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

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A") OF FINANCIAL CONDITION & THE RESULTS OF OPERATIONS FOR THE PERIOD ENDED MARCH 31, 2016

April 29, 2016

Introduction
Management's discussion and analysis ("MD&A") focuses on significant factors that affected Copper Mountain Mining Corporation's performance and factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the unaudited condensed consolidated financial statements for the period ended March 31, 2016. The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). The Company's significant accounting policies are set out in Note 3 of audited consolidated financial statements for the year ended December 31, 2015. The Company's financial statements and the MD&A are presented in Canadian dollars and are intended to provide a reasonable basis for the investor to evaluate the Company's development and financial situation.

Forward-Looking Statements

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

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

Highlights

(In thousands of CDN$, other than per share and per pound amounts)	Three months ended March 31, 2016 $	2015 $
Revenues	58,726	71,457
Cash flow from operations before working capital changes	15,161	17,876
Gross profit	1,564	6,750
Operating (loss) income	(450)	4,474
Net income (loss)	19,098	(31,803)
Net income (loss) per share	$0.11	$(0.20)
EBITDA	34,002	(17,676)
Adjusted EBITDA[1]	7,194	18,439
Cash and cash equivalents	1,761	14,792
Accounts receivable	16,865	19,186
Working capital (incl. $13,724 due to related party (2015 - $8,913))	(13,946)	17,923
Equity	195,348	248,686
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	1.16	1.21
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	1.61	1.77
Average realized copper price (US$)	2.10	2.64

First Quarter Results & Highlights (100%)

- Copper, gold and silver production for the first quarter of 2016 at Copper Mountain Mine was 23.8 million pounds of copper equivalent which includes 19.0 million pounds of copper, 7,600 ounces of gold and 64,700 ounces of silver.
- Revenue for the period was $58.7 million, from the sale of 18.1 million pounds of copper, 6,900 ounces of gold, and 61,200 ounces of silver, net of pricing adjustments.
- Gross profit for the quarter was $1.6 million.
- EBITDA was $34.4 million for the quarter, compared to a loss of $17.7 million in the same quarter for 2015
- Site cash costs for the 2016 first quarter were US$1.16 per pound of copper produced net of precious metal credits.
- Total cash costs for the period were US$1.61 per pound of copper sold net of precious metal credits and after all off-site charges.
- Realized prices on metal sales were US$2.10 per pound of copper, US$1,188 per ounce of gold and US$14.89 per ounce of silver.

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

Overview

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

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

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

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

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

Copper Mountain Mine

The Copper Mountain mine is situated 20 km south of Princeton, British Columbia and 300 km east of the port of Vancouver. Based on current reserves, the mine has a life of 16 years from January 1, 2015. The property consists of 135 Crown granted mineral claims, 156 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702.1 hectares or 67 square kilometers.

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

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

The mill is comprised of one SAG mill, two ball mills, a rougher floatation circuit, regrind mill, a cleaner floatation circuit, a concentrate thickener, and a pressure filter that produces copper concentrate at about 25% copper and 9% moisture. Copper concentrate from the mine is trucked to the port of Vancouver where it is placed in a 20,000 tonne capacity storage shed for loading onto ocean going vessels for transportation to Japan.

Mining activities were mainly focused in the Pit #2 and the Virginia pit areas for the first quarter of 2016. During the quarter a total of 17.4 million tonnes of material was mined, including 5.7 million tonnes of ore and 11.8 million tonnes of waste for a strip ratio of 2.07:1. During the quarter, the mine achieved a new daily mining record of 242,950 tpd, which was made possible by the opening up of short waste haul opportunities and a continued focus on maximizing haul truck hours. For the quarter the mine averaged 194,000 tonnes per day moved.

During the quarter the mill processed a total of 3.4 million tonnes of ore grading 0.312% copper to produce 19 million pounds of copper, 7,600 ounces of gold, and 64,600 ounces of silver. Mill recoveries were 82% for the quarter. Mill operating time during the quarter averaged 91% operating time, with March operating time coming in at 93.5%, compared to 93.2% averaged during Q1-2015. The mill achieved an average throughput rate of 37,100 tpd during the quarter, as the Company had some planned and unplanned downtime associated with the SAG mill discharge screen early in the quarter that reduced the quarter's average.

During the quarter, the Company completed a total of three shipments of copper concentrate containing approximately 18.1 million pounds of copper, 6,900 ounces of gold, and 61,200 ounces of silver which generated $58.7 million in revenue net of treatment and refining charges and pricing adjustments.

The Company currently has 425 operating employees engaged at the mine site and has maintained its excellent safety record of no loss time accidents.

The following table sets out the major operating parameters for the mine for the three months ended March 31, 2016:

Mine Production Information **Copper Mountain Mine (100% Basis)**	**Three months ended March 31,** **2016**	 **2015**
Mine:		
Total tonnes mined (000's[2])	17,465	14,703
Ore tonnes mined (000's)	5,696	5,633
Waste tonnes (000's)	11,769	9,070
Stripping ratio	2.07	1.61
Mill:		
Tonnes milled (000's)	3,372	2,991
Feed Grade (Cu%)	0.31	0.35
Recovery (%)	81.78	80.62
Operating time (%)	91.06	93.21
Tonnes milled (TPD[3])	37,100	33,200
Production:		
Copper production (000's lbs)	19,000	18,400
Gold production (oz)	7,600	7,800
Silver production (oz)	64,700	80,300
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	$1.16	$1.21
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	$1.61	$1.77

[2] Excludes ore re-handle from stockpile
[3] Tonnes per day

Exploration – Mine Site

During the quarter eexploration work consisted of continuous near mine compilation work as well as developing localized exploration drill programs to optimize long term mine planning.

