2 of the unaudited consolidated financial statements. Previously the Company reported its interim and annual financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The Company's 2010 comparatives in this MD&A have been presented in accordance with IFRS. As the Company's IFRS transition date was January 1, 2010, the 2009 comparative information in this MD&A has not been restated. 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 Project 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 Project. 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."**

Overview

Copper Mountain Mining Corporation was incorporated under the provisions of the British Columbia *Company Act* on April 20, 2006. On December 22, 2006, the Company acquired all of the issued and outstanding common shares of Similco Mines Ltd. ("Similco"), a private company also incorporated under the provisions of the British Columbia *Company Act*, which owns the Copper Mountain Project. On August 19, 2009, Mitsubishi Materials Corporation ("MMC") acquired 25% of Similco and agreed to use commercially reasonable efforts to arrange or provide the debt financing for the Project. The project debt financing of US $322 million was completed in the summer of 2010, which finalized the funding requirements for the Copper Mountain Project.

The Copper Mountain Project involves the development of an open pit mine and the construction of a new 35,000 tonne per day concentrator and associated facilities for the production of approximately 105 million pounds of copper per year, in a copper concentrate with gold and silver credits. The Project continues to proceed on schedule and as planned. The overall schedule for the project remains unchanged with mechanical completion achieved at the end of April 2011, commissioning of equipment has progressed well during May 2011, and full production scheduled to be achieved in June 2011. Pre-production mining activities are well underway and the Company's new mining fleet is operating as expected. Commissioning of the primary crusher, overland conveyor and ore stockpile recovery system and pebble crusher have been completed and are fully operational. The installation of the grinding mills is mechanically complete and testing with ore is underway in preparation for a June start up to full production.

During the period ended March 31, 2011, the Company continued to focus on the development of the Copper Mountain Project and as of March 31, 2011, the Company had spent $364 million on the project, in addition the Company had committed an additional $48 million in expenditures out of a planned $438 million for the development of the Copper Mountain Project.

The project is currently forecasted to be completed on schedule and as planned at designed capacity in June 2011. (Forward-looking statement italicized). The Company trades on the Toronto Stock Exchange under the trading symbol "CUM".

Copper Mountain Project

The Copper Mountain Project is situated 20 km south of Princeton, British Columbia and 300 km east of the port of Vancouver. Prior to 1996, the mine operated as an open pit copper mine. The Company conducted an extensive exploration drill program on the property during 2007 and early 2008 and confirmed the continuity of mineralization between three of the previously mined open pits. The Company made a development decision for the project in the fall of 2008 and construction commenced in the fall of 2009. The development consists of the construction of a 35,000 tonne per day concentrator and is designed to produce on average 105 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, 176 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702.1 hectares or 67 square kilometers.

Concentrator building foundation concrete work was completed in the first quarter of 2010 and steel erection of the concentrator building began immediately thereafter. The building was fully enclosed by the end of October 2010 and by the end of April 2011 all major equipment had been installed and the project was considered to be mechanically complete. The Company's new mining equipment fleet consists of two Komatsu PC 8000 hydraulic shovels, thirteen – 240 ton capacity haul trucks, a Komatsu WA 1200 loader, two Komatsu D375 dozers, and two Caterpillar 16G graders. Pre-production mining is proceeding at a rate of over 100,000 tonnes per day in preparation of supplying ore to the mill starting in June.

The Company currently has its full complement of operating employees engaged at the site that are required for the start of production.

On May 27, 2011 the Company announced that on March 11, 2011 MMC announced that they had suspended operations at their Onahama copper smelter (subsidiary of MMC) as a result of the damage by the earthquake and tsunami, as well as the damages sustained to the surrounding infrastructure and logistics for the smelter. The Copper Mountain Project received the standard force majeure notice from Mitsubishi subsequent to the end of the quarter. MMC have informed the Company, in accordance with the contracts, that they will implement necessary actions to fulfill their obligations in good faith and that Mitsubishi's commitment to the Project is unchanged despite the issuance of the force majeure letter. As announced in the Company's press release dated March 17, 2011, the Company believes that the Company's plans for delivery of copper concentrate commencing this summer remain unaffected.

Results of Operations

	Three months ended March 31, 2011	Three months ended March 31, 2010
Expenses		
Amortization	$ 12,349	$ 9,902
General and administration	656,871	356,954
Share-based payments	1,032,506	132,004
Wages and salaries	398,826	169,478
Loss before other items	**2,100,552**	**668,338**
Other (income) expenses		
Interest income	99,123	234,404
Unwinding of discount on restoration provision	(3,004)	(32,657)
Unrealized gain on derivative	58,426	-
Foreign exchange gain	5,679,901	-
	5,834,446	201,747
Net income (loss) and comprehensive income (loss) for the period before tax and non-controlling interest	3,733,894	(466,591)
Net income (loss) and comprehensive income (loss) attributable to:		
Shareholders of the company	2,284,925	(510,476)
Non-controlling interest	1,448,969	43,885
	$ 3,733,894	**$ (466,591)**

