COPPER MOUNTAIN
MINING CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended

June 30, 2013

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

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A") OF FINANCIAL CONDITION & THE RESULTS OF OPERATIONS FOR THE PERIOD ENDED JUNE 30, 2013

August 12, 2013

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 consolidated financial statements for the period ended June 30, 2013. 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, 2012. The Company's financial statements and the MD&A are presented in Canadian dollars and are intended to provide a reasonable basis for the investor to evaluate the Company's development and financial situation.

Forward-Looking Statements

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

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

Highlights

(CDN$ except for cash cost results)	Three months ended 2013 $	June 30, 2012[1] $	Six months ended 2013 $	June 30, 2012[1] $
Revenues	45,698,504	60,721,215	100,792,325	131,740,948
Gross profit	(1,634,959)	11,938,282	6,429,449	41,106,341
Operating income	(2,625,165)	9,906,729	3,684,334	37,604,995
Net income (loss)	(12,083,649)	(2,169,540)	(14,355,559)	28,497,389
Earnings (loss) attributable to shareholders of the Company	(14,766,979)	(2,079,811)	(17,041,754)	20,253,046
Adjusted earnings (loss)[2]	1,527,901	17,555,823	9,372,195	36,804,018
Earnings (loss) per share[3]	(0.15)	(0.02)	(0.17)	0.21
Adjusted earnings (loss) per share[4]	0.02	0.18	0.10	0.38
EBITDA[5]	(3,004,792)	6,965,749	4,456,917	46,597,506
Adjusted EBITDA	10,606,758	26,691,112	28,184,671	54,904,135
Cash and cash equivalents	6,983,156	27,189,047	6,983,156	27,189,047
Working capital	(1,699,149)	34,010,148	(1,699,149)	34,010,148
Equity	243,043,981	243,886,611	243,043,981	243,886,611
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	1.81	1.24	1.72	1.23
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	2.32	1.89	2.25	1.81

Second Quarter Results & Highlights (100%)

- Copper concentrate shipments totalled approximately 14.7 million pounds of Copper, 5,400 ounces of Gold, and 66,000 ounces of Silver during the second quarter of 2013.
- Total production for the 2013 second quarter was 15.7 million pounds of copper, 5,600 ounces of gold and 71,000 ounces of silver.
- Gross revenues were $55.1 million or $45.7 million after pricing adjustments and treatment charge deductions.
- Adjusted EBITDA was $10.6 million
- Site cash costs were US$1.81 per pound of copper produced net of precious metal credits.
- Total cash costs were US$2.32 per pound of copper sold net of precious metal credits and after all off-site charges.

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[1] 2012 comparatives have been adjusted for adoption of IFRIC 20and change in accounting policy related to inventory cost allocation.
[2] Adjusted earnings (loss) is a non-GAAP financial measure which removes unrealized gains/losses on interest rate swaps, pricing adjustments on concentrate metal sales and foreign currency gains/losses.
[3] Calculated based on weighted average number of shares outstanding under the basic method based on earnings attributable to shareholders.
[4] Calculated by dividing the total adjusted earnings by the weighted average number of shares outstanding under the basic method.
[5] Earnings before interest, taxes, depreciation and amortization .Refer to the Non-GAAP Performance measures section of this MD&A.

Overview

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

The Company is a mid-tier copper-gold producing company that is fully focused on optimizing the Copper Mountain mine. Following the successful exploration programs of 2007 and 2008 the Company completed an updated Feasibility Study and committed to the development of the new mine. On April 1, 2010 the BC Government issued the approval that allowed for construction of the $438 million development to proceed.

The development plan for the mine is based on combining the three existing pits into one larger super pit and constructing a new 35,000 tonnes per day (TPD) concentrator designed to produce approximately 100 million pounds of copper per year in a copper concentrate with gold and silver credits. Over the initial 17 year mine life the mine is planned to produce 1.48 billion pounds of copper, 4,490,400 ounces of silver and 452,000 ounces of gold.

Mechanical completion of the concentrator and associated facilities was achieved by the end of May 2011, and testing of the equipment was finished by the end of June 2011. Production of copper concentrate commenced during the third quarter of 2011.

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

Copper Mountain Mine

The Copper Mountain mine is situated 20 km south of Princeton, British Columbia and 300 km east of the port of Vancouver. The development was based on the 2008 Feasibility Study and consisted of the construction of a 35,000 TPD concentrator. Based on Feasibility Study reserves, the mine has a life of 17 years. The property consists of 135 Crown granted mineral claims, 156 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702.1 hectares or 67 square kilometers.