Exploration – Generative

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

Results of Operations

	Three months ended March 31, 2016	2015
(In thousands of CDN$, other than per share amounts)	$	$
Revenues	58,726	71,457
Cost of sales[4]	(57,162)	(64,707)
Gross profit	**1,564**	**6,750**
Other income and expenses		
General and administration	(1,780)	(1,951)
Share based compensation	(234)	(325)
Operating income (loss)	**(450)**	**4,474**
Pricing adjustments on concentrate and metal sales	(4,226)	1,881
Finance income	97	113
Finance expense	(3,131)	(2,510)
Current resource tax expense	(170)	(365)
Deferred income tax recovery	-	720
Adjusted earnings[5]	**(7,880)**	**4,312**
Pricing adjustments on concentrate and metal sales	4,226	(1,881)
Unrealized loss on interest rate swap	(2,566)	(1,991)
Unrealized loss on foreign exchange	25,148	(32,244)
Net income (loss) and comprehensive income (loss) for the period	**18,928**	**(31,803)**
Net income (loss) and comprehensive income (loss) attributable to:		
Shareholders of the company	13,617	(23,968)
Non-controlling interest	5,311	(7,835)
	18,928	**(31,803)**
Income (loss) per share	**0.11**	**(0.21)**
Adjusted (loss) earnings per share	**(0.07)**	**0.04**

[4] Cost of sales consists of direct mining and milling costs (which include mine site employee compensation and benefits, mine site general and administrative costs, non-capitalized stripping costs, maintenance and repair costs, operating supplies and external services), depreciation and offsite transportation costs.
[5] Adjusted earnings (loss) is a non-GAAP financial measure which excludes unrealized gains/losses on derivative instruments, changes in fair value of financial instruments, foreign currency gains/losses, pricing adjustments related to metal sales and non-recurring transactions.

For the Three Months Ended March 31, 2016

The Copper Mountain mine produced 19.0 million pounds of copper during the three months ended March 31, 2016 compared to 18.4 million pounds of copper in the first quarter of the prior year. The mine shipped and sold a total of 18.1 million pounds of copper, 6,900 ounces of gold, and 61,200 ounces of silver during the three months ended March 31, 2016; compared to a total of 21.5 million pounds of copper, 7,600 ounces of gold and 92,700 ounces of silver during the three months ended March 31, 2015. Site cash costs were US$1.16 per pound of copper produced and total cash costs were US$1.61 per pound sold, net of precious metal credits for the three months ended March 31, 2016; compared to site cash costs of US$1.21 per pound of copper produced and total cash costs of US$1.77 per pound of copper sold, net of precious metal credits for the three months ended March 31, 2015.

During the period the Company recognized revenues of $58.7 million, net of pricing adjustments and treatment charges based on an average realized copper price of US$2.10 per pound; compared to revenues of $71.5 million net of pricing adjustments and an average copper price of US$2.64 per pound for the period ended March 31, 2015. The reduction in revenues is due to the decrease in the sales prices of copper and gold over the past year along with less pounds of copper and ounces of gold being sold during the quarter as compared to the same period as last year. During the quarter the Company sold 18.1 million pounds of copper and 6,900 ounces of gold as compared to 21.5 million pounds of copper and 7,600 ounces of gold for the period ended March 31, 2015. Mining operations for the three month period ended March 31, 2016 resulted in a gross profit of $1.6 million as compared to a gross profit of $6.8 million for the period ended March 31, 2015. The decrease in gross profit can be attributed directly to the prolonged decrease in the price of copper as compared to the same quarter of the previous year. The Company reported net earnings attributable to the shareholders of the Company of $13.6 million or $0.11 per share for the three months ended March 31, 2016, compared to a net loss of $24.0 million or $0.20 per share for the three months ended March 31, 2015. The net income for the quarter is attributable to the non-cash unrealized foreign exchange gain of $25.1 million related to the Company’s debt and interest rate swap that are denominated in U.S. dollars.

Cost of sales represent direct mining and milling costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. The cost of sales for the three month period ended March 31, 2016, was $57.2 million as compared to $64.7 million for the three month period ended March 31, 2015. The decrease in costs during the quarter is a result of costs savings realized as part of the Company’s cost savings initiatives and the decreased copper sales during the quarter.

General and administration expenses for the three months ended March 31, 2016, were $1.8 million compared to $2.0 million for the three months ended March 31, 2015. Non-cash share based compensation reflected an expense of $0.2 million for the three months ended March 31, 2016, compared to an expense of $0.3 million for the three month period ended March 31, 2015.

Other items recorded include finance income of $0.1 million, finance expense of $3.1 million and a current resource tax expense of $0.2 million for the three months ended March 31, 2016, compared to finance income of $0.1 million, finance expense of $2.5 million and a current resource tax expense of $0.4 million for the three months ended March 31, 2015. Finance expense primarily consists of interest on loans and the amortization of loan related financing fees.

