COPPER MOUNTAIN MINING CORPORATION

FIRST QUARTER REPORT

Financial Statements and MD&A

March 31, 2019

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Copper Mountain Mining Corporation

Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2019
(Unaudited)

Copper Mountain Mining Corporation

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

	March 31, 2019 $	December 31, 2018 $
Assets		
Current assets		
Cash and cash equivalents	51,947	46,123
Accounts receivable and prepaid expenses (note 4)	24,638	18,923
Inventory (note 5)	49,452	55,801
	126,037	120,847
Reclamation bonds (note 9)	8,677	8,752
Deferred tax assets	10,508	13,980
Property, plant and equipment (note 6)	458,069	448,237
Low grade stockpile (note 5)	110,555	109,846
	713,846	**701,662**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	35,902	37,494
Amounts payable to related parties	82,178	69,026
Current portion of long-term debt (note 8)	61,048	52,956
Current tax liability	1,136	622
	180,264	160,098
Provisions (note 9)	6,802	6,571
Interest rate swap liability (note 8)	785	601
Long-term debt (note 8)	203,219	229,001
Deferred tax liability	2,153	2,135
	393,223	398,406
Equity		
Attributable to shareholders of the Company:		
Share capital	263,832	263,822
Contributed surplus	18,041	17,378
Accumulated other comprehensive loss	(2,458)	(1,655)
Accumulated deficit	(35,530)	(48,030)
	243,885	231,515
Non-controlling interest	76,738	71,741
Total equity	320,623	303,256
	713,846	**701,662**

Approved on behalf of the Board of Directors

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

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

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
For the Three Months Ended March 31,
(Unaudited in thousands of Canadian dollars, except for number of and earnings per share)

	2019 $	2018 $
Revenue (note 11)	86,870	77,946
Cost of sales (note 12)	(63,594)	(71,634)
Gross profit	23,276	6,312
Other income and expenses		
General and administration (note 12)	(2,761)	(2,474)
Share based compensation (note 10)	(661)	(506)
Operating income	19,854	3,332
Finance income	103	136
Finance expense (note 13)	(3,799)	(3,514)
Unrealized (loss) gain on interest rate swap	(394)	773
Foreign exchange gain (loss)	6,065	(8,076)
Income (loss) before tax	21,829	(7,349)
Current tax expense	(513)	(345)
Deferred income and resource tax (expense) recovery	(3,490)	1,228
Net income (loss)	17,826	(6,466)
Other comprehensive (loss) income		
Foreign currency translation adjustment	(803)	-
Comprehensive income (loss)	17,023	(6,466)
Net income (loss) attributable to:		
Shareholders of the Company	12,500	(5,251)
Non-controlling interest	5,326	(1,215)
	17,826	(6,466)
Income (loss) per share:		
Basic	$0.07	($0.04)
Diluted	$0.07	($0.04)
Weighted average shares outstanding, basic	188,170,359	134,311,879
Weighted average shares outstanding, diluted	190,445,120	138,961,872
Shares outstanding at end of the period	188,187,159	134,374,708

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

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended March 31,
(Unaudited in thousands of Canadian dollars)

	2019 $	2018 $
Cash flows from operating activities		
Net income (loss) for the period	17,826	(6,466)
Adjustments for:		
Depreciation	6,339	15,456
Unrealized foreign exchange (gain) loss	(3,682)	7,408
Unrealized loss (gain) on interest rate swap	394	(773)
Deferred income and resource tax expense (recovery)	3,490	(1,283)
Finance expense	3,799	3,514
Share based compensation	661	227
	28,827	18,083
Net changes in non-cash working capital items (note 15)	(5,138)	(16,065)
Net cash provided by operating activities	23,689	2,018
Cash flows from investing activities		
Deferred stripping activities	(13,600)	-
Deferred acquisition costs	-	(1,474)
Development of property, plant and equipment	(2,335)	(1,339)
Refund of exploration bond	75	-
Net cash used in investing activities	(15,860)	(2,813)
Cash flows from financing activities		
Common shares issued on exercise of options	7	56
Contributions from non-controlling interest	15,035	14,029
Payments to non-controlling interest	(329)	-
Loan principal repaid	(12,828)	(12,378)
Interest paid	(2,496)	(1,964)
Finance lease payments	(563)	(2,457)
Net cash used in financing activities	(1,174)	(2,714)
Effect of foreign exchange rate changes on cash and cash equivalents	(831)	944
Increased (decrease) in cash and cash equivalents	5,824	(2,565)
Cash and cash equivalents - Beginning of period	46,123	45,133
Cash and cash equivalents - End of period	51,947	42,568

Supplementary cash flow disclosures (note 15)

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

Copper Mountain Mining Corporation

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

Attributable to equity owners of the company

	Number of Shares	Amount $	Contributed surplus $	Accumulated other comprehensive loss	Deficit $	Total $	Non-controlling interest $	Total equity $
Balance January 1, 2018	134,285,192	195,670	15,724	-	(25,693)	185,701	79,584	265,285
Shares issued on exercise of options	89,516	56	-	-	-	56	-	56
Fair value of options exercised	-	32	(32)	-	-	-	-	-
Share based compensation	-	-	552	-	-	552	-	552
Income for the period	-	-	-	-	(5,251)	(5,251)	(1,215)	(6,466)
Balance March 31, 2018	**134,374,708**	**195,758**	**16,244**	**-**	**(30,944)**	**181,058**	**78,369**	**259,427**
Balance January 1, 2019	188,170,359	263,822	17,378	(1,655)	(48,030)	231,515	71,741	303,256
Shares issued on exercise of options	16,800	7	-	-	-	7	-	7
Fair value of options exercised	-	3	(3)	-	-	-	-	-
Share based compensation	-	-	666	-	-	666	-	666
Payments to non-controlling interests	-	-	-	-	-	-	(329)	(329)
Income for the period	-	-	-	-	12,500	12,500	5,326	17,826
Foreign currency translation	-	-	-	(803)	-	(803)	-	(803)
Balance March 31, 2019	**188,187,159**	**263,832**	**18,041**	**(2,458)**	**(35,530)**	**243,885**	**76,738**	**320,623**

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

1 General Information and liquidity risk

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

As at March 31, 2019, the Company had negative working capital of $54.2 million compared to negative working capital of $39.3 million at December 31, 2018. Included in the negative working capital is $82.2 million due to MMC (Note 14 (c)) and this amount is not expected to be repaid within the next twelve months. The Company has no future material commitments for capital expenditures as of March 31, 2019.

In the next twelve months the Company has contractual obligations which are due in US dollars including senior credit facility and term loan payments of approximately US$43.7 million, which the Company expects to be able to fund through cash on hand and cash flows from operations. However, the current commodity price and exchange rate environment can be volatile and accordingly could have an impact on the Company's cash flows. The Company continues to review its near term operating plans and continues to take steps to reduce costs and maximize cash flow from operations, while still maintaining copper output levels. The Company remains vigilant for ongoing opportunities to reduce costs and improve net cash generation.

