COPPER MOUNTAIN
MINING CORPORATION

CONSOLIDIATED FINANCIAL STATEMENTS

For the years ended

December 31, 2008

December 31, 2007

Suite 550 – 800 Pender Street

Vancouver, British Columbia V6C 2V6

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D E V I S S E R G R A Y L L P
CHARTERED ACCOUNTANTS

401 – 905 West Pender Street
Vancouver, BC Canada
V6C 1L6

AUDITORS' REPORT

To the shareholders of Copper Mountain Mining Corporation,

We have audited the consolidated balance sheets of Copper Mountain Mining Corporation (the "Company") as at December 31, 2008 and 2007 and the consolidated statements of operations, comprehensive income and deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"De Visser Gray LLP"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
February 27, 2009

COPPER MOUNTAIN MINING CORPORATION
Consolidated Balance Sheet,
As at December 31,

		2008		2007
ASSETS				
Current assets				
Cash and cash equivalents	$	11,255,709	$	6,132,345
Accounts receivable		531,903		305,053
Prepaid expenses		420		200,875
Due from related party (Notes 8 and 12b)		438,187		600,000
		12,226,219		7,238,273
Reclamation bond (Note 3c)		2,089,000		2,046,500
Property, plant, and equipment (Note 4)		990,158		1,190,345
Copper Mountain Project (Note 3)		36,481,713		8,468,953
	$	51,787,090	$	18,944,071
LIABILITIES				
Current liabilities				
Accounts payable	$	1,710,054	$	369,307
Short-term mortgage payable (Note 5b)		2,000,000		-
Short-term loan payable (Note 5a)		12,010,796		
Current portion of lease obligation (Note 6)		101,315		353,764
		15,822,165		723,071
Long-term liabilities				
Capital lease obligation (Note 6)		-		101,315
Accrued site reclamation cost (Note 3c)		2,189,000		2,189,000
		18,011,165		3,013,386
SHAREHOLDERS' EQUITY				
Share capital (Note 7)		31,806,566		15,492,498
Contributed surplus		1,984,726		1,512,340
Deficit		(15,367)		(1,074,153)
		33,775,925		15,930,685
	$	51,787,090	$	18,944,071

Continuing operations (Note 1)
Commitments (Note 9)
Subsequent event (Note 12)

Approved on behalf of the board of Directors:

"Marin Katusa"	**Director**	**"John Tapics"**	**Director**
Marin Katusa		**John Tapics**	**Director**

See notes to Financial Statements

COPPER MOUNTAIN MINING CORPORATION
Consolidated Statements of Operations , Comprehensive Income and Deficit,
For the years ended December 31,

	2008	2007
EXPENSES		
Amortization	$ 13,460	$ 10,033
Advertising	39,984	54,246
Bank charges & interest	43,413	15,261
Consulting fees	256,127	141,585
Investment shows	75,568	36,598
Meals and entertainment	16,785	11,387
General and administration	230,861	191,337
Professional fees	161,498	93,538
Shareholder communications	42,742	29,850
Stock-based compensation	270,620	1,154,286
Transfer agent	15,111	8,223
Travel expenses	111,381	68,534
Wages and salaries	215,963	137,513
Loss before other items	(1,493,513)	(1,952,391)
OTHER ITEMS:		
Interest and other income	315,649	177,384
Future income tax recovery (Note 10)	2,236,650	937,447
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	1,058,786	(837,560)
DEFICIT – BEGINNING OF YEAR	(1,074,153)	(236,593)
DEFICIT – END OF YEAR	$ (15,367)	$ (1,074,153)
Income (Loss) per share, basic and diluted	$ 0.04	($0.05)
Weighted average number of common shares outstanding	26,783,106	17,358,955

COPPER MOUNTAIN MINING CORPORATION
Consolidated Statements of Cash Flows
For the years ended December 31,

	2008	2007
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income (loss) for the year	$ 1,058,786	$ (837,560)
Net changes in non-cash working capital items:		
Accounts receivable	(265,037)	(156,316)
Prepaid expenses	200,455	(183,445)
Accounts payable	(27,308)	(78,116)
Non-cash expenses:		
Amortization	13,460	10,033
Future income tax recovery	(2,236,650)	(937,447)
Stock-based compensation	270,620	1,154,286
	(985,674)	(1,028,565)
INVESTING ACTIVITIES		
Reclamation bonding	(42,500)	(7,500)
Purchase of property, plant and equipment	(67,794)	(1,252,824)
Copper Mountain Project	(26,256,075)	(6,812,925)
	(26,366,369)	(8,073,249)
FINANCING ACTIVITIES		
Issue of share capital, net of issue costs	18,684,733	11,809,752
Due from related party	200,000	(600,000)
Short-term mortgage payable	2,000,000	-
Short-term loan	11,944,438	-
Capital lease obligations	(353,764)	455,079
	32,475,407	11,664,831
CHANGE IN CASH	5,123,364	2,563,017
CASH– BEGINNING OF YEAR	6,132,345	3,569,328
CASH– END OF YEAR	$ 11,255,709	$ 6,132,345

Included in cash and cash equivalents at December 31, 2008 is $11,020,000 (2007 - $5,645,000) in guaranteed income certificates and $235,709 (2007 - $487,345) held in a bank account.

Supplemental disclosure with respect to cash flows (Note 10)

1. NATURE OF OPERATIONS AND GOING CONCERN

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. On December 22, 2006, the Company acquired all of the issued common shares of Similco Mines Ltd. ("Similco"), a private company incorporated under a predecessor Act to the British Columbia *Business Corporations Act*.