Summary of Quarterly Results

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

Quarter	Revenue[6] $	Net Income (Loss) $	Profit (Loss) Attributable to Shareholders $	Cash flow from operations $	Income (Loss) per Share Basic $	Income (Loss) per Share Diluted $
March 31, 2016	58,726	18,928	13,617	(5,163)	0.11	0.11
December 31, 2015	50,018	(45,818)	(35,066)	3,450	(0.29)	(0.29)
September 30, 2015	63,702	(28,121)	(21,059)	4,774	(0.18)	(0.18)
June 30, 2015	56,810	1,749	1,642	14,984	0.01	0.01
March 31, 2015	71,457	(31,803)	(23,968)	(1,626)	(0.20)	(0.20)
December 31, 2014	53,914	(16,245)	(12,704)	17,409	(0.11)	(0.11)
September 30, 2014	82,546	(290)	(2,820)	17,793	(0.02)	(0.02)
June 30, 2014	68,034	13,308	9,458	(450)	0.08	0.08

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

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

Quarter	Revenue[8] $	Adjusted EBITDA $	Cash Flow from Operations before working capital changes $	Adjusted Earnings $	Adjusted Earnings (Loss) per Share Basic $
March 31, 2016	58,726	7,194	15,161	(7,880)	(0.07)
December 31, 2015	50,018	10,720	3,450	1,535	0.01
September 30, 2015	63,702	14,684	13,930	2,035	0.02
June 30, 2015	56,810	15,426	6,901	3,477	0.03
March 31, 2015	71,457	18,439	17,876	4,312	0.04
December 31, 2014	53,914	17,047	10,897	5,636	0.05
September 30, 2014	82,546	34,407	25,961	18,179	0.15
June 30, 2014	68,034	10,221	17,448	(1,794)	(0.02)

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

Liquidity risk and going concern

As at March 31, 2016, the Company had negative working capital of $13.9 million compared with negative working capital of $15.4 million at December 31, 2015. The Company has no future material commitments for capital expenditures as of March 31, 2016.

The prolonged decline in US dollar denominated commodity prices have had a negative impact on the Company's operating results decreasing operating income and cash generated from operating activities from $4.5 million and negative $1.6 million respectively for the period ended March 31, 2015 to an operating loss of $0.5 million and negative cash flows from operations of $5.2 million for the year period ended March 31, 2016. The US dollar denominated commodity price decline has been partially offset by the weakening of the Canadian dollar in which the majority of the Company's operating costs are incurred. In the next twelve months the Company has contractual obligations which are due in US dollars including senior credit facility and term loan payments of approximately US$18.5 million. The current commodity price and exchange rate environment is highly volatile and accordingly, there is no assurance that the Company's initiatives to manage its cash flows will be successful. These market conditions, combined with the Company's contractual financing obligations as discussed above give rise to a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business.

In light of the lower copper price being realized, the Company continues to review its near term operating plans and has taken steps to reduce costs to maximize cash flow from operations, while still maintaining copper output levels. The Company will also benefit from a five year power rate deferral program recently announced by the Government of British Columbia. Under the current copper price environment the Company qualifies for the full 75% deferral to be paid back in future years. During the quarter, the mine signed an agreement with BC Hydro whereby up to 75% of the monthly electricity payment may be deferred at current copper prices as part of a five year agreement. This agreement has taken effect as of March 1, 2016. In the first month of electricity deferral, the mine deferred $1.8 million in electricity charges. This amount will accumulate on the balance sheet as a non-current asset. In addition the Company changed fuel suppliers at the beginning of 2016 which has the potential to result in significant savings for the mine. The Company remains vigilant for other opportunities to improve net cash generation.

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

The Company holds its excess cash in interest bearing accounts or in cashable Guaranteed Investment Certificates at major Canadian or United States banks.

As at March 31, 2016 the Company had a total of $8.2 million on deposit with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain Mine. The Company receives interest from these funds on deposit.

As at March 31, 2016, the Company had the following consolidated contractual obligations:

	Contractual Obligation (thousands of CDN$)			
Annual repayments due from March 31,	Long term debt	Lease obligations	Decommissioning & restoration provision	Accounts payable
2017	22,768	7,322	-	30,280
2018	42,599	5,488	-	-
2019	42,599	3,134	-	-
2020	55,541	2,780	-	-
2021	52,385	-	-	-
2022 and later	141,311	-	7,032	-
Total	**357,203**	**18,724**	**7,032**	**30,280**

Cash to meet the Company's future cash commitments will come from existing cash on hand and from cash flow from operations. In light of the lower copper price being realized early in 2016, the Company has continued to review its plans and has taken steps to further reduce costs and maximize cash flow from operations. The Company manages liquidity by continuously monitoring and forecasting cash flows.

The Company had no material commitments for capital expenditures as of March 31, 2016.

Capital Resources

As at March 31, 2016, the Company had $1.8 million in cash and cash equivalents on hand and $10.8 million in concentrate sales receivables. Cash on hand at any particular point in time is variable depending on timing of shipments and timing of finalization of past shipments.

Off-Balance Sheet Arrangements

None

Transactions with Related Parties

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

- During the three months ended March 31, 2016 the Company sold copper concentrates to MMC with revenues totalling $58,726 (2015 – $71,457) including pricing adjustments.