For the Three Months Ended March 31, 2011

The Company reported income attributable to the shareholders of the Company of $2,284,925 or $0.02 per share for the three months ended March 31, 2011, compared to a loss of $510,476 or $0.01 per share for the three months ended March 31, 2010. The income primarily resulted from an unrealized foreign exchange gain of $5,679,901 for the three months ended March 31, 2011, compared to nil for the three month period ended March 31, 2010. The foreign exchange gain for the quarter was a result of the unrealized gain on the Company's project loan and outstanding US payables, offset in part by an unrealized loss on US dollar cash balances held at the end of the quarter. *Once the mine enters production, the Company will be generating US dollar revenues and there will be a natural cash flow hedge of the US dollar loans* (Forward-looking statement italicized).

General and administration expenses for the three months ended March 31, 2011, were $656,871 compared to $356,954 for the three months ended March 31, 2010; the increase is primarily due to the increased activities of the Company in relation to Copper Mountain Project development. Wages and salaries were $398,826 for the three months ended March 31, 2011, compared to $169,478 for the three months ended March 31, 2010. The increase in wages and salaries is a result of additional staff being hired at the corporate office to deal with corporate matters and an increase in salaries for senior level executives to bring them to industry standards.

Share based payments were $1,032,506 for the three months ended March 31, 2011, compared to $132,004 for the three month period ended March 31, 2010; as a result of additional options being granted during the first quarter of 2011 to new employees and the new director.

Other items include interest income which was $99,123 for the three months ended March 31, 2011, compared to $234,404 for the three months ended March 31, 2010. This decrease is a result of the Company holding smaller average cash balances during the first quarter of 2011. The Company also recorded a gain of $58,426 on the mark to market of the required project debt interest rate swap hedge and recorded a non-controlling interest of $1,448,969 which represents MMC's share of the income of Similco for the quarter, compared to $43,885 for the three months ended March 31, 2010.

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.

Quarter	Cash flow from Operations $	Revenue $	Net Income (Loss) $	Profit (Loss) Attributable to Shareholders $	Income (Loss) per Share Basic and Diluted $
March 31, 2011	(3,873,052)	-	3,733,894	2,284,925	0.02
December 31, 2010	(2,146,302)	-	5,441,912	2,953,360	0.03
September 30, 2010	(1,010,372)	-	3,473,431	2,179,406	0.02
June 30, 2010	(287,393)	-	(2,620,129)	(2,085,385)	(0.03)
March 31, 2010	(1,636,713)	-	(466,591)	(510,476)	(0.01)
December 31, 2009[1]	(2,807,568)	-	(1,238,668)	(1,267,747)	(0.03)
September 30, 2009	(229,519)	-	(391,611)	(407,267)	(0.01)
June 30, 2009	(2,613,879)	-	(306,917)	(306,917)	(0.01)

Liquidity

As at March 31, 2011, the Company had working capital of $103 million compared with working capital of $136 million at December 31, 2010. The decrease in working capital is a result of the Company paying down project costs.

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 March 31, 2011, the Company had commitments of $48.4 million for the development of the Copper Mountain Project. These commitments primarily relate to instalment payments for major pieces of

[1] Information for 2009 is presented in accordance with Canadian GAAP and was not required to be restated to IFRS

equipment, detailed engineering, construction management, general construction activities and commitments for the project. The Company is also required to deposit with the British Columbia Minister of Finance additional security in the amount of $500,000 by June 30, 2011, and a further $3,500,000 by June 30, 2012.

As at March 31, 2011, the company had the following consolidated contractual obligations:

	Payment Due By Period				
Contractual Obligation	**Total**	**Less than 1 Year**	**1 – 3 Years**	**4 – 5 Years**	**After 5 Years**
Long Term Debt	$301,884,670	$6,151,500	$32,288,694	$22,615,712	$240,828,764
Capital lease obligations	$993,164	$323,922	$669,242	-	-
Purchase obligations	$48,400,000	$48,400,000	-	-	-
Reclamation security	$4,000,000	$500,000	$3,500,000	-	-
Letter of credit security	$1,000,000	$1,000,000	-	-	-
Decommissioning & restoration provision	$3,805,226	-	-	-	$3,805,226

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

Capital Resources

Other than those obligations disclosed in the notes to the financial statements for the period ended March 31, 2011, and the year ended December 31, 2010, the Company had no material commitments for capital expenditures as of March 31, 2011.

Total costs of the Copper Mountain Project, are estimated at $438 million. Approximately $133 million in equity has been funded by the partners according to their ownership interests. As at March 31, 2011, the Company had $107 million in cash, of which $45 million is earmarked for use on the Project. In addition the Company has US$322 million in project financing under two long term loan agreements. One loan agreement is for US$160 million under a term loan arrangement provided by the Japan Bank for International Cooperation. This term loan was fully drawn at the end of 2010. The other loan agreement is for US$162 million under a senior credit facility provided by a consortium of Japanese banks. As at March 31, 2011, the Company had drawn US$152.9 million under this facility. *The Company does not anticipate requiring any additional funds other than cash on hand and additional project loan drawdowns to fund the Project to production.* (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 March 31, 2011, the Company paid three of its officers consulting, management and geological fees aggregating $224,583 (March 2010 - $125,859) and expensed $633,470 in share based payments (March 2010 – Nil).