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 pits. This development sequence is designed to maximize the discounted cash flow which is reflected in the planned pit phases. In order to maximize the head grade being delivered to the concentrator in the initial years the Company is processing ore greater than 0.20 % Cu, while ore that is less than 0.20 % Cu 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, thirteen Komatsu 240 ton capacity haul trucks, six Euclid 260 ton haul trucks, a Komatsu WA 1200 loader, four Komatsu D375 dozers, and three Caterpillar 16G graders.

The following table sets out the major operating parameters for the mine for the three months ended June 30, 2013.

Mine Production Information	**Three months ended June 30,**		**Six months ended June 30,**	
Copper Mountain Mine (100% Basis)	**2013**	**2012**	**2013**	**2012**
Mine:				
Total tonnes mined (000's[6])	14,731	13,512	29,323	24,802
Ore tonnes mined (000's)	4,406	2,457	8,743	4,841
Waste tonnes (000's)	10,326	11,055	20,581	19,961
Stripping ratio	2.34	4.50	2.35	4.12
Mill:				
Tonnes milled (000's)	2,464	2,311	4,705	4,403
Feed Grade (Cu%)	0.33	0.41	0.34	0.39
Recovery (%)	87.18	80.67	85.04	79.75
Operating time (%)	86.57	82.70	86.45	80.80
Tonnes milled (TPOD[7])	31,700	30,708	30,300	29,941
Production:				
Copper production (000's lbs)	15,700	16,557	29,900	30,266
Gold production (oz)	5,600	4,500	11,000	8,700
Silver production (oz)	71,000	113,500	135,000	210,000
Site cash costs per pound of copper produced (net of precious metal credits) (US$)[8]	$1.81	$1.24	$1.72	$1.23
Total cash costs per pound of copper sold (net of precious metal credits) (US$)[9]	$2.32	$1.89	$2.25	$1.81

Mining activities continued from the Pit 2 and Pit 3 areas during the quarter as planed and averaged approximately 171,000 tonnes per day mined. During the quarter a total of 14.7 million tonnes of material was mined, including 4.4 million tonnes of ore and 10.3 million tonnes of waste. The mine mobile haulage fleet continues to have excellent mechanical availability.

Mill improvements were achieved during the quarter, in spite of the mill transformer loss time incident in mid May that was fully repaired by early June, a full week ahead of schedule. The repaired transformer had all three sets of coils replaced and was fully inspected and certified as new prove to being returned to operation with a one year warranty. The mine exited the quarter on a positive note with mill availability of 92.3% and copper production of 6.1 million pounds for the month of June. Mine production was 15.7 million pounds of copper, 5,600 ounces of gold, and 71,000 ounces of silver during the three months of operations ended June 30, 2013. This brought production for the six months to 29.9 million pounds of copper, 11,000 ounces of gold and 135,000 ounces of silver.

Plans for the mill operation for the balance of the year involve all available methods to provide finer ore to the SAG Mill. Utilizing high powder factor blasting will continue to maximize fragmentation of the ore, a

[6] Excludes ore re-handle from stockpile
[7] Tonnes per operating day
[8] 2012 cash cost comparatives have been adjusted for adoption of IFRIC 20 and change in accounting policy related to inventory cost allocation.

contract portable crusher will continue to provide about 4,500 tpd of minus 2 inch ore and a newly acquired and installed portable crusher which came on site in July will provide up to 7,500 tpd of minus 2 inch SAG mill feed. These short term measures have had positive results towards increasing mill throughput. Management has concluded that the installation of a permanent SAG Mill pre-crusher is required to meet long-term objectives and is working with its partners and project banks to get the installation approved as soon as possible.

The mill processed a total 2.5 million tonnes of ore at an average grade of 0.33% copper during the quarter as compared to 2.2 million tonnes for the three months ended March 31, 2013. Mill recoveries for the second quarter averaged 87.3% as compared to 82.7% in the first quarter of 2013. This improvement can be attributed to reagent testing and the expert system optimization which is continuously being improved to maximize recoveries.

For the second quarter ended June 30, 2013 the Company completed a total of three shipments containing approximately 14.7 million pounds of copper, 5,400 ounces of gold, and 66,000 ounces of silver which generated $51.1 million in revenue net of pricing adjustments.

The Company currently has 400 operating employees and 31 summer students engaged at the mine site.