- During the three months ended March 31, 2016 the Company accrued interest on the subordinated loan with MMC totalling $115 (2015 - $115).

- As at March 31, 2016 the Company has accrued to MMC a guarantee fee related to the Term Loan of $96 (2015 - $95). The Company has also received funding advances from MMC totalling $10,871 (2015 - $6,049). These advances bear interest at rates of 2.88% to 4.80% with total interest during the three months ended March 31, 2016 of $69 (2015 - $107).

- During the three months ended March 31, 2016 the Company awarded bonuses totalling $450 to its CEO and CFO in the form of promissory notes bearing an interest rate of 2.88% annually and to be paid one year from the date of issue.

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

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

	Three months ended March 31,	
	2016	**2015**
	$	**$**
Salaries and short-term employee benefits	830	389
Share-based payments	230	206
	1,060	**595**

Proposed Transactions

None

Critical Accounting Estimates

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

- mineral resources and reserves,
- net realizable value of inventory,
- current and deferred income and resource taxes,
- the assumptions used in determining the decommissioning and restoration provision,

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

Change in Accounting Policies, Including Initial Adoption

No changes to accounting policies have been made for the period ended March 31, 2016. The same accounting policies and methods of application have been applied as the Company's most recent annual audited consolidated financial statements.

New Accounting Standards Adopted

None

Financial Instruments and Other Instruments

Please refer to note 3(d) of the audited financial statements for the period ended December 31, 2015.

Non-GAAP Performance Measures

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

Cash costs per pound

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

Total Cash Cost of Sales Per Pound of Copper Sold	**Three months ended March 31, 2016**	**2015**
Cost of Sales	**57,162**	**64,707**
Add: Treatment & refining charges	6,500	7,343
Less: non-cash items:		
Depreciation	(11,870)	(12,085)
Cash costs of sales	**51,792**	**59,965**
Average foreign exchange rate (CDN$ to US$)	0.7287	0.8057
Cash costs of sales (US$)	**37,738**	**48,312**
Less: Precious metal credits (US$):	(8,650)	(10,225)
Net cash costs of sales (US$)	**29,088**	**38,087**
Total pounds of copper sold (000's lbs)	**18,100**	**21,500**
Total ounces of gold sold (oz)	6,900	7,600
Total ounces of silver sold (oz)	61,200	92,700
Cash Cost per pound of copper sold net of precious metal credits (US$)	**$1.61**	**$1.77**

Site Cash Cost Per Pound of Copper Produced	Three months ended March 31, 2016	2015
Cash Cost of Sales	51,792	59,965
Net change in concentrate inventory	1,511	(6,604)
	53,303	**53,361**
Less: Off-site related costs		
Treatment & refining charges	(6,500)	(7,343)
Transportation costs	(3,273)	(4,425)
Trucking charges	(1,395)	(1,363)
Total Site Cash Costs of Production	**42,135**	**40,229**
Average foreign exchange rate (CDN$ to US$)	0.7287	0.8057
Total Site Cash Costs of Production (US$)	**30,702**	**32,412**
Less precious metal credits (US$)	(8,650)	(10,225)
	22,052	**22,187**
Total pounds of copper produced (000's lbs)	**19,000**	**18,400**
Total ounces of gold produced (oz)	7,100	7,800
Total ounces of silver produced (oz)	64,700	80,300
Site cash costs per pound net precious metal credits (US$)	**$1.16**	**$1.21**

Cash Margin

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

	Three months ended March 31, 2016	2015
Average realized copper price for the period (US$ per pound)	$2.10	$2.64
Less:		
Total cash cost of sales net of precious metal credits(US$ per pound sold)	$1.61	$1.77
Cash margin (US$ per pound)	**$0.49**	**$0.87**

Adjusted Earnings (Loss)

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

- Unrealized gains/losses on derivative instruments;
- Changes in fair value of financial instruments;
- Foreign currency translation gains/losses and
- Non-recurring transactions

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

EBITDA and Adjusted EBITDA

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

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

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

EBITDA and Adjusted EBITDA	Three months ended March 31, 2016	2015
Net income (loss)	18,928	(31,803)
Add (Deduct):		
Finance income	(97)	(113)
Finance expense	3,131	2,511
Depreciation	11,870	12,085
Current resource tax expense	170	365
Deferred income tax recovery	-	(720)
EBITDA	**34,002**	**(17,676)**
Add (Deduct):		
Pricing adjustments on concentrate and metal sales	(4,226)	1,880
Unrealized loss on interest rate swaps	2,566	1,991
Unrealized foreign exchange loss	(25,148)	32,244
Adjusted EBITDA	**7,194**	**18,439**

Other MD&A Requirements

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

The following details the share capital structure as at April 24, 2015 the date of this MD&A.