Management has received an extension of the required funding of the debt service and capex reserve accounts relating to the Company's Senior Credit Facility by providing corporate guarantees (Note 8). The extension expires June 30, 2019 and although such extensions have been obtained in the past there are no guarantees they will continue to be obtained in the future.

2 Basis of presentation

a. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and follow the same accounting policies and methods of application, except as explained in Note 3, as the Company's most recent annual audited consolidated financial statements which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). These condensed consolidated interim financial statements were approved for issue on April 26, 2019 by the Board of Directors.

b. Foreign currency translation

These condensed consolidated interim 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.

3 Significant Accounting Policies

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2018 except for those policies noted below.

IFRS 16 – Leases

The Company adopted IFRS 16 effective January 1, 2019 using the modified retrospective application method. On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases.* These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of January 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.0%. The Company has applied the recognition exemptions for 'low value' leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases.

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

Operating lease commitments as at December 31, 2018	1,270
Discounted using the incremental borrowing rate at the date of initial application	971
Add: lease liabilities recognized as at December 31, 2018	6,427
Less: short-term leases	(121)
Less: low value leases	(18)
Lease liability recognized as at January 1, 2019	7,260
Current lease liabilities	2,198
Long term lease liabilities	5,062
	7,260

The following is the new accounting policy for leases under IFRS 16:

Until the 2019 fiscal year, leases of property, plant and equipment were classified as either capital or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

4 Accounts receivable and prepaid expenses

	March 31, 2019 $	December 31, 2018 $
Amounts due from concentrate sales	15,490	15,737
Pricing adjustments	5,061	(888)
GST and other receivables	2,408	1,684
Prepaid expenses	1,679	2,390
	24,638	**18,923**

5 Inventory

	March 31, 2019 $	December 31, 2018 $
Supplies	18,949	18,811
Ore stockpile	20,242	24,313
Crushed ore stockpile	2,312	3,225
Copper Concentrate	7,949	9,452
	49,452	**55,80**
Low grade stockpile[1]	**110,555**	**109,846**

Inventory expensed during the three months ended March 31, 2019 totaled $60,102 (2018 – $68,120).

During the quarter ended March 31, 2019, the Company recorded a write-down of $Nil (2018 - $985) to the low grade stockpile. These adjustment was necessary to record the low grade stockpile at net realizable value.

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

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

6 Property, plant and equipment

Cost	**Plant and equipment $**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2018	540,235	6,763	161,413	708,411
Additions	13,580	49,033	25,354	87,967
Restoration provision	-	-	65	65
Currency translation adjustment	(153)	(833)	-	(986)
As at December 31, 2018	**553,662**	**54,963**	**186,832**	**795,457**
Additions	2,694	925	14,996	18,615
Disposals	-	-	-	-
Restoration provision	-	-	234	234
Currency translation adjustment	(93)	(837)	-	(930)
As at March 31, 2019	**556,263**	**55,051**	**202,062**	**813,376**

Accumulated depreciation	**Plant and equipment**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2018	(211,180)	-	(83,190)	(294,370)
Depreciation charge	(36,606)	-	(16,244)	(52,850)
As at December 31, 2018	(247,786)	-	(99,434)	(347,220)
Depreciation charge	(6,726)	-	(1,361)	(8,087)
As at March 31, 2019	**(254,512)**	**-**	**(100,795)**	**(355,307)**
Net book value				
As at December 31, 2018	305,876	54,963	87,398	448,237
As at March 31, 2019	**301,751**	**55,051**	**101,267**	**458,069**

Property, plant and equipment includes right of use assets of $833 with a net book value of $783 at March 31, 2019.

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

7 Accounts payable and accrued liabilities

	March 31, 2019 $	December 31, 2018 $
Trade accounts payable	14,749	20,252
Accrued liabilities	20,224	16,246
Current portion of interest rate swap liability (note 8(b))	785	600
Deferred Share Units liability	144	87
Restricted Share Units liability	-	309
	35,902	**37,494**

8 Long-term debt

	March 31, 2019 $	December 31, 2018 $
Senior credit facility (b) in US$	88,681	88,553
Term loan (c) in US$	94,007	103,490
Total US$ long term debt in US$	182,688	192,043
Total US$ long term debt in CA$	244,126	261,983
Subordinated loan (a)	13,692	13,547
Leases (d)	6,449	6,427
Total	264,267	281,957
Less: current portion	(61,048)	(52,956)
	203,219	**229,001**

a) Subordinated loan

In April 2010, the Company entered into a loan agreement with a subsidiary of MMC for $9,600. The loan bears interest at a fixed rate of 4.8%. The loan principal and accumulated interest matures on June 30, 2023 and is pre-payable at any time without penalty. The loan and accumulated interest is subordinate to the senior credit facility.

b) Senior credit facility

The Company has a senior credit facility (“the SCF”) with a consortium of Japanese banks.

The maximum amount available under the SCF was US$162 million which was fully drawn in 2011. The SCF carries a variable interest rate of LIBOR plus 2% and matures on June 15, 2023. The SCF is repayable in twenty four semi-annual instalments which commenced December 15, 2011, with 40% of the principal balance due in the final two years before maturity. The instalments are payable on a fixed schedule, subject to mandatory prepayment based on cash flows relating to the Copper Mountain Mine. As at March 31, 2019 the Company has repaid a total of US$71.3 million in principal and paid US$26.1 million in interest on the SCF.

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

Under the terms of the SCF, the Company was required to maintain certain balances up to a total of US $12 million in the debt service reserve account ("DSRA") and the capex reserve account ("CXRA") by June 30, 2012. Since this date, the Company and MMC have jointly guaranteed to June 30, 2019 the amounts owing to the DSRA and the CXRA, as a result no funds were required to be placed on deposit in either of the accounts.

As at March 31, 2019 the SCF has a principal amount outstanding of $121,229 (US$91 million). The outstanding amount of $118,504 is net of issue costs of $2,725.

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

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

Minimum annual payments from March 31	**US$ '000**
2019	11,745
2020	9,315
2021	21,060
2022 – 2023	48,600
	90,720

Under the terms of the SCF, the Company was required to complete an interest rate swap on 70% of the principal amount of the facility. The Company swapped a LIBOR variable rate interest payment stream for a 3.565% fixed rate interest payment stream on US$68 million of the principal. The interest rate swaps mature on December 15, 2020.

As at March 31, 2019 the swap had an unrealized fair value of $1,570 (2018 - $1,201). The current portion of $785 is included in accounts payable and accrued liabilities.