- During the period ended March 31, 2011, the Company paid $13,082 (March 2010– $15,000) 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 March 31, 2011, the Company paid $34,480 (March 2010 – $36,953) 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	
	March 31, 2011	**March 31, 2010**
Salaries and short-term employee benefits	$ 224,583	$ 125,859
Share-based payments	633,470	-
	$ 858,053	$ 125,859

Proposed Transactions

None

Critical Accounting Estimates

The Company's significant accounting policies are presented in note 3 of the unaudited consolidated financial statements for the period ended March 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,
- the carrying value of mineral properties,
- the carrying value of property, plant and equipment,
- rates of amortization of property, plant and equipment,
- the valuation allowances for current and deferred income taxes
- the assumptions used in determining the decommissioning and restoration provision
- the valuation of share-based payments.

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

Effective January 1, 2011, Canadian publicly listed entities were required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"). Due to the requirement to present comparative financial information, the effective transition date is January 1, 2010. The three months ended March 31, 2011 is our first reporting period under IFRS.

Transitional Financial Impact

An explanation of how the transition from GAAP to IFRS has affected the Company's financial position and comprehensive income (loss) is set out in note 13 to the unaudited financial statements for the period ended March 31, 2011

The adoption of the IFRS did not impact the Company's the comprehensive income (loss) that was previously reported under GAAP. The financial position was changed as follows:

(in millions of Canadian dollars)

	December 31, 2010			March 31, 2010			January 1, 2010		
	GAAP	**Adj**	**IFRS**	**GAAP**	**Adj.**	**IFRS**	**GAAP**	**Adj.**	**IFRS**
Assets									
Property, plants and equipment	345	2	347	108	1	109	86	1	87
Liabilities									
Decommissioning Liability	2	2	4	1	1	2	1	1	2

The presentation of the equity balance has changed to include the non-controlling interest balance which was reported as a liability under GAAP:

	December 31, 2010			March 31, 2010			January 1, 2010		
Liability	**GAAP**	**Adj**	**IFRS**	**GAAP**	**Adj.**	**IFRS**	**GAAP**	**Adj.**	**IFRS**
Non controlling interest	50	(50)	-	47	(47)	-	45	(45)	-
Equity									
Attributable to shareholders of the Company	116	-	116	82	-	82	82	-	82
Contributed surplus	4	-	4	2	-	2	2	-	2
Retained earnings	2	-	2	(1)	-	(1)	(1)	-	(1)
Non-controlling interest	-	50	50	-	47	47	-	45	45
Total Equity	**122**	**50**	**172**	**83**	**47**	**130**	**83**	**45**	**128**

New Accounting Standards Adopted

Refer to IFRS disclosures above

Financial Instruments and Other Instruments

Please refer to note 2 of the unaudited financial statements for the period ended March 31, 2011.

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 May 31, 2011 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	-	-	-	98,001,031
Share purchase options	May 6, 2014	$0.60	2,781,300	
	Jan 14, 2015	$2.26	200,000	
	Mar 1, 2015	$2.26	50,000	
	May 21, 2015	$2.26	7,500	
	Jun 18, 2015	$2.47	35,000	
	Jun 25, 2015	$2.39	1,340,000	
	Jul 19, 2015	$2.45	70,000	
	Aug 12, 2015	$2.55	245,000	
	Feb 10, 2016	$7.01	275,000	
Total share purchase options			**5,003,800**	**98,001,031**

Internal Controls Over Financial Reporting

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, and evaluating the effectiveness of the Company's internal control over financial reporting as at each fiscal year end. Management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate the effectiveness of the Company's internal control over financial reporting as at December 31, 2010. Based on this evaluation, management has concluded that during the period ended March 31, 2011, the Company's internal control over financial reporting was effective.

Disclosure Controls

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to permit timely discussions regarding public disclosures.

The Company's internet web site is www.CuMtn.com

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 Project. 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 three months ended March 31, 2011
Unaudited

Copper Mountain Mining Corporation
Consolidated Statement of Financial Position
(Unaudited)