Results of Operations

(CDN$)	Three months ended June 30, 2013 $	Three months ended June 30, 2012[9] Restated $	Six months ended June 30, 2013 $	Six months ended June 30, 2012[9] Restated $
Revenues	45,698,504	60,721,215	100,792,325	131,740,948
Cost of sales[10]	(47,333,463)	(48,782,933)	(94,362,876)	(90,634,607)
Gross profit (loss)	**(1,634,959)**	**11,938,282**	**6,429,449**	**41,106,341**
Other income and expenses				
General and administration	(1,032,273)	(1,191,387)	(2,729,140)	(2,403,371)
Share based compensation	42,067	(840,166)	(15,975)	(1,097,975)
Operating income (loss)	**(2,625,165)**	**9,906,729**	**3,684,334**	**37,604,995**
Pricing adjustments on concentrate and metal sales	5,353,368	9,657,713	9,500,117	3,517,444
Finance income	85,943	736,696	185,424	945,775
Finance expense	(2,203,677)	(2,464,922)	(4,302,996)	(4,309,435)
Income tax expense	(120,016)	(280,393)	(417,425)	(954,761)
Deferred income tax expense	1,037,448	-	722,741	-
Adjusted earnings (loss)[11]	**1,527,901**	**17,555,823**	**9,372,195**	**36,804,018**
Pricing adjustments on concentrate and metal sales	(5,353,368)	(9,657,713)	(9,500,117)	(3,517,444)
Unrealized gain (loss) on interest rate swap	2,264,371	(3,331,469)	2,554,208	(3,331,469)
Unrealized gain (loss) on foreign exchange	(10,522,553)	(6,736,181)	(16,781,845)	(1,457,716)
Net income (loss) and comprehensive income (loss) for the period	**(12,083,649)**	**(2,169,540)**	**(14,355,559)**	**28,497,389**
Net income (loss) and comprehensive income (loss) attributable to:				
Shareholders of the company	(14,766,979)	(2,079,811)	(17,041,754)	20,523,046
Non-controlling interest	2,683,330	(89,729)	2,686,195	7,974,343
	(12,083,649)	**(2,169,540)**	**(17,255,559)**	**28,497,389**
Earnings (loss) per share	**(0.15)**	**(0.02)**	**(0.17)**	**0.21**
Adjusted earnings (loss) per share	**0.02**	**0.18**	**0.10**	**0.38**

[9] 2012 comparatives have been adjusted for application of IFRIC 20 and change in accounting policy related to inventory cost allocation.
[10] 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.

[11] 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 June 30, 2013

The Copper Mountain mine produced 15.7 million pounds of copper during the three months ended June 30, 2013 compared to 16.6 million pounds of copper in the prior year. The mine shipped and sold a total of 14.7 million pounds of copper, 5,400 ounces of gold, and 66,000 ounces of silver during the three months ended June 30, 2013; compared to a total of 18.1 million pounds of copper, 5,600 ounces of gold and 124,000 ounces of silver during the three months ended June 30, 2012. Site cash costs were US$1.81 per pound of copper produced, net of precious metal credits, and total cash costs were US$2.32 per pound sold, net of precious metal credits, for the three months ended June 30, 2013; compared to site cash costs of US$1.24 per pound of copper produced and total cash costs of US$1.89 per pound of copper sold, net of precious metal credits for the three months ended June 30, 2012.

Effective January 1, 2013, the Company adopted a new accounting policy referred to as IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine (“IFRIC 20”). For information on the adoption of this new accounting standard, refer to note 3 of the June 30, 2013 and March 31, 2013 condensed consolidated interim financial statements.

During the period the Company recognized revenues of $45.7 million, net of a $5.3 million negative pricing adjustment and $4.1 million in treatment charges based on an average provisional copper price of approximately US$3.18 per pound; compared to revenues of $60.7 million net of pricing adjustments and an average copper price of US$3.44 per pound for the period ended June 30, 2012. This reduction in revenue is primarily a result of lower sales volumes and metal prices as compared to the same period last year. Mining operations for the three month period ended June 30, 2013 resulted in a gross loss of $1.6 million as compared to a gross profit of $11.9 million for the period ended June 30, 2012. The Company reported a net loss attributable to the shareholders of the Company of $14.7 million or $0.15 per share for the three months ended June 30, 2013, compared to a net loss of $2.1 million or $0.02 per share for the three months ended June 30, 2012. The net loss for the quarter was directly attributable to lower revenues on the Company’s copper concentrate sales, a non-cash unrealized foreign exchange loss of $10.5 million that is primarily attributable to the Company’s project debt that is denominated in U.S. dollars and negative pricing adjustments of $5.3 million on metal sales. This compares to an unrealized foreign exchange loss of $6.7 million for the three month period ended June 30, 2012 which was attributable to the Company’s project debt which is denominated in U.S. dollars, negative pricing adjustments on metal sales of $9.7 million and a non-cash unrealized loss on the interest rate swap of $3.3 million.