As at March 31, 2019 the Company is in compliance with all covenants which may result in the event of default of the senior credit facility.

c) Term loan

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

The maximum amount available under the Term Loan was US$160 million which was fully drawn in 2011. The Term Loan carries a variable interest rate of LIBOR plus 0.551% and matures on February 15, 2022. As at March 31, 2019 the Term Loan has a principal amount outstanding of $128,285 (US$96 million). The outstanding amount of $125,622 is net of issue costs of $2,663. The Term Loan is guaranteed by MMC in exchange for a fee of 0.2% per annum.

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

The Term Loan is unsecured and repayable in increasing instalments every six months commencing February 2013, with the majority of the loan falling due in the last six instalments. As at March 31, 2019 the Company has repaid a total of US$64 million in principal and US$13.8 million in interest on the Term Loan.

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

Minimum annual payments from March 31	**US$**
2019	32,000
2020	32,000
2021	32,000
	96,000

The Company is subject to certain debt covenants on the Term Loan. As at March 31, 2019 the Company is in compliance with all covenants.

d) Leases

Gross finance lease liability and minimum lease payments	**March 31, 2019**	**December 31, 2018**
	$	**$**
Within one year	2,869	3,053
Between two and four years	3,930	3,733
	6,799	6,786
Future interest	(350)	(359)
Finance lease liability	**6,449**	**6,427**

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

9 Provisions

	Decommissioning and restoration provision $	Share-based payment obligations $	Total $
Balance, January 1, 2019	6,546	421	6,967
Share-based payment recovery	-	(7)	(7)
Changes in estimate costs and timing	233	-	233
Unwinding of discount on restoration provision	(8)	-	(8)
Payments during the period	-	(239)	(239)
Balance, March 31, 2019	**6,771**	**175**	**6,946**
Less: Current portion of share-based payment obligations included within accounts payable (Note 7)	-	(144)	(144)
Total provision – Non-current	**6,771**	**31**	**6,802**

Balance, January 1, 2018	6,260	825	7,085
Share-based payment expense	-	(125)	(125)
Changes in estimate costs and timing	65	-	65
Unwinding of discount on restoration provision	221	-	221
Payments during the year	-	(279)	(279)
Balance, December 31, 2018	**6,546**	**421**	**6,967**
Less: Current portion of share-based payment obligations included within accounts payable (Note 7)	-	(396)	(396)
Total provision – Non-current	**6,546**	**25**	**6,571**

The Company has a liability for remediation of current and past disturbances associated with mining activities at the Copper Mountain property. At March 31, 2019 the Company used an inflation rate of 1.50% (2018 – 1.50%) and a discount rate of 1.90% (2018 – 2.18%) in calculating the estimated obligation. The decommissioning obligations will be accreted as a finance expense over the life of the mine. The liability for retirement and remediation on an undiscounted basis is $7,040 (2018 - $7,005). The expected timing of payment of the cash flows commences in 2028.

The Company has on deposit $8,217 with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain mine site. The Company receives interest on these bonds.

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

10 Share based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 17.9 million stock options exercisable for a period of up to ten years from the grant date. As at March 31, 2019, the Company had 10,654,854 options outstanding as follows:

	Number of shares	Weighted average exercise price $
Outstanding, December 31, 2018	11,308,469	1.21
Granted	2,213,185	1.02
Expired	(2,850,000)	1.92
Exercised	(16,800)	0.39
Outstanding, March 31, 2019	**10,654,854**	**0.98**

Date of stock option grant	Number of options	Exercise price $	Expiry date
Sep. 18, 2015	520,000	0.59	Sep. 18, 2020
Jan. 26, 2016	1,810,002	0.39	Jan. 26, 2021
June 30, 2016	66,667	0.50	June 30, 2021
Jan. 13, 2017	1,590,000	1.18	Jan. 13, 2021
Apr. 24, 2017	35,000	0.93	Apr. 24, 2022
February 22, 2018	1,935,000	1.28	Feb. 22, 2023
April 26, 2018	100,000	1.37	Apr. 26, 2023
June 1, 2018	1,000,000	1.07	June 1, 2023
June 7, 2018	100,000	1.26	June 7, 2023
June 20, 2018	100,000	1.26	June 20, 2023
July 5, 2018	80,000	1.16	July 5, 2023
August 13, 2018	750,000	1.14	Aug 13, 2023
November 2, 2018	355,000	1.00	Nov. 2, 2023
March 22, 2019	2,213,185	1.02	Mar. 22, 2024
	10,654,854		

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

As at March 31, 2019 the following options were both outstanding and exercisable:

Date of stock option grant	Number of options	Exercise price $	Expiry date
Sep. 18, 2015	520,000	0.59	Sep. 18, 2020
Jan. 26, 2016	1,810,002	0.39	Jan. 26, 2021
June 30, 2016	66,667	0.50	June 30, 2021
Jan. 13, 2017	1,192,500	1.18	Jan. 13, 2021
Apr. 24, 2017	17,500	0.93	Apr. 24, 2022
February 22, 2018	967,500	1.28	Feb. 22, 2023
April 26, 2018	25,000	1.37	Apr. 26, 2023
June 7, 2018	25,000	1.26	June 7, 2023
June 20, 2018	25,000	1.26	June 20, 2023
Mar. 22, 2019	553,296	1.02	Mar. 22, 2024
	5,202,465		

During the period ended March 31, 2019, the total fair value of stock options vesting was $1,706 (2018 - $553) and had a weighted average grant-date fair value of $0.52 (2018 - $0.50) per option. The fair values of the stock options granted were estimated on the grant date using the Black-Scholes option pricing model. Volatility was determined using a historical daily volatility over the expected life of the options.

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

	March 31, 2018	March 31, 2019
Risk free interest rate	2.09%	1.48%
Expected dividend yield	Nil	Nil
Expected share price volatility	65.6%	65.3%
Expected forfeiture rate	3.3%	3.3%
Expected life	5.0 years	5.0 years

a. Deferred Share Unit and Restricted Share Unit Plans

The Company has other share-based compensation plans in the form of Deferred Share Units ("DSU"), and Restricted Share Units ("RSU"). Units granted under these share-based compensation plans are recorded at fair value on the grant date and are adjusted for changes in fair value each reporting period and until settled. The expense, and any changes which arise from fluctuations in the fair value of the grants, is recognized in share-based compensation in the statement of earnings with the corresponding liability recorded on the balance sheet in provisions (Note 9).

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

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

	DSUs	RSUs
Outstanding, January 1, 2018	4,611,985	527,500
Expired	(925,000)	-
Forfeited	(250,000)	(85,000)
Settled	(62,819)	(195,000)
Outstanding, December 31, 2018	**3,374,166**	**247,500**
Granted	282,352	937,021
Forfeited	-	-
Expired	(2,800,000)	-
Settled	-	(207,500)
Outstanding, March 31, 2019	**856,518**	**977,021**

During the year period March 31, 2019, the Company recorded share-based compensation recovery of $7 (2018 - recovery of $45) related to DSUs and RSUs.