	March 31, 2011 $	December 31, 2010 $	January 1, 2010 $
Assets			
Current assets			
Cash and cash equivalents	107,514,547	153,078,528	50,428,303
Restricted cash	2,023,000	1,023,000	-
Accounts receivable and prepaid expenses	19,886,578	20,953,309	932,678
Inventory (note 4)	2,412,450	1,084,673	-
	131,836,575	176,139,510	51,360,981
Reclamation bonds (note 6)	4,008,000	4,008,000	3,539,000
Deferred financing costs	-	-	860,362
Property, plant and equipment (note 5)	416,067,586	346,087,430	86,719,546
	551,912,161	526,234,940	142,479,889
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	23,316,425	40,509,294	12,765,573
Current portion of long-term debt	5,964,494	-	-
	29,280,919	40,509,294	12,765,573
Decommissioning and restoration provision (note 6)	3,805,226	3,802,222	2,224,724
Long-term derivative liability	2,026,590	2,021,250	-
Long-term debt	295,920,176	308,476,843	168,754
	331,032,911	354,809,609	15,159,051
Equity			
Attributable to shareholders of the Company:			
Share capital (note 7)	156,623,668	116,286,786	81,421,380
Contributed surplus	4,183,811	3,800,668	2,253,493
Retained earnings (deficit)	3,955,171	1,670,246	(1,283,114)
	164,762,650	121,757,700	82,391,759
Non-controlling interest	56,116,600	49,667,631	44,929,079
Total equity	220,879,250	171,425,331	127,320,838
	551,912,161	526,234,940	142,479,889

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)
(Unaudited)

	Three Months ended March 31,	
	2011	**2010**
	$	**$**
Expenses		
Amortization	12,349	9,902
General and administration	656,871	356,954
Share based payments (note 8)	1,032,506	132,004
Wages and salaries	398,826	169,478
	2,100,552	668,338
Other income (expense)		
Finance income	99,123	234,404
Unwinding of discount on restoration provision	(3,004)	(32,657)
Foreign exchange gain	5,679,901	-
Unrealized gain on derivatives	58,426	-
	5,834,446	201,747
Net income (loss) and comprehensive income (loss) for the period	3,733,894	(466,591)
Net income (loss) and comprehensive income (loss) attributable to:		
Shareholders of the Company	2,284,925	(510,476)
Non-controlling interest	1,448,969	43,885
	3,733,894	(466,591)
Earnings per share:		
Basic	0.02	(0.01)
Diluted	0.02	(0.01)
Weighted average shares outstanding	94,175,339	77,810,107
Shares outstanding at end of period	98,001,031	82,801,782

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

Copper Mountain Mining Corporation

Consolidated Statements of Cash Flows

For the three months ended March 31, 2011 and 2010 (Unaudited)

	2011 $	2010 $
Cash flows from operating activities		
Net income (loss) for the year	3,733,894	(466,591)
Items not affecting cash		
Unwinding of discount on restoration provision	3,004	32,657
Amortization	12,349	9,902
Unrealized foreign exchange gain on long-term debt	(7,029,485)	-
Unrealized gain on derivatives	(58,426)	-
Foreign exchange loss on cash and cash equivalents	1,349,584	-
Share based payments	1,032,506	132,004
	(956,574)	(292,028)
Net changes in working capital items (note 10)	(2,916,478)	(1,344,685)
Net cash generated from operating activities	(3,873,052)	(1,636,713)
Cash flows from investing activities		
Reclamation bonds	-	100,000
Restricted cash	(1,000,000)	-
Development of property, plant and equipment	(83,454,773)	(28,046,846)
Net cash generated from investing activities	(84,454,773)	(28,146,846)
Cash flows from financing activities		
Issue of common shares - net of issue costs	40,106,124	716,899
Contributions from non-controlling interest	5,000,000	1,750,000
Term loan – interest payment	(912,935)	-
Capital lease payments	(79,761)	(31,111)
Net cash generated from financing activities	44,113,428	2,435,788
Effect of foreign exchange rate changes on cash and cash equivalents	(1,349,584)	-
Increase (decrease) in cash	(45,563,981)	(27,347,770)
Cash and cash equivalents - Beginning of year	153,078,528	50,428,303
Cash and cash equivalents - End of year	107,514,547	23,080,532

Supplementary cash flow disclosures (note 10)

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

Copper Mountain Mining Corporation

Consolidated Statements of Changes in Equity
(Unaudited)

	Attributable to equity owners of the company						
	Number of shares	**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	5,680,000	40,044,000	-	-	40,044,000	-	40,044,000
Share issue costs	-	(2,182,490)	-	-	(2,182,490)	-	(2,182,490)
Options exercised	322,500	510,940	(144,690)	-	366,250	-	366,250
Contributions made by Non-controlling interest	-	-	-	-	-	5,000,000	5,000,000
Fair value of warrants exercised	-	86,068	(86,068)	-	-	-	-
Brokers warrants exercised	1,489,886	1,878,364	-	-	1,878,364	-	1,878,364
Share based payments	-	-	613,901	-	613,901	-	613,901
Income for the period	-	-	-	2,284,925	2,284,925	1,448,969	3,733,894
Balance – March 31, 2011	**98,001,031**	**156,623,668**	**4,183,811**	**3,955,171**	**164,762,650**	**56,116,600**	**220,879,250**
Balance – January 1, 2010	77,570,377	81,421,380	2,253,493	(1,283,114)	82,391,759	44,929,079	127,320,838
Share issue costs	-	(63,051)	-	-	(63,051)	-	(63,051)
Options exercised	147,500	178,862	(46,362)	-	132,500	-	132,500
Contributions made by Non-controlling interest	-	-	-	-	-	1,750,000	1,750,000
Brokers warrants exercised	563,000	647,450	-		647,450	-	647,450
Share based payments	-	-	132,004	-	132,004	-	132,004
Loss for the period	-	-	-	(510,476)	(510,476)	43,885	(466,591)
Balance March 31, 2010	**78,280,877**	**82,184,641**	**2,339,135**	**(1,793,590)**	**82,730,186**	**46,722,964**	**129,453,150**