	Expiry Date	Exercise Price	Number	Number
Common shares				118,795,427
Share purchase options	Feb. 10 to Dec 12, 2011	$4.98 to $7.12	280,000	
	April 5, 2012	$4.52	850,000	
	Feb. 20, 2014	$1.92	3,300,000	
	April 24 to Sep. 18, 2015	$0.59 to $1.25	680,000	
	Jan. 26, 2016	$0.39	2,280,000	
			7,390,000	
Fully diluted shares outstanding				**126,185,427**

Internal Controls Over Financial Reporting and Disclosure Controls and Procedures

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

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

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

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

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

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined effective can provide only reasonable assurance with respect to financial reporting and disclosure. Other than changes related to our conversion to IFRS, there have been no changes in our internal control over financial reporting and disclosure controls and procedures during the period ended March 31, 2016 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 develop the Copper Mountain mine. These risks and uncertainties are managed by experienced managers, advisors and consultants, by maintaining adequate liquidity, and by cost control initiatives.

Copper Mountain Mining Corporation

Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2016
(Unaudited)

Copper Mountain Mining Corporation

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

	March 31, 2016 $	December 31, 2015 $
Assets		
Current assets		
Cash and cash equivalents	1,761	12,190
Accounts receivable and prepaid expenses (note 3)	16,865	11,990
Inventory (note 4)	45,162	44,882
	63,788	69,062
Reclamation bonds (note 8a)	8,232	8,232
Property, plant and equipment (note 5)	504,904	519,750
Low grade stockpile (note 4)	56,345	50,262
	633,269	**647,306**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	32,479	42,399
Amounts payable to related parties	13,724	8,913
Current portion of long-term debt (note 7)	31,361	33,115
Current tax liability	170	-
	77,734	84,427
Decommissioning and restoration provision (note 8b)	6,943	7,787
Interest rate swap liability (note 7)	8,678	7,061
Long-term debt (note 7)	344,566	371,610
	437,921	470,885
Equity		
Attributable to shareholders of the Company:		
Share capital (note 9)	188,306	188,306
Contributed surplus	13,159	12,929
Retained earnings	(67,762)	(81,379)
	133,703	119,856
Non-controlling interest	61,645	56,565
Total equity	195,348	176,421
	633,269	**647,306**

Approved on behalf of the Board of Directors

(signed) Jim O'Rourke ______Director (signed) Bruce Aunger ______Director

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

Copper Mountain Mining Corporation

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

	2016 $	2015 $
Revenue (note 11)	58,726	71,457
Cost of sales (note 12)	(57,162)	(64,707)
Gross profit	1,564	6,750
Other income and expenses		
General and administration (note 12)	(1,780)	(1,951)
Share based compensation (note 10)	(234)	(325)
Operating (loss) income	(450)	4,474
Finance income	97	113
Finance expense (note 13)	(3,131)	(2,510)
Unrealized loss on interest rate swap	(2,566)	(1,991)
Foreign exchange gain (loss)	25,148	(32,244)
Income (loss) before tax	19,098	(32,158)
Current resource tax expense	(170)	(365)
Deferred income and resource recovery	-	720
Net income (loss) and comprehensive income (loss)	**18,928**	**(31,803)**
Net income (loss) and comprehensive income (loss) attributable to:		
Shareholders of the Company	13,617	(23,968)
Non-controlling interest	5,311	(7,835)
	18,928	**(31,803)**
Income (loss) per share:		
Basic	$0.11	$(0.20)
Diluted	$0.11	$(0.20)
Weighted average shares outstanding basic	118,795,427	118,795,427
Shares outstanding at end of the period	118,795,427	118,795,427

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

Copper Mountain Mining Corporation

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

	2016 $	2015 $
Cash flows from operating activities		
Net income (loss) for the period	18,928	(31,803)
Adjustments for:		
Depreciation	11,870	12,085
Low grade stockpile net realizable value adjustment (note 4)	1,957	-
Unrealized foreign exchange (gain) loss	(23,525)	33,488
Unrealized loss on interest rate swap	2,566	1,991
Deferred income and resource tax recovery	-	(720)
Finance expense	3,131	2,510
Share based compensation	234	325
	15,161	17,876
Net changes in non-cash working capital items (note 15)	(20,324)	(19,502)
Net cash used in operating activities	(5,163)	(1,626)
Cash flows from investing activities		
Deferred stripping activities	(591)	-
Development of property, plant and equipment	(1,919)	(507)
Net cash used in investing activities	(2,510)	(507)
Cash flows from financing activities		
Advances from non-controlling interest	5,195	718
Loan principal paid	(4,156)	(2,027)
Interest paid	(1,631)	(1,408)
Finance lease payments	(1,928)	(2,474)
Net cash used in financing activities	(2,520)	(5,191)
Effect of foreign exchange rate changes on cash and cash equivalents	(236)	516
Decrease in cash and cash equivalents	(10,429)	(6,808)
Cash and cash equivalents - Beginning of period	12,190	21,600
Cash and cash equivalents - End of period	**1,761**	**14,792**

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 Share	Amount $	Contributed surplus $	Retained earnings (deficit) $	Total $	Non-controlling interest $	Total equity $
Balance January 1, 2015	118,795,427	188,306	11,818	(2,928)	197,196	82,944	280,140
Share based compensation	-	-	349	-	349	-	349
Loss for the period	-	-	-	(23,968)	(23,968)	(7,835)	(31,803)
Balance March 31, 2015	**118,795,427**	**188,306**	**12,167**	**(26,896)**	**173,577**	**75,109**	**248,686**
Share based compensation	-	-	765	-	762	-	762
Payments made to Non-controlling interest	-	-	-	-	-	(1,959)	(1,959)
Loss for the year	-	-	-	(54,483)	(54,483)	(16,585)	(71,068)
Balance December 31, 2015	**118,795,427**	**188,306**	**12,929**	**(81,379)**	**119,856**	**56,565**	**176,421**
Share based compensation	-	-	230	-	230	-	230
Amounts payable to Non-controlling interest	-	-	-	-	-	(231)	(231)
Income for the period	-	-	-	13,617	13,617	5,311	18,928
Balance March 31, 2016	**118,795,427**	**188,306**	**13,159**	**(67,762)**	**133,703**	**61,645**	**195,348**