During the period ended March 31, 2019, the total fair value of DSUs and RSUs granted was $Nil (2018 - $Nil) and had a weighted average grant date fair value of $Nil (2018 - $Nil) per unit.

11 Revenue

	2019 $	2018 $
Copper in concentrate	80,141	73,874
Gold in concentrate	11,861	9,473
Silver in concentrate	1,004	1,358
Treatment and refining charges	(6,136)	(6,759)
	86,870	**77,946**

Total mark-to-market and final adjustments from provisional pricing on concentrate sales in 2019 was an increase of $9,965 (2018 – decrease of $11,234) to revenues.

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

	2019 $	2018 $
Copper in concentrate	6,285	(8,969)
Gold in concentrate	(133)	(651)
Silver in concentrate	(33)	(145)
	6,119	**(9,765)**

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

12 Expenses by nature

	2019 $	2018 $
Direct mining and milling costs	41,752	39,794
Employee compensation and benefits	12,011	12,870
Depreciation	6,339	15,456
Transportation costs	3,492	3,514
Cost of sales	**63,594**	**71,634**

Corporate employee compensation and benefits	1,276	1,538
Corporate and mine site administrative expenses	1,485	936
General and administration	**2,761**	**2,474**

13 Finance expense

	2019 $	2018 $
Interest on loans	3,391	2,917
Amortization of financing fees	349	336
Loan guarantee fee	67	77
Unwinding of discount on restoration provision	(8)	184
	3,799	**3,514**

14 Related party transactions

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

a. During the three months ended March 31, 2019 the Company sold copper concentrates to MMC with revenues totalling $86,870 (2018 – $77,946) including pricing adjustments.

b. During the three months ended March 31, 2019 the Company accrued interest on the subordinated loan with MMC totalling $119 (2018 - $115).

c. As at March 31, 2019 the Company accrued to MMC a guarantee fee related to the Term Loan of $67 (2018 - $77). The Company has also received aggregate funding advances from MMC totalling $76,106 (as at December 31, 2018 - $62,879). These advances bear interest at rates of 2.88% to 4.80% with total interest during the three months ended March 31, 2019 of $444 (2018 - $348).

d. A company controlled by a director of the Company agreed to purchase in 2015 642 acres of land adjoining the mine site for future expansion opportunities. Under the terms of the put/call agreement the Company had the irrevocable right to call the land from the company controlled by the director at any time for the same price as the company controlled by the director paid for the land. Similarly, the company controlled by the director had the irrevocable right to put the land to the Company at any time after January 16, 2016.

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

The Company completed the purchase of the land for a total of $1.72 million inclusive of interest and out of pocket expenses during the year ended December 31, 2018.

e. Compensation of key management:

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

	2019 $	2018 $
Salaries and short-term employee benefits	769	1,141
Share based compensation	563	473
	1,332	**1,614**

15 Supplementary cash flow disclosures

a. As at March 31, 2019, cash and cash equivalents consists of guaranteed investment certificates of $81 (2018 – $81) and $51,866 in cash (2018 - $46,042) held in bank accounts.

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

	2019 $	2018 $
Change in accounts receivable and prepaid expenses	(6,341)	(6,617)
Change in inventory	5,894	(5,832)
Change in tax liability	513	(574)
Change in accounts payable and accrued liabilities	(5,204)	(3,042)
	(5,138)	**(16,065)**

16 Financial instruments

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

Fair Value hierarchy

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at March 31, 2019:

	Level 1 $	Level 2 $	Level 3 $	Total fair value $
Financial assets				
Pricing adjustments (note 4 and 11)	-	5,061	-	5,061
Financial liabilities				
Interest rate swap liability (note 8b)	-	1,570	-	1,570

Financial risks factors

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
COPPER MOUNTAIN MINING CORPORATION
FOR THE PERIOD ENDED MARCH 31, 2019

The following Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Copper Mountain Mining Corporation and its subsidiaries ("Copper Mountain" or the "Company"). This MD&A should be read in conjunction with Copper Mountain's unaudited condensed consolidated financial statements for the period ended March 31, 2019 and related notes, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to interim financial reporting. This MD&A contains forward-looking statements that are subject to risks and uncertainties, as discussed in the cautionary note contained in this MD&A. The reader is cautioned not to place undue reliance on forward-looking statements. All figures in this MD&A are expressed in thousands of **Canadian dollars** except for share, per share, per pound and per ounce amounts, unless otherwise specified. References to "US$" are to United States dollars. Certain comparative figures have been reclassified to conform to the current year's presentation. This MD&A has been prepared as at April 26, 2019.

About Copper Mountain

Copper Mountain is a Canadian mining company focused on the development and production of base and precious metals assets. The Company, through its subsidiaries, owns 75% of the Copper Mountain mine located in southern BC. The Copper Mountain mine produces about 90 million pounds of copper equivalent per year with a large resource that remains open laterally and at depth. Copper Mountain also has the permitted, development-stage Eva Copper Project in Queensland, Australia and an extensive 397,000 hectare highly prospective land package, also in the Mount Isa area of Queensland, Australia. Copper Mountain trades on the Toronto Stock Exchange under the symbol "CMMC" and Australian Stock Exchange under the symbol "C6C". For further information on Copper Mountain, reference should be made to its public filings (including its most recently filed AIF) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.cumtn.com.

Cautionary Statement on Forward-Looking Information

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

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

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OVERVIEW

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

The Copper Mountain mine is situated 20 km south of Princeton, British Columbia and 300 km east of the port of Vancouver. Production of copper concentrate from the Copper Mountain Mine commenced during the third quarter of 2011. The property consists of 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 kilometres.

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

The Company also has the Eva Copper Project, a permitted, development-ready copper-gold project in Queensland, Australia and an extensive 397,000 hectare highly prospective land package within the Mount Isa area.

Q1 2019 HIGHLIGHTS

- Production for the first quarter of 2019 was 22.3 million pounds of copper equivalent (comprised of 18.6 million pounds of copper, 7,127 ounces of gold and 62,280 ounces of silver).
- Revenue for the first quarter of 2019 was $86.9 million, 11% higher than the first quarter of 2018, from the sale of 19.3 million pounds of copper, 7,026 ounces of gold and 64,992 ounces of silver, net of pricing adjustments.
- C1 cash costs per pound of copper produced was US$1.77 for the first quarter of 2019, a 9.7% reduction from the first quarter of 2018.
- Earnings per share was $0.07 and Adjusted earnings per share was $0.03 for the first quarter of 2019.
- Cash flow from operations for the first quarter of 2019 was $23.7 million, increasing ten-fold from $2.0 million in the first quarter of 2018.
- Announced a new Integrated Production Plan (the "Integrated Plan") for the Copper Mountain Mine, which includes a modest mill expansion to 45,000 tpd and integrates production from the nearby New Ingerbelle pit that has higher gold grades. The Integrated Plan results include a 102% increase in Mineral Reserves, a 12-year extension in mine life to 26 years, a 27% increase in average annual copper equivalent production to 116 million pounds (over the first ten years), and C1 cash costs of US$1.74 per pound of copper (over the first ten years).