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 mining exploration and development company. The Company maintains its head office at Suite 1700 – 700 West Pender Street, Vancouver, British Columbia. The Company through its 75% owned subsidiary Similco Mines Ltd. ("Similco") owns the Copper Mountain mine. Mitsubishi Materials Corporation ("MMC") owns a 25% interest in Similco.

2 Basis of presentation and adoption of IFRS

a) Adoption of IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the company has commenced reporting on this basis in these interim consolidated financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting ("IAS 34") and IFRS 1, First Time Adoption of International Financial Reporting Standards ("IFRS 1"). The impact of the transition from Canadian Generally Accepted Accounting Principles (GAAP) to IFRS is explained in note 13, including the nature and effect of significant changes in accounting policies from those used in the company's consolidated financial statements for the year ended December 31, 2010.

The accounting policies set out in note 3 have been applied consistently by the Company and its subsidiaries to all periods presented subject to IFRS 1 exemptions and exceptions set out in note 13.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of June 3, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim consolidated financial statements should be read in conjunction with the company's Canadian GAAP annual financial statements for the year ended December 31, 2010.

2 Basis of presentation (*continued*)

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 differences are recognized in profit or loss.

c) Use of judgements and estimates

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 period. Significant areas where judgment is applied include decommissioning and restoration provisions, the carrying value of property, plant and equipment, recognition of deferred taxes, and valuation of share-based payments. Actual results may differ from those 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 may change the economic status of reserves and may, ultimately, result in the reserves being restated.

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 liability, 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 those entities (including special purpose entities) which the Company controls by having the power to govern the financial and operating policies. The Company's shareholder agreement with MMC and the existence and effect of potential voting rights that are currently exercisable or convertible were considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest.

c) Non-controlling interests

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. Their share of net income and comprehensive income is recognized 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, accounts payable and accrued liabilities, debt and derivative instruments.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and on hand and other short-term investments with 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

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.

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 net income.

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 value is recognized in net earnings over the period to maturity using the effective interest rate method.

e) Inventory

Finished product, work in process and ore stockpile inventories are valued at the lower of cost and net realizable value. Ore stockpiles include materials extracted from the mine and stockpiled before and after the crushing process. Work in process inventory includes material in the milling process. Finished goods include concentrates located at the mine, port facility or in transit.

Ore stockpile, work in process and finished product inventory costs include all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization, and directly attributable overhead costs. Waste rock stripping costs related to ongoing mine production are included in the cost of inventories as incurred.

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 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 to exploration and evaluation 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 way intended by management, are capitalized.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

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 hours used. 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. Mobile mining equipment is depreciated upon the commencement of pre-production mining activities, while the mill will be depreciated upon the start of the milling operations. Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required.

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. The recoverable amount of an asset is determined as the higher of its fair value less cost to sell and its value in use. In assessing value in use, the 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. 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. 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. An impairment loss exists and 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 more likely than not 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 copper concentrate are recognized when the rights and obligations of ownership pass to the customer and the price is reasonably determinable. Copper concentrates are sold under pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. Revenues are recorded at the time of sale based on forward prices for the expected date of the final settlement. Changes between the price recorded upon recognition of revenue and the final price due to fluctuations in commodity prices result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of revenue.

j) Current and deferred taxes

Income tax expense comprises current and deferred 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. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. The tax rate used is the rate that is enacted or substantively enacted.

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. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. 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.

k) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized 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 share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from share-based payment reserve.

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 and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the agreement to issue shares was 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.

n) New Pronouncements

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 9, *Financial Instruments*, IFRS 10, *Consolidated Financial Statements* (IFRS 10), IFRS 11, *Joint Arrangements* (IFRS 11), IFRS 12, *Disclosure of Interests in Other Entities* (IFRS 12), IAS 27, *Separate Financial Statements* (IAS 27), IFRS 13, *Fair Value Measurement* (IFRS 13) and amended IAS 28, *Investments in Associates and Joint Ventures* (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

The following is a brief summary of the new standards:

IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

4 Inventory

	March 31, 2011	December 31, 2010	January 1, 2010
Supplies	$ 2,412,450	$ 1,084,673	$ -