These consolidated financial statements have been prepared on a going-concern basis, which assumes the ongoing ability of the Company to realize its assets and discharge its liabilities in the normal course of business. The Company's status as a going-concern is dependent upon its ability to generate future profitable operations and to receive continued financial support from its lenders and shareholders.

For the year ended December 31, 2008, the Company reported income of $1.1 million and an accumulated deficit of $0.15 million at that date. In addition to its ongoing working capital requirements, the Company must secure sufficient funding for existing and future commitments for the development of the Copper Mountain Project.

In recognition of these circumstances, the Company has secured funding in the amount of $28.75 million by way of a line of credit from its potential future partner in the development of the Copper Mountain Project, which enables the Company to continue to fund site development activities for the Project. This arrangement, while significant, is not sufficient in itself to enable the Company to fund all aspects of its obligations to develop the Copper Mountain Project and, accordingly, management is pursuing other financing alternatives to fund the Company's share of development costs for the Project so it can continue as a going concern. Management plans to secure the necessary financing through a combination of the exercise of existing warrants for the purchase of common shares and the issue of new equity or debt instruments. Nevertheless, there is no assurance that these initiatives will be successful.

The Company's ability to continue as a going concern is dependent upon management's ability to sufficiently fund the Project's development program, manage its foreign currency exposures, and develop the Project on time and on budget that allows it to generate positive cash flows from future operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations.

Management is of the opinion that sufficient working capital will be obtained from external financing sources to meet the Company's liabilities as they come due. Should this going-concern assumption not be appropriate, values and classifications of assets and liabilities could change and those changes could be material. It is not possible to predict the outcome of those matters at this time.

2. SIGNIFICANT ACCOUNTING POLICIES

Consolidation

These consolidated financial statements include the accounts of the company and its wholly owned subsidiary, Similco Mines Ltd ("Similco"). All significant intercompany transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results may differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Earnings per Share

Earnings (loss) per share is calculated using the weighted average number of shares outstanding during the year. Diluted earnings (loss) per share is calculated using the treasury stock method whereby all "in the money" options and warrants are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the year. Basic and diluted loss per share is the same as the effect of the exercise of outstanding options and warrants would be anti-dilutive.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid investments with maturities of three months or less when purchased or which are readily convertible into known amounts of cash. Interest earned is recognized immediately in operations.

Mineral Properties

The Company records its interests in mineral properties and all direct expenditures incurred on them at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment in value. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production or charged to operations in the year of abandonment or sale. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of the property sold.

The recorded cost of mineral exploration interests is based on cash paid, the value of any common share consideration issued and exploration costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

Property, Plant and Equipment

Equipment and building are recorded at a cost and amortized over their estimated useful economic lives on the straight-line basis. The estimated economic lives are 5 years for automobiles, equipment and furniture and 25 years for buildings.

Financial Instruments

The Company has classified its cash as held-for-trading. The Company has also classified its accounts payable as other financial liabilities. All financial instruments are to be measured at fair value on initial recognition except for those arising from certain related party transactions. Measurement in subsequent periods is made based on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Financial assets and financial liabilities classified as held-for-trading are to be measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as held-for-trading are to be measured at amortized cost using the effective interest method of amortization. Financial assets classified as available-for-sale are to be measured at fair value with unrealized gains and losses being recognized in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable and prepaids. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies.

Interest Rate Risk

The Company has no significant interest costs (income) and therefore has no significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity funding, or will engage in negotiations to extend terms with debtors. The Company manages liquidity by continuously monitoring and forecasting cash flows.

Flow-Through Shares

The Company may issue securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from the expenditure of the proceeds. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate), and share capital is reduced. Previously unrecognized tax assets may then offset or eliminate the liability recorded.

Income Taxes

The Company accounts for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net assets are recognized. Such an allowance has been applied to all potential income tax assets of the Company.

Stock-based Compensation

The Company measures and records compensation expense in connection with stock options granted using the fair value method. The fair value of stock options is calculated using the Black-Scholes model, generally at the date of grant for employee options, and is amortized to expense over the vesting period, with the offsetting entry made to contributed surplus. If the stock options are exercised, the proceeds are added to share capital, and the applicable amounts of contributed surplus are transferred to share capital.

Impairment of Long-lived Assets

The Company assesses the possibility of impairment in the net carrying value of its long lived assets when events or circumstances indicate impairment may have occurred. Management calculates the estimated undiscounted future net cash flows relating to the asset or asset group using estimated future prices, proven and probable reserves and other mineral resources, and operating, capital and reclamation costs. When the carrying value of an asset exceeds the related undiscounted cash flows, the asset is written down to its estimated fair value, which is usually determined using discounted cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Asset Retirement Obligations

The Company follows the recommendations of CICA Handbook Section 3110, Asset Retirement Obligations. This section requires recognition of a legal liability for obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement cost must be recognized at fair value, when a reasonable estimate of fair value can be estimated, in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on the same basis as the underlying asset. Asset retirement obligations are adjusted to reflect the passage of time (accretion) calculated by applying the discount factor implicit in the initial fair value measurement to the beginning-of-period carrying amount of the obligation. The value of asset retirement obligations is evaluated on an annual basis or as new information becomes available on expected amounts and timing of cash flows required to discharge the liability. These changes are recorded in the period in which they are identified and when costs can be quantified reasonably.

Leases

Assets financed by leasing agreements which 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.

Comparative Figures

Certain comparative information has been reclassified to conform to the current year's presentation.

New Accounting Standards Not Yet Adopted: International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") published a strategic plan that outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently in the process of developing an IFRS conversion plan and evaluating the impact of the transition to IFRS and is considering early adoption of IFRS for year end 2009.

Capital Risk Management

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 which optimizes the cost of capital at acceptable risk.