Results and Highlights (100%)	Three months ended March 31,	
(In thousands of CDN$, except for per share amounts)	2019 $	2018 $
Financial		
Revenue	86,870	77,946
Gross profit	23,276	6,312
Gross profit before depreciation(1)	29,615	21,768
Net income (loss)	17,826	(6,466)
Earnings (loss) per share – basic	0.07	(0.04)
Adjusted net income(1)	6,036	11,587
Adjusted earnings per share – basic	0.03	0.09
EBITDA(1)	31,864	11,485
Adjusted EBITDA	20,074	29,538
Cash flow from operations	23,689	2,018
Cash and cash equivalents – end of period	51,947	42,568
Production		
Copper (000s lb)	18,610	19,906
Gold (oz)	7,127	6,070
Silver (oz)	62,280	77,909
Unit costs and prices		
C1 cash cost per pound of copper (US$/lb produced (net))(1)(2)	1.77	1.96
All-in-sustaining cost per pound of copper (US$/lb produced (net))(1)(2)	1.87	2.14
Cost of Sales per pound of copper (US$/lb sold (net))	1.97	2.21
Average realized copper price (US$/lb)	2.85	3.17

CORPORATE DEVELOPMENT

On March 18, 2019, the Company announced the appointment of Michele Buchignani to its board of directors. Ms. Buchignani brings nearly 30 years of experience in private equity, law, finance, compensation and business consulting as well as extensive experience as a corporate board member, with particular expertise in corporate governance.

PROJECT DEVELOPMENT UPDATE

Copper Mountain Mine, Canada

The Company completed an updated 43-101 Technical Report for its Copper Mountain Mine, which contains a new Integrated Production Plan that includes a modest expansion of the existing Copper Mountain Mine mill to 45,000 tonnes per day from 40,000 tonnes per day and integrates production from

(1) Non-GAAP performance measure. See Page 15 of this MD&A for details.
(2) Copper cash costs have been updated to industry recognized metrics of total operating costs (C1) and with the addition of All in Sustaining Costs per pound of copper produced the Company believes this disclosure will present the full cost of copper production associated with the Copper Mountain mine and take steps in further supporting peer group comparability. See the non-GAAP performance measures section of this MD&A for details of these calculations.

the New Ingerbelle pit. The results include a 102% increase in Mineral Reserves, a 27% increase in average annual copper equivalent production (over the first ten years), a 12-year extension in mine life to 26 years and a decrease in C1 cash costs to US$1.74 per pound produced (over the first ten years), when compared to the previous Copper Mountain Mine production plan included in the Company's 2018 NI-43-101 Technical Report for the Copper Mountain Mine.

The Integrated Plan takes a phased approach to the investments in the mill expansion and New Ingerbelle development. The first phase includes the concentrator expansion, which requires the installation of a third ball mill, and is estimated to cost approximately US$25 million. The second phase would be for the development and integration of ore from New Ingerbelle, which is estimated to require approximately US$23 million in capital, primarily for the construction of a bridge to the Western side of the Company's property.

EXPLORATION UPDATE

Canada

The exploration plan for Copper Mountain and New Ingerbelle for 2019 includes approximately 13,000m of drilling that is planned with the objective of defining resources adjacent to and below current reserves in strategic areas. Drilling will be carried out to the west of the current mining area to define mineralization that will allow a further westward extension of the pit towards the New Ingerbelle deposit. Additionally, drilling will take place on the eastern edge of the pit to follow-up on exceptional drill results obtained in 2018. Some drilling is also targeted to in-fill in lesser drilled areas at depth in southwest area of Pit #3 and the Alabama deposit to upgrade resource classification. Drilling is scheduled to begin in April.

Australia

The exploration program in Australia has been designed to test additional exploration targets proximal to Eva Copper's main deposit, Little Eva, as well as to support metallurgical studies of the Blackard and Scanlon deposits. All of which have the potential to add mill feed for Eva Copper.

Additional drilling is planned in the Cameron Copper area, which is south of the Eva Copper Project. The Company has planned geophysical and geochemical surveys to explore selected areas of the large claim block.

Other

The company is exploring opportunities to partner with other companies to fund exploration activities on the Fenton Project and peripheral claim holdings in Australia.

OUTLOOK

The Company maintains 2019 guidance of 86 million to 95 million pounds of copper equivalent (comprised of 72 million to 80 million pounds of copper, 29,500 to 32,500 ounces of gold and 260,000 to 290,000 ounces of silver).

OPERATIONS REVIEW

Mine Production Information

Copper Mountain Mine (100% Basis)	2019 Q1	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2018 Annual
Mine						
Total tonnes mined (000s)	**17,454**	16,584	19,520	18,503	19,730	74,337
Ore tonnes mined (000s)	**2,814**	6,518	4,030	5,612	4,407	20,567
Waste tonnes (000s)	**14,640**	10,066	15,490	12,891	15,323	53,770
Stripping ratio	**5.20**	1.54	3.84	2.30	3.48	2.61
Mill						
Tonnes milled (000s)	**3,550**	3,492	3,368	3,802	3,873	14,535
Feed Grade (Cu%)	**0.29**	0.33	0.34	0.28	0.30	0.31
Recovery (%)	**81.6**	78.7	80.5	79.1	81.0	79.8
Operating time (%)	**92.9**	92.5	89.2	92.7	96.0	92.6
Tonnes milled (TPD)	**39,444**	38,800	37,011	41,326	42,098	39,822
Production						
Copper (000s lb)	**18,610**	19,906	20,030	18,283	20,628	78,847
Gold (oz)	**7,127**	6,070	6,524	7,532	8,124	28,250
Silver (oz)	**62,280**	77,909	68,404	64,889	62,711	273,913
Sales						
Copper (000s lb)	**19,348**	21,741	20,411	17,612	19,431	79,195
Gold (oz)	**7,026**	6,491	6,484	6,349	7,475	26,799
Silver (oz)	**64,992**	80,569	71,269	62,487	69,761	284,086
C1 cash cost per pound of copper produced (US$)	**1.77**	1.96	1.56	1.98	1.60	1.77
All-in-sustaining cost (AISC) per pound of copper produced (US$)	**1.87**	2.14	1.78	2.13	1.73	1.94

First Quarter 2019

In Q1 2019, the Copper Mountain mine produced 18.6 million pounds of copper, 7,127 ounces of gold, and 62,280 ounces of silver compared to 19.9 million pounds of copper, 6,070 ounces of gold, and 77,909 ounces of silver in Q1 2018. This represents a decrease of 7% and 20% for copper and silver respectively and a 17% increase in gold. Overall copper feed grade was down 12% in Q1 2019 from Q1 2018, but was as planned. However this decrease was offset by higher throughput and recoveries in both copper and gold. In Q1 2019 approximately 0.7 million tonnes of ore that was fed to the mill came from the ore stockpile and was included in the average feed grade for the quarter. Increased gold production can be attributed to higher head grades and improved recoveries.