5 Property, plant and equipment

	Plant and equipment	Capital working-in-progress	Mineral properties and mine development costs	Total
Cost				
As at January 1, 2010	$ 2,299,252	$ 58,842,588	$ 26,390,689	$ 87,532,529
Additions	-	241,192,033	15,086,984	256,279,030
Transfers between categories	41,218,865	(41,218,865)	-	-
Restoration provision	-	990,300	424,402	1,414,702
Capitalized interest	-	2,888,900	-	2,888,900
As at December 31, 2010	43,518,117	262,694,956	41,902,088	348,115,161
Additions	1,055	59,105,801	10,064,740	69,171,596
Transfer between categories	12,857,843	(12,857,843)	-	-
Capitalized interest	-	1,481,607	-	1,481,607
As at March 31, 2011	$ 56,377,015	$ 310,424,521	$ 51,966,828	$ 418,768,364

	Plant and equipment	Capital working-in-progress	Mineral properties and mine development costs	Total
Accumulated depreciation				
As at January 1, 2010	$ (812,983)	-	-	$ (812,983)
Depreciation charge	(1,214,748)	-	-	(1,214,748)
As at December 31, 2010	(2,027,731)	-	-	(2,027,731)
Depreciation charge	(673,047)	-	-	(673,047)
As at March 31, 2011	$ (2,700,778)	-	-	$ (2,700,778)
Net book value				
As at January 1, 2010	$ 1,486,269	$ 58,842,588	$ 26,390,689	$ 86,719,546
As at December 31, 2010	$ 42,480,686	$ 261,704,656	$ 41,902,088	$ 346,087,430
As at March 31, 2011	$ 54,666,537	$ 309,434,221	$ 51,966,828	$ 416,067,586

- Mineral property costs at March 31, 2011 include $18,788,877 relating to pre-production mining activities

6 Decommissioning and restoration provision

a) Reclamation bonds

The Company has on deposit $4,008,000 with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain mine site. The Company is required to place on deposit an additional $500,000 by June 2011 and a further $3,500,000 by June 2012.

b) Restoration Provision

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

	Three Months March 31, 2011	Year ended December 31, 2010
Balance - Beginning of period	$ 3,802,222	$ 2,224,724
Changes in estimated costs and timing	-	1,446,866
Unwinding of discount on restoration provision	3,004	130,632
Balance - End of period	$ 3,805,226	$ 3,802,222

The Company used an inflation rate of 2.815% and a discount rate of 4.815% as at March 31, 2011 in calculating the estimated obligations. The liability for retirement and remediation on an undiscounted basis is $4,993,595. The expected timing of payment of the cash flows commences in 2028.

7 Share capital

a) Authorized - Unlimited number of common shares without par value

b) Issued

In February 2011, the Company completed an equity financing issuing 5,680,000 common shares at $7.05 per share for gross proceeds of $40 million. Net proceeds from the financing will be used to fund the Company's share of working capital required for the Copper Mountain Project in British Columbia and for general corporate purposes. The offering included an over-allotment of 700,000 common shares that was exercised in full by the brokers at a price of $7.05 per share.

c) Broker warrants

In conjunction with financing activities, the Company has granted warrants to brokers for financing fees as follows:

Broker warrants outstanding	Number of warrants	Weighted average exercise price
January 1, 2010	2,055,375	$ 1.15
Granted	566,373	3.05
Expired	-	-
Exercised	(990,268)	1.80
December 31, 2010	1,631,480	1.72
Granted	-	-
Expired	-	-
Exercised	(1,489,886)	1.22
March 31, 2011	141,594	$ 3.05

As at March 31, 2011, 141,594 broker warrants are outstanding entitling the holders to acquire shares of the Company as follows:

Date of broker warrants grant	Number of warrants	Exercise Price	Expiry date
April 26, 2010	141,594	$ 3.05	April 26, 2011

The fair value of the broker warrants was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: a risk-free rate of 1.28%, an expected life of 1 year, an expected volatility of 71%, and no expectation of dividend payments.

Subsequent to March 31, 2011 all outstanding warrants were exercised.

d) Capital risk management

The Company considers the components of shareholders' equity, as well as its cash and equivalents as capital. The Company's objectives when managing capital are to safeguard 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 period ended March 31, 2011. The Company is required to maintain, until the long-term debt has been repaid in full, certain contractually imposed covenants.

8 Share Based Payments

a) Stock options

The Company has a stock option plan whereby it can issue up to 5,500,000 stock options exercisable for a period of up to five years from the grant date.

Stock options outstanding	Number of shares	Weighted average exercised price
January 1, 2010	3,646,800	$ 0.65
Granted	2,095,000	2.39
Expired	-	-
Forfeited	-	-
Exercised	(620,500)	0.74
December 31, 2010	5,121,300	1.32
Granted	275,000	7.01
Expired	(70,000)	2.30
Forfeited	-	-
Exercised	(322,500)	1.14
March 31, 2011	5,003,800	$ 1.66

As at March 31, 2011, the Company has 5,003,800 options outstanding under the plan as shown below:

Date of stock option grant	Number of options	Exercise price	Expiry date
May 6, 2009	2,781,300	$ 0.60	May 6, 2014
January 14, 2010	200,000	$ 2.26	January14, 2015
March 1, 2010	50,000	$ 2.26	March 1, 2015
May 21, 2010	7,500	$ 2.26	May 21, 2015
June 18, 2010	35,000	$ 2.47	June 18, 2015
June 25, 2010	1,340,000	$ 2.39	June 25, 2015
July 19, 2010	70,000	$ 2.45	July 19, 2015
August 12, 2010	245,000	$ 2.55	August 12, 2015
February 10, 2011	275,000	$ 7.01	February 10, 2016
	5,003,800		

As at March 31, 2011, 4,218,800 options were fully vested and exercisable at a weighted average exercise price of $1.21.