There were no changes to the Company's approach to capital management during the year ended December 31, 2008. The Company is not subject to externally imposed capital requirements.

3. COPPER MOUNTAIN PROJECT

(a) Copper Mountain Project, Princeton, British Columbia

The Company acquired 100% of the Copper Mountain Project upon the acquisition of Similco Mines Ltd on December 22, 2006. The Copper Mountain Project is located near Princeton, B.C. and consists of 135 Crown granted mineral claims, 132 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702.1 hectares or 67 square kilometres. Approximately 10% of the claims are subject to royalties of 1% to 5%. The details of the carrying amounts of the Copper Mountain Project are as follows:

	December 31, 2008	December 31, 2007
Property acquisition costs	$1,111,526	$ 1,111,526
Property holding costs	1,509,761	584,703
	2,621,287	1,696,229
Property expenditures		
Amortization	263,510	134,420
Assays	609,417	274,451
Consulting	107,493	87,298
Core cutting	288,232	137,841
Drilling	14,049,362	4,650,864
Feasibility study	2,713,142	151,629
Geological consulting	887,159	399,455
Miscellaneous	319,432	229,238
Salaries	493,339	270,212
Scoping study	121,424	121,423
Surveying	366,532	315,893
Travel	146,362	62,747
	20,365,404	6,772,724
Copper Mountain Project Costs		
Tailings Management Facility	5,200,000	-
Ball Mills and Sag Mill	4,622,621	-
Engineering and Construction management	1,297,403	-
Site work deferred	1,432,185	-
Construction facilities	698,813	-
Power line	244,000	-
	13,495,022	-
Total Copper Mountain Project Costs	$ 36,481,713	$ 8,468,953

b) During the year, the Company announced that Mitsubishi Materials Corporation (“Mitsubishi”) agreed to join the Company in developing the Copper Mountain Project (“Project”). Effective September 30, 2008, the Company and Mitsubishi signed a Memorandum of Understanding (“MOU”). Under the terms of the MOU, subject to several conditions, including approval of the board of directors of Mitsubishi, Mitsubishi will: purchase a 25 percent equity interest in the Project for $28.75 million, arrange a $250 million project loan, and contract to purchase all the copper concentrate (approximately 150,000 dry metric tonnes per annum for the first 10 years) from the mine. (See also Note 12)

c) The Company has accrued site reclamation costs of $2,189,000 and has placed $2,089,000 on deposit with the BC government in support of such reclamation liabilities.

4. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2008			December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Automobiles	$ 118,801	$ (23,635)	$ 95,166	$ 58,934	$ (5,862)	$ 53,072
Buildings & Equipment	107,867	(30,264)	77,603	104,115	(16,804)	87,311
Computer equipment	96,197	(40,347)	55,850	94,874	(21,173)	73,701
Mining equipment	1,070,007	(320,882)	749,125	1,067,155	(107,035)	960,120
Other equipment	18,632	(6,218)	12,414	18,632	(2,491)	16,141
	$ 1,411,504	$ (421,346)	$ 990,158	$1,343,710	$ (153,365)	$ 1,190,345

5. SHORT TERM LOANS

a) On November 28, 2008 the Company entered into a short term loan agreement with Mitsubishi whereby Mitsubishi agreed to advance up to $28,750,000 to assist in the initial development work on the Copper Mountain Project. The loan bears an interest rate of 8% per year, calculated monthly, and is due to be repaid on the earlier of March 31, 2009 or the date after January 30, 2009 on which the Company has completed equity placements having an aggregate subscription amount of not less than the then outstanding balance of the loan plus accrued interest. As at December 31, 2008 the Company had drawn $12 million against this facility.

b) During the year, the Company entered into a purchase agreement to purchase 100% of the lands known as the Smelter Tailings area which is located within the Company's Copper Mountain Property, inclusive of a reclamation bond in the amount of $1,350,000 for $5,200,000. Under the terms of the agreement the Company has paid a total of $3,200,000 towards the purchase and the balance of $2,000,000 is secured by a mortgage that is due June 30, 2009. The full value of $5.2 million has been capitalized as a development cost of the Copper Mountain project. The vendor can continue to operate a biosolids waste management business on the lands until the Company requires the lands, and if the Company has not: (1) made a production decision by December 31, 2011; (2) made the $2,000,000 payment on or before June 30, 2009 or (3) incurred more than $20 million of expenditures (excluding expenditures on mobile equipment) in the development of the Project site on or before December 31, 2014, the vendor can repurchase the lands from the Company for $1.

6. CAPITAL LEASE OBLIGATION

a) The Company has financed the acquisition of certain mining equipment with a 23 month lease carrying an effective interest rate of 5.2% per annum and as at December 31, 2008, future minimum lease payments are as follows:

Year ended December 31, 2009	$ 103,991
Less imputed interest	(2,676)
Present value of net minimum lease payments	101,315
Less current portion	(101,315)
Long term portion of lease payments	$ -

7. SHARE CAPITAL

(a) Authorized – unlimited number of common shares without par value

Issued:

	Common Shares	Amount	Contributed Surplus
Issued at December 31, 2006	14,338,500	$ 4,807,622	$ 170,625
Shares issued for cash:			
Private placements	7,181,000	12,717,500	-
Options exercised	6,250	6,250	-
Warrants exercised	143,000	192,625	-
Share issue costs	-	(1,261,583)	-
Non-cash items:			
Shares issued for finder's fee	84,160	154,960	-
Stock-based compensation	-	-	1,154,286
Options exercised	-	2,427	(2,427)
Broker warrants granted	-	(208,967)	208,967
Broker warrants exercised	-	19,111	(19,111)
Flow-through renounced	-	(937,447)	-
Issued at December 31, 2007	21,752,910	$ 15,492,498	$ 1,512,340
Shares issued for cash:			
Public equity placement	9,523,808	19,999,997	-
Options exercised	12,450	12,450	-
Warrants exercised	335,834	493,437	-
Share issue costs	-	(1,821,151)	-
Non-cash items:			
Options exercised	-	4,835	(4,835)
Stock-based compensation	-	-	338,371
Flow-through renounced	-	(2,236,650)	-
Broker warrants granted	-	(157,310)	157,310
Broker warrants exercised		18,460	(18,460)
Issued at December 31, 2008	31,625,002	$ 31,806,566	$ 1,984,726

(b) Stock Options

	December 31, 2008		December 31, 2007	
Stock options outstanding	**Number of shares**	**Weighted average exercise price**	**Number of shares**	**Weighted average exercise price**
Beginning of year	2,623,750	$ 1.17	-	$ -
Granted	1,190,000	1.50	2,630,000	1.17
Exercised	(12,450)	1.00	(6,250)	1.00
End of year	3,801,300	$ 1.29	2,623,750	$ 1.17

7. SHARE CAPITAL *(Continued)*

The Company has a stock option plan whereby it can issue up to 4,000,000 stock options exercisable for a period up to five years from the grant date. The Company has issued 3,801,300 options exercisable at prices ranging from $1.00 to $2.30 per share, under the plan:

Date of Stock Option Grant	Number of options*	Exercise Price	Expiry Date
August 1, 2008	940,000	$1.40	August 1, 2013
March 14, 2008	150,000	$2.15	March 14, 2013
September 24, 2007	120,000	$2.00	September 24, 2012
September 4, 2007	150,000	$2.30	September 4, 2008
February 22, 2007	100,000	$2.15	February 22, 2011
July 25, 2007	35,000	$2.30	July 25, 2012
June 29, 2007	75,000	$2.00	June 29, 2007
March 15-April 27, 2007	2,231,300	$1.00	June 29, 2012
Total	3,801,300		

*Net of options exercised

The fair value of the stock options granted are estimated on the date of grant using the Black-Scholes Option Pricing Model with the following assumptions: a risk free interest rate of 3.00%, expected life of 5 years, an expected volatility of 30.0 to 40.0%, and no expectation for dividend payments.

	2008	2007
Weighted average fair value of options granted:	$ 0.57	$ 0.32
Weighted average remaining life of options outstanding:	3.67 years	4.29 years

Capital disclosures

The Company manages its common shares and options as capital. The principal source of funds is from the issuance of common shares and loans. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its projects for the benefit of its stakeholders.

7. SHARE CAPITAL *(Continued)*

(c) Warrants

Warrants outstanding	December 31, 2008 Number of warrants	December 31, 2008 Weighted average exercise price (Cdn.)	December 31, 2007 Number of warrants	December 31, 2007 Weighted average exercise price (Cdn.)
Beginning of year	2,714,500	$ 1.66	795,500	$ 1.10
Granted	4,761,904	2.50	1,975,000	1.89
Expired	(2,201,500)	1.74	-	-
Exercised	(263,000)	1.52	(56,000)	1.72
End of year	5,011,904	$ 2.43	2,714,500	$ 1.66

As at December 31, 2008, 5,011,904 warrants are outstanding entitling the holders to acquire shares of the Company as follows:

Date of Warrant Grant	Number of warrants*	Exercise Price	Expiry Date
February 14, 2007	250,000	$1.10	February 14, 2009
June 30, 2008	4,761,904	$2.50	June 30, 2009
Total	5,011,904		

*Net of warrants exercised

(d)

Broker Warrants

Broker Warrants outstanding	December 31, 2008 Number of warrants	December 31, 2008 Weighted average exercise price (Cdn.)	December 31, 2007 Number of warrants	December 31, 2007 Weighted average exercise price (Cdn.)
Beginning of year	655,582	$ 1.57	379,102	$ 1.10
Granted	571,428	2.50	363,480	1.95
Expired	(478,700)	1.71	-	-
Exercised	(72,834)	1.54	(87,000)	1.11
End of year	675,476	$ 2.28	655,582	$ 1.57

As at December 31, 2008, 675,476 broker warrants are outstanding entitling the holders to acquire shares of the Company as follows:

Date of Broker Warrant Grant	Number of warrants*	Exercise Price	Expiry Date
January 2, 2007	104,048	$1.10	January 2, 2009
June 30, 2008	571,428	$2.50	June 30, 2009
Total	675,476		

*Net of warrants exercised

8. RELATED PARTY TRANSACTIONS

- During the year ended December 31, 2008, the Company advanced $600,000 to Compliance Energy Corporation ("Compliance") as a demand loan secured by the equivalent value of common shares of the Company owned by Compliance, with the loan bearing an interest rate of prime plus 1%. This is in addition to the $600,000 advanced to Compliance in 2007. During the year Compliance repaid $800,000 of the demand loan. Compliance is a public company, listed on the TSX Venture Exchange and related by certain common directors and officers. As at December 31, 2008 a total of $438,187 is due from Compliance of which $38,187 is accrued interest due (see also note 12).

- During the year ended December 31, 2008, the Company paid fees of $247,928 to companies controlled by two of its officers and directors for management consulting and administration services (2007 - $194,000).

- During the year ended December 31, 2008, the Company paid geological consulting fees of $170,492 to a company controlled by one of its officers (2007 - $73,989).

All related party transactions have occurred at fair value as determined by management.