C1 cash cost per pound of copper produced for Q1 2019 was US$1.77, which is 9.7% lower than Q1 2018 of US$1.96. C1 cash cost was positively impacted by the cost associated with stripping in excess of the average life of mine strip ratio. This excess stripping cost in the period was treated as capital expenditures as required under IFRS. The overall strip ratio for 2019 is expected to be approximately 2.5 to 1, and, as planned, was higher in Q1 2019 as the mine started a new development pushback of Pit #3. The total cash value of deferred stripping in Q1 2019 was $13.6 million, compared to Nil in Q1 2018.

Site cash costs for Q1 2019 were $45.7 million and C1 cash costs were $43.9 million, both in line with the previous eight quarters. The consistency in costs over the past quarters demonstrates reliable production and operation at the Copper Mountain mine quarter-after-quarter.

FINANCIAL REVIEW

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

Financial Results	**Three months ended March 31,**	
(In thousands of CDN$, except for per share amounts)	**2019 $**	**2018 $**
Revenue		
Copper	80,141	73,874
Gold	11,861	9,473
Silver	1,004	1,358
Treatment and refining	(6,136)	(6,759)
	86,870	**77,946**
Cost of sales		
Direct mining and milling	(41,752)	(39,794)
Employee compensation	(12,011)	(12,870)
Depreciation	(6,339)	(15,456)
Transportation	(3,492)	(3,514)
Gross profit	**23,276**	**6,312**
General and administration	(2,761)	(2,474)
Share based compensation	(661)	(506)
Operating income	**19,854**	**3,332**
Finance income	103	136
Finance expense	(3,799)	(3,514)
Unrealized (loss) gain on interest rate swap	(394)	773
Foreign exchange gain (loss)	6,065	(8,076)
Income (loss) before tax	**21,829**	**(7,349)**
Current tax expense	(513)	(345)
Deferred tax (expense) recovery	(3,490)	1,228
Net income (loss)	**17,826**	**(6,466)**
Adjustments		
Pricing adjustments on concentrate sales	(6,119)	9,765
Write-down of low-grade stockpile	-	985
Unrealized loss (gain) on interest rate swap	394	(773)
Foreign exchange (gain) loss	(6,065)	8,076
Adjusted net income[1]	**6,036**	**11,587**
Earnings (loss) per share	**0.07**	**(0.04)**
Adjusted earnings per share[1]	**0.03**	**0.09**

The revenue and profit of the Company depend on the prices of the commodities that the Company sells as well as those commodities used in the production of copper concentrates. Commodity prices are influenced globally by macro-economic conditions. The copper, gold, and silver that is produced by the Company is

[1] Non-GAAP performance measure. See Page 20 of this MD&A for details.

sold at prevailing market prices and as such, the prices for these products can fluctuate significantly and, in this case, have a material effect on the financial results of the Company.

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

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

Financial Results – First Quarter 2019

Summary

The mine shipped and sold 19.3 million pounds of copper, 7,026 ounces of gold, and 64,992 ounces of silver during Q1 2019; compared to 21.7 million pounds of copper, 6,491 ounces of gold and 80,569 ounces of silver for Q1 2018. During the quarter the Company recognized revenues of $86.9 million, net of pricing adjustments and treatment charges based on an average realized copper price of US$2.85 per pound; compared to revenues of $77.9 million net of pricing adjustments and treatment charges at an average realized copper price of US$3.17 per pound for Q1 2018. Gross profit for Q1 2019 was $23.3 million as compared to $6.3 million for Q1 2018. This all resulted in the Company reporting net income of $21.3 million for Q1 2019 as compared to a net loss of $6.5 million for Q1 2018. The increase in net income for Q1 2019, as compared to the net income for Q1 2018, was a result of several items including:

- Revenues in Q1 2019 included a positive mark to market adjustment of $6.1 million as compared to a negative mark to market adjustment of $9.8 million for Q1 2018;
- Costs of sales for Q1 2019 included lower depreciation of $6.3 million for Q1 2019 compared to $15.4 million for Q1 2018 as a result of an increased reserve base in 2018 over which these costs are depreciated;
- The inclusion of a non-cash unrealized foreign exchange gain of $6.1 million as compared to a non-cash unrealized foreign exchange loss of $8.1 million in Q1 2018, a differential of approximately $14.2 million, which was primarily related to the Company's debt that is denominated in US dollars.

Revenue

In Q1 2019, revenue increased 12% to $86.9 million, net of pricing adjustments and treatment charges, compared to $77.9 million in Q1 2018. Q1 2019 revenue is based on the sale of 19.3 million pounds of copper, 7,026 ounces of gold, and 64,992 ounces of silver and on an average realized copper price of US$2.85 per pound. This compares to 21.7 million pounds of copper, 6,491 ounces of gold and 80,569 ounces of silver sold in Q1 2018 and an average realized copper price of US$3.17 per pound. Revenue was higher despite shipping fewer tonnes of concentrate and realizing a lower copper price during the quarter as a result of a positive mark-to-market adjustment of $6.1 million in Q1 2019 compared to negative $9.8 million in Q1 2018, a net difference of $15.9 million in the quarter.

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

	Realized Metal Prices Three months ended March 31,		Quantities of Metal Sold Three months ended March 31,	
	2019	**2018**	**2019**	**2018**
Copper(1) – 000s lb	$2.85	$3.17	19,348	21,741
Gold(1) – oz	$1,298	$1,326	7,026	6,491
Silver(1) – oz	$15.43	$16.66	64,992	80,569

Metal prices stated as US dollars per ounce for gold and silver and US dollars per pound for copper

Cost of Sales

Cost of sales in Q1 2019 were $63.6 million as compared to $71.6 million for Q1 2018. The decrease in cost of sales is a result of selling fewer pounds of copper and the deferral of some of the stripping costs during the quarter. Unit cost of sales were US$1.97 per pound of copper sold, net of precious metals credits for Q1 2019, as compared to US$2.21 per pound of copper sold, net of precious metals credits for Q1 2018.

Depreciation and Depletion

Depreciation expensed through cost of sales in Q1 2019 was $6.3 million (Q1 2018 – $15.4 million) a decrease of $9.1 million. The difference is primarily a result of the NI 43-101 Mineral Resource update for the Copper Mountain Mine released in Q4 2018. The increase to reserves reported results in a lower depreciation rate over the remaining life of the mine. It is anticipated similar results with lower depreciation rates would be expected going forward.

Also contributing to the decrease was total depreciation expense of $1.4 million (Q1 2018 – Nil) capitalized to deferred stripping and thereby decreasing the amount of depreciation posted to cost of sales.