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

1 General Information and going concern

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

These financial statements are prepared on a going concern basis which assumes the Company will be able to realize its assets and discharges its liabilities in the normal course of business. As at March 31, 2016, the Company had negative working capital of $13.9 million compared to a negative working capital of $15.4 million at December 31, 2015. The Company has no future material commitments for capital expenditures as of March 31, 2016.

The prolonged decline in US dollar denominated commodity prices have had a negative impact on the Company's operating results decreasing operating income and cash generated from operating activities from $4.5 million and negative $1.6 million respectively for the period ended March 31, 2015 to an operating loss of $0.5 million and negative cash flows from operations of $5.2 million for the period ended March 31, 2016. The US dollar denominated commodity price decline has been partially offset by the weakening of the Canadian dollar in which the majority of the Company's operating costs are incurred. In the next twelve months the Company has contractual obligations which are due in US dollars including senior credit facility and term loan payments of approximately US$18.5 million. The current commodity price and exchange rate environment is highly volatile and accordingly, there is no assurance that the Company's initiatives to manage its cash flows will be successful. These market conditions, combined with the Company's contractual financing obligations as discussed above give rise to a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business.

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

The Company has requested from the senior credit facility lender, a re-scheduling of the repayment schedule to better match current market conditions. Management also plans to seek an extension of the required funding of the debt service and capex reserve accounts by providing corporate guarantees (note 7). Such extensions have been obtained in the past but there are no guarantees they will be obtained in the future.

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

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 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 29, 2016 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.

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

3 Accounts receivable and prepaid expenses

	March 31, 2016 $	December 31, 2015 $
Amounts due from concentrate sales	10,789	17,604
Pricing adjustments	2,894	(9,140)
GST and other receivables	2,096	2,100
Prepaid expenses	1,086	1,426
	16,865	**11,990**

4 Inventory

	March 31, 2016 $	December 31, 2015 $
Supplies	16,520	17,558
Ore stockpile	22,236	21,241
Crushed ore stockpile	216	1,931
Copper Concentrate	6,190	4,152
	45,162	**44,882**
Low grade stockpile[1]	**56,345**	**50,262**

Inventory expensed during the three months ended March 31, 2016 totaled $51,932 (2015 – $60,281).

During the quarter ended March 31, 2016, the Company recorded a charge of $1.96 million (2015 - $NIL) to the low grade stockpile. These write downs were necessary to record the low grade stockpile to 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)

5 Property, plant and equipment

Cost	Plant and equipment $	Exploration and evaluation asset $	Mineral properties and mine development costs $	Total $
As at January 1, 2015	519,224	6,767	158,871	684,862
Additions	10,448	45	-	10,493
Restoration provision	-	-	(15)	(15)
As at December 31, 2015	**529,672**	**6,414**	**158,856**	**694,942**
Additions	(813)	195	745	127
Restoration provision	-	-	(847)	(847)
As at March 31, 2016	**528,859**	**6,609**	**158,754**	**694,222**

Accumulated depreciation	Plant and equipment	Exploration and evaluation asset $	Mineral properties and mine development costs $	Total $
As at January 1, 2015	(95,628)	-	(31,115)	(125,743)
Depreciation charge	(33,618)	-	(15,831)	(49,449)
As at December 31, 2015	**(129,246)**	-	**(45,946)**	**(175,192)**
Depreciation charge	(9,916)	-	(4,210)	(14,126)
As at March 31, 2016	**(139,162)**	-	**(50,156)**	**(189,318)**
Net book value				
As at December 31, 2015	400,426	6,414	112,910	519,750
As at March 31, 2016	**389,697**	**6,609**	**108,598**	**504,904**

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

6 Accounts payable and accrued liabilities

	March 31, 2016 $	December 31, 2015 $
Trade accounts payable	17,331	19,459
Accrued liabilities	12,949	21,149
Current portion of interest rate swap liability (note 7(b))	2,170	1,765
Deferred Share Units liability	29	26
	32,479	**42,399**

7 Long-term debt

	March 31, 2016 $	December 31, 2015 $
Senior credit facility (b) in US$	125,221	125,094
Term loan (c) in US$	140,601	143,684
Total US$ long term debt in US$	265,822	268,778
Total US$ long term debt in CA$	345,225	371,988
Subordinated loan (a)	11,979	11,838
Leases (d)	18,724	20,899
Total	375,927	404,725
Less: current portion	(31,361)	(33,115)
	344,566	**371,610**

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.

The outstanding amount of $11,979 is net of issue and transaction costs of $391 which are amortized over the life of the loan.

b) Senior credit facility

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

The maximum amount available under the SCF was US$162,000 and this 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 the cash flows relating to the Copper Mountain Mine. As at March 31, 2016 cumulative principle payments totalled US$33,210.