9. COMMITMENTS

a) During the year, the Company agreed to purchase two ball mills and one sag mill for the development of the Copper Mountain Project. The ball mills and sag mill have an estimated cost of US $39 million. At December 31, 2008, Cdn $4.2 million had been paid towards the purchase of the ball mills and sag mill. The Company's exposure to this commitment is limited to amounts incurred to date plus 20% if the order is cancelled as anytime subject to receipt of sales proceeds less 10% by the Company if the order is sold.

b) During the year ended December 31, 2007, the Company raised $7,333,000 by issuing 3,231,000 flow-through common shares and was obligated to spend the remaining amount of $4.2 million on Canadian exploration expenditures prior to December 31, 2008. The Company spent in excess of the required $4.2 million on Canadian exploration expenditures during the year ended December 31, 2008.

10. SUPPLEMENTARY CASH FLOW DISCLOSURES

- During 2008, the Company deferred $254,521 of amortization costs on vehicles and mining equipment (2007 – $134,420).

- During 2008, the Company deferred $67,750 of stock-based compensation that related to mineral property costs (2007 – $nil).

- As of December 31, 2008, there was $1,665,302 in accounts payable that related to mineral property costs (2007 – $297,247).

- During 2008, the Company issued 571,478 brokers' warrants valued at $157,311 for a finders' fees (2007 - 84,160 common shares valued at $154,960 and brokers' warrants valued at $208,967 issued for finders' fees).

11. INCOME TAXES

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	December 31,2008	December 31, 2007
Net income (loss)	$ 1,058,786	$ (837,560)
Effective statutory rate	31.00%	34.12 %
Expected taxes payable	328,224	(285,776)
Tax effect of non-deductible amounts		
Stock Based Compensation	83,892	393,842
FIT Recovery	(693,362)	(319,857)
Share Issue Costs	(210,652)	(107,578)
Other	6,774	5,366
	(813,348)	(28,227)
Unrecognized benefit of non-capital losses	485,124	314,003
	$ -	$ -

Future income tax assets reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's future income tax assets at December 31, 2008 and December 31, 2007 are as follows:

	December 31, 2008	December 31, 2007
Future income tax assets		
Non capital loss carry-forwards	$ 4,242,000	$ 2,556,000
Capital cost allowance	231,285	103,847
Share issue costs	2,339,821	1,198,193
Deferred costs	28,753,446	33,575,135
	35,566,552	37,433,175
Statutory rate	27.50%	34.12 %
Potential future income tax assets	9,780,802	12,772,199
Valuation allowance	(9,780,802)	(12,772,199)
	$ -	$ -

11. INCOME TAXES *(Continued)*

The Company has non capital losses of approximately $4,242,000 expiring in stages to 2028 as follows:

Expiry Date	December 31, 2008	December 31, 2007
31-Dec-10	10,000	123,000
31-Dec-11	-	-
31-Dec-12	98,000	98,000
22-Dec-16	67,000	7,000
31-Dec-16	1,471,000	1,408,000
31-Dec-27	989,000	920,000
31-Dec-28	1,607,000	-
	4,242,000	2,556,000

12. SUBSEQUENT EVENTS

a) Subsequent to the end of the year, the Company amended the terms of the memorandum of understanding dated September 30, 2008 (“MOU”) between the Company and Mitsubishi Materials Corporation (“Mitsubishi”). Under the terms of the MOU, which is subject to several conditions, including approval of the board of directors of Mitsubishi, Mitsubishi will: purchase a 25 percent equity interest in the Project for $28.75 million, arrange a $250 million project loan, and contract to purchase all the copper concentrate (approximately 150,000 dry metric tonnes per annum for the first 10 years) from the mine. Under the amended MOU dated January 30, 2009, the period for finalization of definitive agreements has been extended to March 31, 2009.

b) Subsequent to the end of the year, the Company received $441,803, including accrued interest of $41,803 to February 13, 2009, from Compliance Energy Corporation as repayment of a loan (see also note 8).

COPPER MOUNTAIN MINING CORPORATION
(The "Company")

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A") OF FINANCIAL CONDITION & THE RESULTS OF OPERATIONS FROM THE YEAR ENDED DECEMBER 31, 2008

February 27, 2009

Management Discussion and Analysis

Introduction

Management's discussion and analysis ("MD&A") focuses on significant factors that affected Copper Mountain Mining Corporation's performance and such factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the Company's audited consolidated financial statements and the related notes contained therein for the years ended December 31, 2008 and December 31, 2007. The Company reports its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company's significant accounting policies are set out in Note 2 of the audited consolidated financial statements for the year ended December 31, 2008. The Company's financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate the Company's exploration results 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. 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 market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, government policy decisions, market or business conditions. 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.

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**

Cautionary Note Investors Concerning Estimates of Inferred Resources

This discussion uses the term 'inferred resources'. The Company advises investors that while this term is recognized and required by Canadian regulations, the US Securities and Exchange Commission does not recognize it. 'Inferred resources' have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of a mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of economic studies, except in rare cases. **Investors are cautioned not to assume that any part or all of an inferred resource exists, or is economically or legally mineable.**

1.2 Overview

The Company was incorporated under the provisions of the British Columbia *Company Act* on April 20, 2006 as Copper Mountain Mining Corporation. 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 owned the Similco Mine. The Company is engaged in the business of mineral exploration and development in the province of British Columbia and has one project at this time, the Copper Mountain Project. The Copper Mountain Project is the re-development of the Similco Mine, a past producer of approximately 1.7 billion pounds of Copper. The Company's development plans for the Copper Mountain Project are based on the construction of a new 35,000 tonne per day concentrator to produce approximately 100 million pounds of copper per year in a copper concentrate with gold and silver credits by early 2011.