General and Administrative

The Company recorded Q1 2019 general and administrative costs of $2.8 million (Q1 2018 – $2.5 million). The increase of $0.3 million is attributable to the increased corporate activity within the Company.

Finance Expense

The Company recorded Q1 2019 finance expense of $3.8 million (Q1 2018 – $3.5 million). Finance expense primarily consists of interest on loans and the amortization of loan related financing fees. The increase of $0.3 million is attributable to the increase in borrowing rates and specifically LIBOR which the Company's long-term variable interest rates are based on. The increase in borrowing rates marginally offsets the impact of the decrease in long-term debt from ongoing debt payments made by the Company.

Foreign Exchange

The Company recorded Q1 2019 foreign exchange gain of $6.1 million (Q1 2018 – $8.1 million). Foreign exchange is primarily related to the Company's project debt which is denominated in US dollars. The gain in the period is a result of a change in the US to Canadian foreign exchange rate from 1.36 to 1.34 as compared to a change from 1.25 to 1.29 in the prior year.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Quarter results (100%)	2019	2018				2017		
(In thousands of CDN$, unless otherwise indicated)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	86,870	73,149	60,720	84,204	77,946	85,687	77,151	67,146
Net income (loss)	17,826	(18,982)	(5,066)	3,638	(6,466)	23,538	26,573	10,111
Earnings per share – basic	0.07	(0.09)	(0.02)	0.01	(0.04)	0.12	0.15	0.05
Adjusted net income (loss)(1)	6,036	(1,400)	(3,002)	11,095	11,587	25,311	11,011	(123)
Adjusted earnings per share – basic	$0.03	$(0.01)	$(0.02)	$0.06	$0.09	$0.19	$0.08	$0.00
EBITDA(1)	31,864	(234)	6,882	22,552	11,587	31,564	42,934	25,187
Adjusted EBITDA(1)	20,074	17,348	8,946	30,009	29,538	33,337	26,372	14,953
Cash flow from operations	23,686	28,777	(19,650)	40,121	2,018	17,445	11,109	25,870
Average realized copper price (US$)	$2.85	$2.81	$2.77	$3.13	$3.17	$3.12	$2.91	$2.58
C1 cash costs per pound of copper produced (US$)(1)	$1.77	$1.60	$1.98	$1.56	$1.96	$1.85	$1.69	$1.92
Copper sales (000s lb)	19,348	19,431	17,612	20,411	21,741	18,091	19,250	17,567

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

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

LIQUIDITY AND CAPITAL RESOURCES

Cash

The Company's cash and cash equivalents at March 31, 2019, were $51.9 million (2018 – $46.1 million). During the first quarter of 2019 the Company generated $23.7 million of positive cash flow from operations as a result of strong operating results at the Copper Mountain mine (Q1 2018 – $2.0 million).

During the first quarter of 2019 the Company used $15.9 million in investing activities comprised of deferred stripping costs of $13.6 million and sustaining capital of $2.3 million at the Copper Mountain mine.

During the first quarter of 2019 the Company used $1.2 million in its financing activities (Q1 2018 – $2.7 million). This is comprised primarily of $0.3 million paid for MMC interest on provisional concentrate invoices, $15.3 million in debt principal and interest payments (Q1 2018 – $14.3 million), and $0.6 million in lease payments on mining equipment (Q1 2018 – $2.5 million). The Company also received $15.0 million from MMC (Q1 2018 – $14.0 million), of which the amount was then applied towards principal and interest payments on the Term Loan during the period.

Working Capital

As at March 31, 2019, the Company had working capital of $28.0 million (excluding the $82.2 million due to MMC which is not expected to be repaid in the next twelve months) compared with working capital of $29.8 million at December 31, 2018 (excluding the $69.0 million due to MMC which is not expected to be repaid in the next twelve months). The current liability balance, net of MMC notes payable, has increased marginally at $98.1 million (2018 – $91.1 million) at December 31, 2018 as result of the increase in the current portion of long-term debt and scheduled payments over the next twelve months.

Debt

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

(In thousands of CDN$, except for ratio amounts and where otherwise noted)	**March 31, 2019 $**	**December 31, 2018 $**	**December 31, 2017 $**
Senior credit facility (US$)	90,720	90,720	105,300
Term loan (US$)	96,000	105,600	124,800
Subordinated loan (US$)	10,308	9,930	10,345
Leases	4,236	4,711	9,547
Total debt (US$ in thousands)	**201,264**	**210,962**	**249,992**
Year-end foreign exchange rate (US$ to CAD$)	1.3363	1.3642	1.2545
Canadian $ equivalent	268,949	287,793	313,615
Less cash balances	(51,947)	(46,123)	(45,133)
Net debt	**217,002**	**241,670**	**268,482**
Net debt to Adjusted EBITDA	2.8x*	3.4x	2.6x

*Note: March 31, 2019 Net debt to Adjusted EBITDA based on trailing 12 months of Adjusted EBITDA.

Shareholders' Equity

As of March 31, 2019, the Company had 188,170,359 common shares outstanding and shareholders' equity was $246.6 million at March 31, 2019, compared to $231.5 million at December 31, 2018.

Proposed Transactions

None.

Commitments and Contractual Obligations

As at March 31, 2019, the Company had the following consolidated contractual obligations:

	Annual Repayments due from March 31,						
(In thousands of CDN$)	**Total $**	**2019 $**	**2020 $**	**2021 $**	**2022 $**	**2023 $**	**Over 5 years $**
Senior credit facility	121,229	15,695	12,448	28,142	43,296	21,648	-
Term loan	128,285	42,762	42,762	42,761	-	-	-
Subordinated loan	13,775	-	-	-	-	-	13,775
Lease obligation	6,449	2,592	3,057	418	382	-	-
Mine closure and reclamation	6,771	-	-	-	-	-	6,771
Total contractual obligations	**276,509**	**61,049**	**58,267**	**71,321**	**43,678**	**21,648**	**20,546**

Capital Resources

As at March 31, 2019, the Company had $51.9 million in cash and cash equivalents on hand and $15.5 million in concentrate sales receivables. The Company is expected to meet future cash commitment from existing cash on hand and anticipated cash flows generated from the Copper Mountain mine. The Company continues to review its near-term operating plans and take steps to reduce costs and maximize cash flow from operations, while maintaining copper output levels.

In order to facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the Board of Directors. The Company manages liquidity by continuously monitoring and forecasting cash flows based on changes in operations and economic conditions to facilitate the management of its capital requirements. If required, the Company may adjust the capital structure by issuing new shares, issuing new debt or retiring existing debt. In 2019, the Company intends to allocate its capital resources to debt repayment, development of its mining operations, resource expansion and exploration programs mentioned previously in this MD&A.