(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, 2016 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. The Company with MMC have agreed to seek extension of the guarantee for an additional year ending on June 30, 2017.

As at March 31, 2016 the SCF has a principal amount outstanding of $167,260 (US$128,790). The outstanding amount of $162,625 is net of issue costs of $4,635 which are amortized over the life of the loan.

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

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

Annual repayments from March 31,	**US$**
2016	8,910
2017	14,580
2018	14,580
2019 – 2023	90,720
	128,790

Under the terms of the SCF, the Company was required to complete an interest rate swap on 70% of the principal amount of the facility. The Company swapped a LIBOR variable rate interest payment stream for a 3.565% fixed rate interest payment stream on US$91,287 of the principal. The interest rate swaps mature on December 15, 2020.

As at March 31, 2016 the swap had an unrealized fair value loss of $10,848 (2015 - $8,826). The current portion of $2,170 is included in accounts payable and accrued liabilities.

The Company is subject to certain debt covenants on the SCF. As at March 31, 2016 the Company is in compliance with all covenants.

c) Term loan

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

The maximum amount available under the Term Loan was US$160,000 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, 2016 the Term Loan has a principal amount outstanding of $187,013 (US$144,000). The outstanding amount of $182,599 is net of issue costs of $4,414 which are amortized over the life of the loan. The Term Loan is guaranteed by MMC in exchange for a fee of 0.2% per annum.

The Term Loan is unsecured and repayable in increasing instalments every six months which commenced February 2013, with the majority of the loan falling due in the last six instalments. As at March 31, 2016 the cumulative principal payments totalled US $16,000.

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

Principal repayments of the amounts outstanding under the Term Loan are as follows:

Annual repayments from March 31,	**US$**
2016	9,600
2017	19,200
2018	19,200
2019 - 2022	96,000
	144,000

The Company is subject to certain debt covenants. As at March 31, 2016 the Company is in compliance with all covenants.

d) Leases

Gross finance lease liability and minimum lease payments	**March 31, 2016 $**	**December 31, 2015 $**
Within one year	7,281	9,640
Between two and four years	13,178	13,147
	20,459	22,787
Future interest	(1,735)	(1,888)
Present value of finance lease liability	**18,724**	**20,899**

8 Decommissioning and restoration provision

a. Reclamation bonds

The Company has on deposit $8,232 with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain mine site. The Company receives interest on these bonds.

b. Decommissioning and restoration provision

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

	March 31, 2016 $	**December 31, 2015 $**
Opening balance	7,787	7,797
Changes in estimated costs and timing	(847)	(15)
Unwinding of discount on restoration provision	3	5
End of period	**6,943**	**7,787**

The Company used an inflation rate of 1.90% (2015 – 2.00%) and a discount rate of 2.00% (2015 – 2.15%) in calculating the estimated obligation. The liability for retirement and remediation on an undiscounted basis is $7,032 (2015 - $7,940). The expected timing of payment of the cash flows commences in 2028.

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

9 Share capital

Authorized - Unlimited number of common shares without par value.

10 Share based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 7,500,000 stock options exercisable for a period of up to ten years from the grant date. As at March 31, 2016 the Company had 7,390,000 options issued and outstanding.

The continuity of stock options issued and outstanding is as follows:

Options	**Options outstanding**	**Weighted average exercised price $**
Outstanding, December 31, 2014	6,395,000	2.78
Granted	680,000	0.66
Expired	(1,520,000)	2.38
Forfeited	(200,000)	2.35
Outstanding, December 31, 2015	5,355,000	2.64
Granted	2,280,000	0.39
Expired	(245,000)	7.01
March 31, 2016	**7,390,000**	**1.80**

As at March 31, 2016 the following options were outstanding:

Date of stock option grant	**Number of options**	**Exercise price $**	**Weighted average exercise price $**	**Expiry date**
Dec 12, 2011	280,000	4.98 to 7.12	6.31	Dec 12, 2016
April 5, 2012	850,000	4.52	4.52	April 5, 2017
Feb. 20, 2014	3,300,000	1.92	1.92	Feb. 20, 2019
April 24, 2015	75,000	1.25	1.25	Apr. 24, 2020
Sep. 18, 2015	605,000	0.59	0.59	Sep. 18, 2020
Jan. 26, 2016	2,280,000	0.39	0.39	Jan. 26, 2021
	7,390,000		**1.80**	

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

As at March 31, 2016 the following options were both outstanding and exercisable:

Date of stock option grant	Number of options	Exercise price $	Weighted average exercise price $	Expiry date
Dec 12, 2011	280,000	4.98 to 7.12	6.31	Dec 12, 2016
April 5, 2012	850,000	4.52	4.52	April 5, 2017
Feb. 20, 2014	2,475,000	1.92	1.92	Feb. 20, 2019
April 24, 2015	18,750	1.25	1.25	Apr. 24, 2020
Sep. 18, 2015	151,250	0.59	0.59	Sep. 18, 2020
Jan. 26, 2016	-	0.39	0.39	Jan. 26, 2021
	3,775,000		**2.77**	

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and consultants. During the three months ended March 31, 2016, the Company recorded a share-based compensation expense of $230 (2015 - $349) related to stock options.