Included in the above tables are 476,500 options granted subject to shareholder approval.

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 1.92%, an expected life of 5 years, an expected volatility of 91%, and no expectation of dividend payments.

	2011	2010
Weighted average fair value of options granted	$1.65	$1.36
Weighted average remaining life of options outstanding	3.62 years	3.80 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. 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 December 31, 2010 and March 31, 2011

Units	**DSU-D Units** [1]	**DSU-E Units** [2]
January 1, 2010	-	-
Granted	33,784	329,646
December 31, 2010 and March 31, 2011	33,784	329,646
Liability	**DSU-D**	**DSU-E**
January 1, 2010	$ -	$ -
Share based payments	219,257	229,928
December 31, 2010	$ 219,257	$ 229,928
Share based payments	32,094	386,510
March 31, 2011	$ 251,351	$ 616,438

(1) As at March 31, 2011, all DSU-Ds had vested.
(2) As at March 31, 2011, 164,822 of the DSU-Es had vested.

As at March 31, 2011, the following deferred share units were outstanding:

Date of grant	**Number of units**	**Exercise price**	**Expiry date**
DSU-D - September 17, 2010	33,784	-	September 17, 2020
DSU-E - September 17, 2010	329,646	$ 3.70	September 17, 2020
	363,430		

9 Related party transactions

All transactions with related parties have occurred in the normal course of the Company's operations and have been measured at their fair value as determined by management.

a) During the period ended March 31, 2011, the Company paid three of its officers consulting, management and geological fees aggregating $224,583 (2010 - $125,859).

b) During the period ended March 31, 2011, the Company paid $13,082 (2010 - $15,000) in rent to Compliance Energy Corporation ("Compliance") for office space under a prior obligation. Compliance is a public company, listed on the TSX Venture Exchange, and related by common directors.

c) During the period ended March 31, 2011, the Company paid $34,480 (2010 - $36,953) in office rent to Kobex Minerals Inc., a company related to the Company by a common director.

d) Compensation of key management

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

	Three Months ended	
	March 31, 2011	**March 31, 2010**
Salaries and short-term employee benefits	$ 224,583	$ 125,859
Share-based payments	633,470	84,528
	$ 858,053	$ 210,387

10 Supplementary cash flow disclosures

a) As at March 31, 2011, the Company deferred $2,632,169 (2010 - $1,971,471) of amortization on vehicles and mobile mining equipment.

b) As at March 31, 2011, $20,376,833 (2010 - $16,519,904) in accounts payable related to the development of the Copper Mountain Project.

c) Included in cash and cash equivalents at March 31, 2011 is $59,417,000 (2010 - $12,420,317) in guaranteed income certificates and $48,097,547 (2010 - $10,660,215) held in bank accounts.

d) A reconciliation of net changes in working capital items is as follows:

	March 31, 2011 $	**December 31, 2010 $**	**January 1, 2010 $**
Changes in accounts receivable and prepaid expenses	$ (175,037)	$ (316,507)	$ (400,355)
Changes in inventory	(1,327,777)	(1,084,673)	-
Changes in accounts payable and accrued liabilities	(1,413,664)	788,427	(1,463,424)
	$ (2,916,478)	$ (612,753)	$ (1,863,779)

11 Commitments

a) As at March 31, 2011, the Company had committed to $48.4 million in expenditures for the development of the Copper Mountain mine.

b) In 2010, the Company entered into a five-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. As a result of this agreement, Kinder Morgan will incur development costs at its facilities and the Company has agreed to provide a letter of credit ("the LOC") in the aggregate amount of $3,000,000 in three instalments of $1,000,000, in partial support of the expenses Kinder Morgan will incur in connection with preparing the port facilities for use. During the period ended March 31, 2011 the Company provided a LOC to Kinder Morgan for $1,000,000, being the second instalment under the TSA. The first instalment was delivered in December 2010 for $1,000,000 and the final instalment will be delivered in April 2011 for $1,000,000. The LOC will be held by Kinder Morgan until June 1, 2011, at which time the LOC will be returned. Under the TSA, there is a minimum shipping tonnage requirement of 130,000 tonnes of concentrate annually.