The Company's investment policy is to invest its cash in highly liquid interest-bearing investments that are readily convertible to known amounts of cash or in cashable Guaranteed Investment Certificates at major Canadian, United States, or Australian banks. There were no changes to the Company's approach to capital management during the three-months ended March 31, 2019.

As at March 31, 2019 the Company had a total of $8.2 million on deposit with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain Mine. The Company receives interest from these funds on deposit.

Financial Instruments and Risks

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

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

The financial instruments and risks and the Company's exposure to these risks, is provided Note 16 of the audited annual consolidated financial statements. For a discussion on the methods used to value financial instruments, as well as significant assumptions, refer also to Notes 3 and 19 of the audited annual consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at March 31, 2019.

RELATED PARTY TRANSACTIONS

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

- During the three months ended March 31, 2019 the Company sold copper concentrates to MMC with revenues totalling $86.9 million (2018 – $77.9 million) including pricing adjustments.
- During the three months ended March 31, 2019 the Company accrued interest on the subordinated loan with MMC totalling $119 thousand (2018 – $115 thousand).
- As at March 31, 2019 the Company accrued to MMC a guarantee fee related to the Term Loan of $67 thousand (2018 – $77 thousand). The Company has also received aggregate funding advances from MMC totalling $76.1 million (2018 – $54.1 million). These advances bear interest at rates of 2.88% to 4.80% with total interest during the three months ended March 31, 2019 of $444 thousand (2018 – $348 thousand).

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

	Three months ended March 31,	
	2019	**2018**
(In thousands of CDN$)	**$**	**$**
Salaries and short-term employee benefits	769	1,141
Share based compensation	563	473
Total	**1,332**	**1,614**

ACCOUNTING POLICIES AND ESTIMATES

Critical accounting estimates

The Company's significant accounting policies are presented in note 3 of the 2018 audited annual consolidated financial statements. The preparation of consolidated financial statements in accordance with IFRS requires management to establish accounting policies and to make judgement, estimates and assumptions that affect both the amount and timing of assets, liabilities, income and expenses. Some of these estimates require judgments about matters that are inherently uncertain.

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

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

- Mineral reserves and resources;
- Recoverable amount of property, plant, and equipment;
- Depletion and depreciation of property, plant, and equipment;
- Decommissioning obligations;

- Deferred stripping;
- Net realizable value of inventories; and
- Income and resources taxes.

Change in accounting policies

No changes to accounting policies have been made for the period ended March 31, 2019 with the exception of the adoption of *IFRS 16 – Leases*. The accounting policy adopted in the preparation of the Company's condensed interim consolidated financial statements have been prepared based on all IFRS and interpretations effective as at March 31, 2019.

IFRS 16 – Leases

The Company adopted IFRS 16 effective January 1, 2019 using the modified retrospective application method. The Company has applied the recognition exemptions for 'low value' leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases. Refer to Note 3 of the Company's condensed interim consolidated financial statements for details of the adoption of IFRS 16.

NON-GAAP PERFORMANCE MEASURES

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

Cash Costs per Pound

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

C1 Cash Costs

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

All-in Sustaining Costs (AISC)

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

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

Cash Costs per Pound Produced (100%)	**Three months ended March 31,**	
(In thousands of CDN$, unless otherwise noted)	**2019 $**	**2018 $**
Cost of sales	63,594	71,634
Adjustments		
Depreciation and depletion	(6,339)	(15,456)
Change in inventory	(6,675)	(1,948)
Transportation costs	(4,881)	(5,121)
Low-grade stockpile write-down	-	(739)
Site cash costs	**45,699**	**48,370**
Adjustments		
Transportation costs	4,881	5,121
Treatment and refining costs	6,136	6,759
By-product credits (gold and silver)	(12,865)	(10,831)
C1 cash cost	**43,851**	**49,419**
Adjustments		
Sustaining capital	1,258	1,339
Lease payments	563	2,457
Applicable administration	574	569
All-in sustaining costs (AISC)	**46,246**	**53,784**
Average foreign exchange rate (CDN$ to US$)	0.7522	0.7907
Copper production (000s lb)	18,610	19,906
C1 cash costs (US$/lb produced (net))	**$1.77**	**$1.96**
All-in sustaining costs (AISC) (US$/lb produced (net))	**$1.87**	**$2.14**
Average realized copper price (US$/lb)	$2.85	$3.17

Adjusted Net Income

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

- Pricing adjustments on concentrate and metal sales;
- Write-down of the low-grade stockpile;
- Unrealized interest rate swap gains/losses;
- Unrealized foreign exchange gains/losses; and
- Non-recurring transactions.

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

Adjusted Net Income	**Three months ended March 31,**	
(In thousands of CDN$, except per share amounts)	**2019**	**2018**
Net income (loss)	17,826	(6,466)
Adjustments		
Pricing adjustments on concentrate sales	(6,119)	9,765
Write-down of low-grade stockpile	-	985
Unrealized interest rate swap loss (gain)	394	(773)
Unrealized foreign exchange (gain) loss	(6,065)	8,076
Adjusted net income	**6,036**	**11,587**
Adjusted earnings per share	**$0.03**	**$0.09**

EBITDA and Adjusted EBITDA

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

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

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

- Pricing adjustments on concentrate and metal sales;
- Write-down of the low-grade stockpile;
- Unrealized interest rate swap gains/losses;
- Unrealized foreign exchange gains/losses; and
- Non-recurring transactions.

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

EBITDA and Adjusted EBITDA	**Three months ended March 31,**	
(In thousands of CDN$)	**2019**	**2018**
Net income (loss)	17,826	(6,466)
Adjustments		
Finance income	(103)	(136)
Finance expense	3,799	3,514
Depreciation	6,339	15,456
Current tax expense	513	345
Deferred income and resource tax recovery	3,490	(1,228)
EBITDA	**31,864**	**11,485**
Adjustments		
Pricing adjustments on concentrate sales	(6,119)	9,765
Write-down of low-grade stockpile	-	985
Unrealized interest rate swap loss (gain)	394	(773)
Unrealized foreign exchange (gain) loss	(6,065)	8,076
Adjusted EBITDA	**20,074**	**29,538**

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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 in accordance with IFRS. 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.

The Company's 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.

Internal controls over financial reporting

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

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

Changes in internal controls over financial reporting

There have been no changes in our internal control over financial reporting and disclosure controls and procedures during the period ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

RISKS AND UNCERTAINTIES

The Company's success depends on a number of factors, most of which are beyond the control of the Company. Typical risk factors include copper, gold and silver price fluctuations, foreign currency fluctuations, and operating uncertainties encountered in the mining business. Future government, legal or regulatory changes could affect any aspect of the Company's business, including, among other things, environmental issues, land claims, permitting and taxation costs all of which could adversely affect the ability of the Company to operate the Copper Mountain mine and develop its projects. These risks and uncertainties are managed by experienced managers, advisors and consultants, by maintaining adequate liquidity, and by cost control initiatives.