b. Deferred Share Unit Plans

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

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

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

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

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

Units	DSU-D	Weighted average exercise price $	DSU-E	Weighted average exercise price $
Outstanding, December 31, 2014	1,807,339	1.85	2,679,646	2.13
Granted	-	-	-	-
Outstanding, December 31, 2015 and March 31, 2016	**1,807,339**	**1.85**	**2,679,646**	**2.13**

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

As at March 31, 2016 the following deferred share units were outstanding:

Date of DSU grant	Number of Units	Exercise price $	Weighted average exercise price $	Expiry date
DSU-D – September 17, 2010	27,027	-	-	September 17, 2020
DSU-E – September 17, 2010	329,646	3.70	3.70	September 17, 2020
DSU-D – August 12, 2011	9,571	-	-	August 12, 2021
DSU-D – April 5, 2012	20,741	-	-	April 5, 2022
DSU-D – April 13, 2013	500,000	1.88	1.88	April 13, 2018
DSU-E – April 13, 2013	450,000	1.88	1.88	April 13, 2018
DSU-D – February 20, 2014	1,250,000	1.92	1.92	February 20, 2019
DSU-E – February 20, 2014	1,900,000	1.92	1.92	February 20, 2019
	4,486,985		**2.02**	

As at March 31, 2016 the following deferred share units were both outstanding and exercisable:

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

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

Liability	DSU-D $	DSU-E $
December 31, 2014	91	-
DSU based compensation recovery	(65)	-
December 31, 2015	26	
DSU based compensation expense (recovery)	4	-
March 31, 2016	**30**	-

During the three months ended March 31, 2016, the Company recorded share-based compensation expense of $4 (2015 – recovery $24) related to deferred share units.

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

11 Revenue

	2016	**2015**
	$	**$**
Copper in concentrate	49,315	67,836
Gold in concentrate	10,577	11,074
Silver in concentrate	1,108	1,770
Treatment and refining charges	(6,500)	(7,342)
Pricing adjustments - unsettled concentrate and metal sales	5,066	552
Pricing adjustments - settled concentrate and metal sales	(840)	(2,433)
	58,726	**71,457**

12 Expenses by nature

	2016	**2015**
	$	**$**
Direct mining and milling costs	30,112	35,859
Employee compensation and benefits	9,950	12,338
Depreciation	11,870	12,085
Transportation costs	3,273	4,425
Low grade stockpile net realizable value adjustment	1,957	-
Cost of sales	**57,162**	**64,707**
Corporate employee compensation and benefits	1,121	853
Corporate and mine site administrative expenses	659	1,098
General and administration	**1,780**	**1,951**

13 Finance expense

	2016	**2015**
	$	**$**
Interest on loans	2,676	2,079
Amortization of financing fees	356	334
Loan guarantee fee	96	94
Unwinding of discount on restoration provision	3	3
	3,131	**2,510**

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

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, 2016 the Company sold copper concentrates to MMC with revenues totalling $58,726 (2015 – $71,457) including pricing adjustments.

b. During the three months ended March 31, 2016 the Company accrued interest on the subordinated loan with MMC totalling $115 (2015 - $115).

c. As at March 31, 2016 the Company accrued to MMC a guarantee fee related to the Term Loan of $96 (2015 - $95). The Company has also received aggregate funding advances from MMC totalling $10,871 (2015 - $6,049). These advances bear interest at rates of 2.88% to 4.80% with total interest during the three months ended March 31, 2016 of $69 (2015 - $107).

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

e. During the three months ended March 31, 2016 the Company awarded bonuses totalling $450 to its CEO and CFO in the form of promissory notes bearing an interest rate of 2.88% annually and to be paid one year from the date of issue.

f. Compensation of key management:

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

	2016 **$**	**2015** **$**
Salaries and short-term employee benefits	830	389
Share based compensation	230	206
	1,060	**595**

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

15 Supplementary cash flow disclosures

a. As at March 31, 2016, cash and cash equivalents consists of guaranteed investment certificates of $58 (2015 – $5,246) and $1,704 in cash (2015 - $9,546) held in bank accounts.

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

	2016 $	2015 $
Change in accounts receivable and prepaid expenses	(5,417)	(12,529)
Change in inventory	(6,218)	(985)
Change in mineral tax liability	170	365
Change in accounts payable and accrued liabilities	(8,859)	(6,353)
	(20,324)	**(19,502)**

16 Financial instruments

The following table shows the carrying values of assets and liabilities by category at March 31, 2016 and December 31, 2015:

	2016 $	2015 $
Financial assets		
Loans and receivables		
Cash and cash equivalents	1,761	12,190
Reclamation bonds	8,232	8,232
Amounts due from concentrate sales (note 3)	10,789	17,604
Fair value through profit and loss		
Pricing adjustments (notes 3)	2,894	(9,140)
Financial liabilities		
Amortized cost		
Accounts payable (note 6)	17,331	19,459
Long-term debt (note 7)	344,566	371,610
Fair value through profit and loss		
Interest rate swap liability (note 7b)	10,848	8,825

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, 2016:

	Level 1 $	Level 2 $	Level 3 $	Total fair value $
Financial assets				
Pricing adjustments (note 3 and 11)	-	2,894	-	2,894
Financial liabilities				
Interest rate swap liability (note 7b)	-	10,848	-	10,848

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.