In the twelve months ending, December 31, 2008, the Company has continued to focus on the development of the Copper Mountain Project based on the completed independent feasibility study by Hatch Ltd. which includes the long range planning and resource definition for the Copper Mountain Project. Negotiations with Mitsubishi Materials Corporation continued during the year and are progressing based on the signing of a memorandum of understanding ("MOU") whereby Mitsubishi would:

1) purchase a 25% interest in the Copper Mountain Project for $28.75 million,
2) arrange for $250 million in project debt financing for the Copper Mountain Project, and,
3) Provide a life of mine concentrate off-take agreement.

During the twelve months ended December 31, 2008, the Company spent $14.5 million on a 63,000 metre drill exploration program and $13.5 on development activities on the Copper Mountain Project.

The Company commenced trading on June 29, 2007, on the TSX Venture Exchange under the trading symbol CUM. On September 19, 2008, the Company became a reporting issuer on the Toronto Stock Exchange.

1.21 Copper Mountain Project

The Copper Mountain Project is situated 15 km south of Princeton, British Columbia and 180 km east of the port of Vancouver. The former Similco Mine was a prior open pit copper mine that the Company conducted an extensive exploration drill program on over the last two years that confirmed mineralization between the existing open pit mines. The Company's goal is to restart production by early 2011. The property consists of 135 Crown granted mineral claims, 132 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702.1 hectares or 67 square kilometers.

During 2008, the Company completed its expanded drilling program. A total of 63,126 metres of drilling was completed in 2008 making this one of the largest exploration drilling programs in Canada. Combined with the 44,000 metres of drilling in 2007, the Company has now drilled 107,126 metres in the last two years. The 2007 program was successful in confirming that the three existing pits could be combined into one larger pit named the "Super Pit". The 2008 drilling was successful in expanding and upgrading the resources as well as confirming the extension of known mineralized zones, and in defining new areas of mineralization. A number of the drill holes demonstrated significant correlation of copper mineralization with the Titan 24 geophysical results. The objectives of the drilling program were to increase the size and grade of the overall resource base, particularly in areas adjacent to and below the currently defined Super-pit area, and discover and/or define new zones of mineralization. In addition, a certain amount of condemnation and geotechnical drilling was required for mill and primary crusher design. All assay data received in early 2009 has been compiled, verified and incorporated into the extensive project database that was previously reported in the December 2007 National Instrument 43-101 resource estimate. The resource estimate is now being updated with the 2008 results.

The December 2007 resource, at a mill feed cut-off grade of 0.25% Cu includes; a Measured and Indicated Mineral Resource of 186 million tons averaging 0.411% Cu containing 1.5 billion lbs copper and an Inferred Resource of 92 million tons averaging 0.344% Cu containing 0.6 billion lbs copper.

On September 30, 2008 the Company signed the MOU with Mitsubishi Materials Corporation whereby MMC will purchase a 25% equity interest in the Copper Mountain Project for $28.75 million, arrange a $250 million project loan, and contract to purchase all the copper concentrate (approximately 150,000 dry metric tonnes per annum for the first 10 years) from the mine. The MOU terms are being negotiated into definitive agreements which are expected to be completed by the end of the first quarter of 2009.

On October 31, 2008, the Company announced the decision of the board to proceeded with the development of the Copper Mountain Project, subject to the Company finalizing its financing arrangements as well as obtaining the required operating permit amendments for the project. The Company has ordered long lead major equipment items. Site work has progressed well with the re-establishment of water, sewer and power to the administration/mine dry building that will be used during project construction and operation. Major items ordered include critical loading and hauling mobile equipment and the Sag Mill and Ball Mills needed to establish design and layout for the grinding and the mill building to maintain the production start-up date of early 2011. Hatch Ltd. was awarded the engineering contract while Merit Consultants were appointed as construction managers.

On November 28, 2008 the Company entered into a short term loan agreement with MMC whereby MMC agreed to advance up to $28,750,000 to assist in the initial development work on the Copper Mountain Project. The loan bears an interest rate of 8% per year, calculated monthly not in advance and is due to be repaid on the earlier of March 31, 2009 or the date after January 30, 2009 on which the Company has completed equity placements having an aggregate subscription amount of not less than the then outstanding balance of the loan plus accrued interest. As at December 31, 2008 the Company had drawn $11.9 million against this facility.

Also during the year ended December 31, 2008, the Company entered into a purchase agreement to purchase 100% of the lands known as the Smelter Tailings area which is located within the Company's Copper Mountain Property, inclusive of a reclamation bond in the amount of $1,350,000 for cash consideration of $5,200,000. Under the terms of the agreement the Company paid a total of $3,200,000 towards the purchase and the balance of $2,000,000 was secured by a mortgage that is due June 30, 2009. Under the terms of he agreement, the vendor can continue to operate their existing biosolids waste management business on the lands until the Company requires the lands for the development of the Copper Mountain Project, and, if the Company has not: (1) made a production decision by December 31, 2011; (2) made the $2,000,000 payment on or before June 30, 2009 or (3) incurred not less than $20 million of expenditures (excluding expenditures on mobile equipment) in the development of the Project site on or before December 31, 2014 the vendor can repurchase the lands from the Company for $1.

1.3 Selected Annual Information

The following table represents selected annual financial information derived from the Company's financial statements and should be read in conjunction with the consolidated financial statements.

	Dec 31 2008	Dec 31 2007
Gross Revenue	Nil	Nil
Net income (loss)	$1,058,786	$(837,560)
Basic & diluted loss per share	$0.04	$(0.05)
Total assets	$51,787,090	$18,944,071
Long-Term debt	Nil	$101,315
Cash dividends per share	Nil	Nil

The increase in net income during the current year over the prior year is attributable to: (1) the recognition of future tax benefits in the amount of $2.2 million associated with the renunciation issue of flow through shares during the year ended December 31, 2008; and (2) to the recognition of $1.1 million in stock based compensation expense during the year ended December 31, 2007 ($0.3 million in 2008).