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 June 30, 2013, was $47.3 million compared to $48.8 million for the three month period ended June 30, 2012. The decrease in costs during the quarter is a result of lower sales volumes of copper concentrate sold compared to the three months ended June 30, 2012.

General and administration expenses for the three months ended June 30, 2013, were $1.0 million compared to $1.2 million for the three months ended June 30, 2012. Non-cash share based compensation reflected a recovery of $0.04 million for the three months ended June 30, 2013, compared to an expense of $0.8 million for the three month period ended June 30, 2012. The decrease in non-cash share based compensation was a result of the vesting provisions of stock options issued in prior periods.

Other items recorded include finance income of $0.09 million, finance expense of $2.2 million and a current and deferred income and resource tax recovery of $0.9 million for the three months ended June 30, 2013, compared to finance income of $0.7 million, finance expense of $2.5 million, and resource tax expense of $0.3 million for the three months ended June 30, 2012. Finance expense primarily consists of interest on loans and the amortization of loan related financing fees.

For the Six Months Ended June 30, 2013

The Copper Mountain mine produced 29.9 million pounds of copper during the six months ended June 30, 2013 compared to 30.3 million pounds in the prior year. The mine shipped and sold a total of 29.8 million pounds of copper, 10,900 ounces of gold, and 135,000 ounces of silver during the three months ended June 30, 2013 compared to 33.9 million pounds of copper, 11,300 ounces of gold and 248,500 ounces of silver during the six months ended June 30, 2012. Site cash costs were US$1.72 per pound of copper produced and total cash costs were US$2.25 per pound sold for the six months ended June 30, 2013 compared to site cash costs of $1.23 per pound of copper produced and total cash costs of $1.81per pound sold for the six months ended June 30, 2012. During the period the Company recognized revenues of $100.8 million, net of pricing adjustments and based on an average provisional copper price of approximately US$3.37 per pound. Gross profit for the six month period ended June 30, 2013 was $6.4 million as compared to $41.1 million for the period ended June 30, 2012. The reduction in gross profit was primarily a function of lower sales volume and metal prices compared to the prior year period. The Company reported a loss attributable to the shareholders of the Company of $17.0 million or $0.17 per share for the six months ended June 30, 2013, compared to a net income of $20.5 million or $0.21 per share for the six months ended June 30, 2012. The income for the six months period ended June 30, 2013, recorded an unrealized foreign exchange loss of $16.8 million which was primarily related to the Company's project debt that is denominated in U.S. dollars. This compares to an unrealized foreign exchange loss of $1.5 million which was primarily related to the Company's project debt that is denominated in U.S. dollars for the six month period ended June 30, 2012.

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 six month period ended June 30, 2013, was $94.4 million compared to $90.6 million for the six month period ended June 30, 2012.

General and administration expenses for the six months ended June 30, 2013, were $2.7 million compared to $2.4 million for the six months ended June 30, 2012. Non-cash share based compensation reflected an expense of $0.02 million for the six months ended June 30, 2013, compared to an expense $1.1 million for the six month period ended June 30, 2012. The decrease in non-cash share based compensation was a result of the full vesting of stock options issued in prior periods.

Other items recorded under other income and expenses include finance income of $0.2 million, finance expense of $4.3 million and current and deferred tax recovery of $0.3 million. Finance expense primarily consists of interest on loans and the amortization of financing fees.

Summary of Quarterly Results

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

Quarter	Cash flow from Operations $	Revenue[12] $	Net Income (Loss) $	Profit (Loss) Attributable to Shareholders $	Income (Loss) per Share Basic $	Income (Loss) per Share Diluted $
June 30, 2013	8,304,456	45,698,504	(12,083,649)	(14,766,979)	(0.15)	(0.15)
March 31, 2013	(4,737,604)	55,093,821	(2,271,910)	(2,274,775)	(0.02)	(0.02)
December 31, 2012	23,506,201	50,086,260	2,397,766	2,214,713	0.02	0.01
September 30, 2012	73,080	47,646,402	4,144,495	2,751,917	0.03	0.03
June 30, 2012	29,066,494	60,721,215	(2,169,540)	(2,079,811)	(0.02)	(0.02)
March 31, 2012	(8,194,881)	71,019,733	28,842,737	21,234,711	0.21	0.21
December 31, 2011	8,331,184	44,710,034	8,098,610	5,590,703	0.06	0.06
September 30, 2011	14,797,083	21,821,321	(22,508,160)	(16,979,679)	(0.17)	(0.17)
June 30, 2011	(6,630,317)	-	(4,003,813)	(3,594,072)	(0.04)	(0.04)

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, non-cash share based compensation charges, changes in foreign exchange rates, the timing of concentrate shipments and valuation of the interest rate swap related to a portion of the Company's long-term debt denominated in U.S. dollars.