12 Contingencies

On October 15, 2010, the Company was found liable by the Supreme Court of British Columbia for approximately $465,000 in damages suffered by a waste disposal company that was hired to dispose of a transformer located on the Company's mine site. The cooling oil in the transformer contained a high concentration of Polychlorinated Biphenyl ("PCBs"). The waste disposal company claimed it was not advised of the high concentration of PCBs contained in the transformer oil and, as a result, mixed it with other materials collected in the course of its waste disposal business. In consequence, the waste disposal company claimed it incurred approximately $775,000 of extra costs to dispose of the PCB contaminated materials. The Company was found to be 60% responsible for those additional costs. The Company has accrued this liability and is presently appealing the judgment.

13 Transition to IFRS

An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial position and comprehensive income (loss) is set out in this note.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the period ended March 31, 2011, the comparative information presented in these financial statements for the year ended December 31, 2010 and in the preparation of an opening IFRS Balance Sheet at January 1, 2010 (the Company's date of transition).

IFRS 1, which governs the first-time adoption of IFRS, generally requires accounting policies to be applied retrospectively to determine the opening balance sheet on the transition date of January 1, 2010, and allows certain exemptions on the transition of the transition to IFRS. The elections the Company have chosen to apply and that are considered significant to the Company include:

a) First time adoption exemptions applied

(i) Decommissioning liabilities included in the cost of property, plant and equipment

The Company has applied IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities ("IFRIC 1") as of the date of transition to IFRS. IFRIC 1 requires specific changes in decommissioning, restoration or similar liabilities to be added or deducted from the cost of the asset to which it relates and the adjusted depreciable amount of the asset to then be depreciated prospectively over its remaining useful life. IFRS 1 provides the option to measure the restoration provision at the date of transition in accordance with the requirements of IAS 37. Accordingly the Company re-measured the provisions at the date of transition under IAS 37, and estimated the amount to be included in the cost of the related asset by discounting the liability to the date which the liability first arose. The Company did this using best estimates of the historical risk-free discount rates.

(ii) Share-based payment transactions

IFRS 1 encourages, but does not require a first time adopter to apply IFRS 2 *Share-based Payment* ("IFRS 2") to equity instruments that were granted on or before November 7, 2002, or were granted after November 7, 2002 but vested before the Company's IFRS transition date. Accordingly, the Company chose to not retrospectively apply IFRS 2 to share-based payments settled before the transition date.

b) Reconciliation of assets, liabilities, equity, comprehensive income and cash flows of the Company from those reported under Canadian GAAP to IFRS

(in millions of Canadian dollars)

Assets

		December 31, 2010	March 31, 2010	January 1, 2010
Total assets under Canadian GAAP		$ 525	$ 138	$ 142
Adjustments for differing accounting treatments				
Mineral property, plant & equipment	(A)	2	1	1
Total assets under IFRS		$ 527	$ 139	$ 143

Liabilities

		December 31, 2010	March 31, 2010	January 1, 2010
Total liabilities under Canadian GAAP		$ 353	$ 8	$ 14
Adjustments for differing accounting treatments				
Decommissioning and restoration provision	(A)	2	1	1
Total liabilities under IFRS		$ 355	$ 9	$ 15

Equity

		December 31, 2010	March 31, 2010	January 1, 2010
Total equity under Canadian GAAP		$ 122	$ 83	$ 83
Adjustments for differing accounting treatments				
Non-controlling interest	(B)	50	47	45
Total equity under IFRS		$ 172	$ 130	$ 128

The following notes explain the significant differences between Canadian GAAP and the current IFRS accounting policies applied by the Company. These differences result in the adjustments in the table above.

A) Decommissioning and restoration provisions

Consistent with IFRS, restoration provisions have been previously measured based on the estimated cost of restoration, discounted to its net present value upon initial recognition. However, adjustments to the current discount rate were not reflected in the provisions or the related assets under Canadian GAAP unless there was an upward revision in the future cost estimates. The Company elected to apply the exemption from full retrospective application as allowed under IFRS 1. As such, the Company has re-measured the restoration provision as at the transition date under IAS 37, and estimated the amount to be included in the related asset by discounting the liability to the date in which the liability arose.

B) Non-controlling interest

Under IFRS, the non-controlling interests' share of the net assets of subsidiaries is included in equity and their share of the comprehensive income of subsidiaries is allocated directly to equity. Under Canadian GAAP, non-controlling interests were presented as a separate item between liabilities and equity in the statement of financial position, and the non-controlling interests' share of income and other comprehensive income were deducted in calculating net income and comprehensive income of the entity. Non-controlling interest of $45 million as at January 1, 2010 ($47 million as at March 31, 2010 and $50 million as at December 31, 2010), as determined under Canadian GAAP, has been reclassified to equity.

C) Statement of cash flows

The transition from Canadian GAAP to IFRS had no impact on cash and cash equivalents. The Company made the following changes and reclassifications to cash flows resulting from the transition to IFRS:

- Interest payments on long-term debt were reclassified from operating cash flows to financing cash flows.
- The foreign exchange loss on cash and cash equivalents was separated into its own reconciling line item on the statement of cash of flows.