The increase in total assets for the year ended December 31, 2008 is a result of the Company deferring all of the exploration and development expenditures associated with the Copper Mountain Project. During the year ended December 31, 2008 the company incurred $14.5 million in exploration and property holding costs, and $13.5 million in development costs on the Copper Mountain Project as compared to $7.2 million in exploration and property holding costs for the year ended December 31, 2007.

1.4 Summary of Quarterly Results

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

Quarter	**Revenue**	**Net Income (Loss)**	**Basic Income (Loss) per Share**	**Fully Diluted Income (Loss) Per Share**
December 31, 2008	-	($277,693)	($0.01)	($0.01)
September 30, 2008	-	($390,666)	($0.02)	($0.01)
June 30, 2008	-	($293,196)[(1)]	($0.01)	($0.01)
March 31, 2008	-	$2,020,341[(2)]	$0.09	$0.08
December 31, 2007	-	($1,111,872) [(3)]	($0.06)	($0.05)
September 30, 2007	-	($234,870)	($0.01)	($0.01)
June 30, 2007	-	$269,837[(3)]	$0.01	$0.01
March 31, 2007	-	$239,345[(3)]	$0.02	$0.02

(1) After adjustment of financing costs that were capitalized.

(2) After adjustment for change in tax rate used in calculation

(3) After adjustment for deferred costs during the period

1.5 Results of Operations

For the Three Months Ended December 31, 2008

The Company recorded a loss of $277,694 or $0.01 per share for the three months ended December 31, 2008 as compared to a loss of $1,111,872 for the year three months ended December 31, 2007. General and Administrative expenses were $44,749 for the three months ended December 31, 2008 as compared to $50,342 for the three months ended March 31, 2007. Professional fees were $36,320 for the three month period ended December 31, 2008 as compared to $28,516 for the three months ended December 31, 2007. Travel expenses were $50,508 for the three month period ended December 31, 2008 as compared to $36,080 for the three months ended December 31, 2007. Consulting fees and wages and salary expenses were $76,331 and $50,508 respectively for the three months ended December 31, 2008 as compared to $50,632 and $36,080 for the three months ended December 31, 2007. The increase in all of these areas is a result of the Company increasing staffing levels, office activities, and consulting services in support of the advancement of the Copper Mountain Project. The Company incurred $51,856 in stock based compensation expense for the three months ended December 31, 2008 as compared to $217,968 for the comparative period in 2007. The options expensed during the period were valued using the Black-Scholes Option Pricing Model. A majority of the loss for the three months ended December 31, 2007 relates to an adjustment to the future income tax recovery of $686,665 that was recorded in the fourth quarter of 2007 as compared to no adjustment being required for the three months ended December 31, 2008.

For The Year Ended December 31, 2008

The Company recorded income of $1,058,786 or $0.04 per share for the period ended December 31, 2008 as compared to a loss of $837,560 for the year ended December 31, 2007. General and Administrative expenses were $230,861 for the year ended December 31, 2008 as compared to $191,337 for the year ended December 31, 2007. General and Administrative were made up of: brochures & multimedia of $6,779, computer maintenance of $11,083, donations of $23,700, filing fees of $41,327, insurance of $21,177, office expenses of $15,377, postage & courier charges of $8,539, printing & stationary expenses of $22,848, rent expense of $51,716, subscriptions and publications of $10,178 telephone charges of $14,937, and website expenses totaling $3,200. General and Administrative for the previous year were made up of: brochures & multimedia of $12,443, donations of $27,350, filing fees of $23,840, insurance of $4,141, office expenses of $23,646, postage & courier charges of $4,145, printing & stationary expenses of $23,726, rent expense of $47,019, telephone charges of $12,727, and website expenses totaling $12,300.The increase in is a result of the increased support activity of the Company as the it continues to advance the Copper Mountain Project

Professional fees were $161,498 for the year ended December 31, 2008 compared to $93,358 for the year ended December 31, 2007. The Company incurred $42,742 shareholder communications fees, advertising expenses of $39,984, investment show expenses of $75,568, transfer agent fees of $15,111, travel expenses of $111,381, and $215,963 of wages and salaries as compared to $29,850 in shareholder communications fees, advertising expenses of $54,246, investment shows of $36,598, transfer agent fees of $8,223, travel expenses of $68,534, and wages and salaries costs of $137,513 during the year ended December 31, 2007. The increase in all of these areas is a result of the Company increasing staffing levels, office activities, and professional help in support of the advancement of the Copper Mountain Project.

The Company incurred stock-based compensation expenses of $270,620 in connection with options and warrants granted during the year as required under the fair value method of accounting for stock options, as compared to $1,154,286 for the year ended December 31, 2007. The options and warrants granted during the year were valued using the Black-Scholes Option Pricing Model. Amortization expense on the company's office furniture and equipment totaled $13,460 as compared to $10,033 for the year ended December 31, 2007. Consulting fees totaling $256,127 were also incurred during the year ended December 31, 2008 as compared to $141,585 for the year ended December 31, 2007.

All of the expenditures relating to the acquisition, exploration, and development of the Copper Mountain Project have been deferred during the year. A total of $28 million in expenditures on the Copper Mountain Project were incurred during the year ended, December 31, 2008, as compared to $7.2 million in exploration and property holding costs for the year ended December 31, 2007.

1.6 Liquidity and Capital Resources

As at December 31, 2008, the Company had a working capital deficiency of $3.5 million (comprised of $11.3 million of cash, $1.0 million of receivables, prepaid expenses and amounts due from a related party offset by $1.7 million of accounts payable and $14.1 million of short term mortgage and loan payables) compared with working capital of $6.5 million at December 31, 2007 (comprised of $6.1 million of cash, $1.1 million of receivables, and prepaid expenses offset by $0.7 million of current liabilities) The decrease in working capital is due to an increase in short-term debt that was a result of Mitsubishi Materials Corporation advancing funds to the Company to allow the Company to continue development work at the Copper Mountain Project On November 28, 2008 the Company entered into a short term loan agreement with Mitsubishi Materials Corporation whereby Mitsubishi agreed to advance up to $28,750,000 to assist in the initial development work on the Copper Mountain Project. The loan bears an interest rate of 8% per year, calculated monthly and is due to be repaid on the earlier of March 31, 2009 or the date after January 30, 2009 on which the Company has completed equity placements having an aggregate subscription amount of not less than the then outstanding balance of the loan plus accrued interest. As at December 31, 2008 the Company had drawn $11.9 million against this facility. The Company expects that this loan from Mitsubishi Materials Corporation will be converted into a direct ownership interest in the Copper Mountain Project. Funds drawn down from the Mitsubishi line of credit are held either in an interest bearing account or in a cashable Guaranteed Investment Certificate at the Bank of Montreal.

During the year, the Company purchased 100% of the lands known as the Smelter Tailings area which is located within the Company's Copper Mountain Property for $5,200,000. Under the terms of the agreement the Company has paid a total of $3,200,000 towards the purchase and the balance of $2,000,000 is secured by a mortgage that is due June 30, 2009.

The Company's ability to continue as a going concern is dependent upon management's ability to sufficiently fund the Project's development program, manage its foreign currency exposures, and develop the Project on time and on budget that allows it to generate positive cash flows from future operations. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations.

The Company will continue to require funds and as a result, will have to continue to rely on equity and debt financing. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time. Management is of the opinion that sufficient working capital will be obtained from external financing sources to meet the Company's liabilities as they come due. Should this going-concern assumption not be appropriate, values and classifications of assets and liabilities could change and those changes could be material. It is not possible to predict the outcome of those matters at this time.

1.7 Capital Resources

Other than those obligations disclosed in the notes to its audited financial statements for the year ended December 31, 2008, the Company had no material commitments for material capital expenditures as of December 31, 2008.

The Company is in the process of proceeding with the development of the Copper Mountain Project, subject to the Company finalizing its financing arrangements as well as obtaining the required operating permit amendments for the Project. Total capital was estimated by Hatch Ltd. to be $437 million in the Hatch Feasibility Study released in September of last year, including a contingency amount of $35 million. The capital will be funded by way of project debt and equity. Under the term of the MOU signed with Mitsubishi Materials Corporation, Mitsubishi is responsible for providing $250 million in project debt, while the Company is responsible for arranging approximately $77 million in mobile equipment financing, with the balance being funded by equity by each partners in their respective ownership percentages. As at December 31, 2008, the Company had incurred approximately $13.5 million in project expenditures, primarily related to securing long lead equipment items for the project. Major items ordered include critical loading and hauling mobile equipment and the Sag Mill and Ball Mills needed to establish design and layout for the grinding and the mill building to maintain the production start-up date of early 2011.

1.8 Off-Balance Sheet Arrangements

None

1.9 Transactions with Related Parties

During the year ended December 31, 2008, the Company advanced $600,000 to Compliance Energy Corporation ("Compliance") as a demand loan secured by the equivalent value of common shares of the Company owned by Compliance, with the loan bearing an interest rate of prime plus 1%. This is in addition to the $600,000 advanced to Compliance in 2007. During the year Compliance repaid $800,000 of the demand loan. Compliance is a public company, listed on the TSX Venture Exchange and related by certain common directors and officers. As at December 31, 2008 a total of $438,187 is due from Compliance. Subsequent to the end of the year, the Company received $441,803, including accrued interest of $41,803 to February 13, 2009 from Compliance Energy Corporation as full and final repayment of the loan.

During the year ended December 31, 2008, the Company paid fees of $247,928 to companies controlled by two of its officers and directors for management consulting and administration services. Also during the year ended December 31, 2008, the Company paid geological consulting fees of $170,492 to a company controlled by one of its officers.

1.10 Fourth Quarter

Not applicable

1.11 Proposed Transactions

None

1.12 Critical Accounting Estimates

The Company's significant accounting policies are presented in note 2 of the audited consolidated financial statements for the year ended December 31, 2008. The preparation of consolidated financial statements in accordance with generally accepted accounting principles 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 carrying values of the reclamation liability,
- the valuation allowances for future income taxes
- the assumptions used in determining the reclamation obligation, and
- the valuation of stock-based compensation expense.

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

1.13 Change in Accounting Policies including Initial Adoption

Please refer to note 2 of the audited financial statements for the year ended December 31, 2008.

1.14 Financial Instruments and Other Instruments

Please refer to note 2 of the audited financial statements for the year ended December 31, 2008.

1.15 Other MD&A Requirements

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

Risks and Uncertainties

The Company's success depends on a number of factors, some of which are beyond the control of the Company. Typical risk factors include copper, gold and silver price 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 permitting and taxation costs which could impact the ability of the Company to develop the Copper Mountain Project. These risks and uncertainties are managed in part, by experienced managers, advisors and consultants, maintaining adequate liquidity, and by cost control initiatives.

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. Management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2008. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings,* are effective to ensure that information required to be disclosed in reports that we file or submit under Canadian securities legislation are recorded, processed and reported within the time period specified in those rules.

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