Liquidity

As at June 30, 2013, the Company had negative working capital of $1.7 million (made up of cash $7.0 million, accounts receivable of $13.2 million, inventory of 27.3 million, and offset by $29.1 million in accounts payable, $19.7 million in current portion of long term debt, and a current tax liability of $0.4 million) compared with working capital of $10.7 million at December 31, 2012 (made up of cash $24.3 million, accounts receivable of $15.3 million, inventory of $20.9 million, and offset by $30.9 million in accounts payable, $18.8 million in current portion of long term debt, and a current tax liability of $0.1 million On July 7, 2013 the Company received $8.9 million of the $17.6 million receivable for a shipment that occurred right at quarter end. In addition, subsequent to the end of the quarter, the Company contributed in kind $18.8 million of mining equipment that is being used at the Copper Mountain Mine and was originally purchased in early 2012 for the mine, and Mitsubishi Materials Corporation contributed an additional $6.3 million in cash to the project to match their pro rata share of the Company's contribution.

The Company's objectives when managing capital are to safe guard its ability to continue as a going concern, to provide an adequate return on investment to shareholders and to maintain a flexible capital structure that optimizes the cost of capital at acceptable risk. There were no changes to the Company's approach to capital management during the period ended June 30, 2013.

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

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

As at June 30, 2013 the Company had a total of $8.8 million on deposit with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain Mine. The Company does not have access to this money but does receive interest on the funds on deposit.

As at June 30, 2013, the Company had the following consolidated contractual obligations:

	Payment Due By Period				
Contractual Obligation (CDN$)	**Total**	**Less than 1 Year**	**1 – 3 Years**	**4 – 5 Years**	**After 5 Years**
Long term debt	313,430,901	13,589,256	40,641,552	69,614,342	189,585,751
Lease obligations	18,545,121	6,067,949	12,059,711	405,461	-
Decommissioning & restoration provision	8,259,191	-	-	-	8,259,191
Accounts payable	18,450,939	18,450,939	-	-	-

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

The Company had no material commitments for capital expenditures as of June 30, 2013.

Capital Resources

Cash at the end of the quarter totaled $7.0 million as a result of the last shipment of the quarter occurring on June 30, 2013. This shipment had a provisional invoice value of $17.6 million of which the Company has received 90% or $15.6 million in two separate payments. The first payment being an advance of $6.7 million on June 13, 2013 and a second provisional payment of $8.9 million on July 7, 2013 and bringing the cash resources to $15.6 million.

Off-Balance Sheet Arrangements

None

Transactions with Related Parties

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

- During the period ended June 30, 2013 the Company sold copper concentrates to MMC with revenues totalling $100,792,325, including pricing adjustments. (2012 –$131,704,948)
- During the period ended June 30, 2013 the Company accrued interest on the subordinated loan with MMC totalling $231,680 (2012 - $232,960)
- During the period ended June 30, 2013, the Company paid $35,686 (2012 – $71,833) in office rent to Kobex Minerals Inc. Kobex Minerals Inc. is related to the Company by a common director.

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

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Salaries and short-term employee benefits	3,121,509	346,336	3,978,945	667,888
Share-based payments	(66,513)	1,321,499	(211,712)	1,321,499
	3,054,996	**1,667,835**	**3,767,233**	**1,989,387**

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, 2012. The preparation of consolidated financial statements in accordance with International Financial Reporting Standard "IFRS" requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the consolidated financial statements. These estimates include:

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

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

Change in Accounting Policies, Including Initial Adoption

The Company adopted a new inventory cost allocation policy based on a contained metal basis to allocate costs to the components of inventory. This change in accounting policy was adopted in conjunction with IFRIC 20.

New Accounting Standards Adopted

IFRS 10 – Consolidation

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

IFRS 11 - Joint Arrangements

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

IFRS 12 – Disclosure of Interests in Other Entities

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

IFRS 13 - Fair Value Measurement

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

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

The Company adopted new and amended IFRS pronouncements listed below as at January 1, 2013, in accordance with transitional provisions outlined in the respective standards.

The Company adopted IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20") and applied the requirements to production stripping costs incurred on or after January 1, 2012, in accordance with the transitional provisions of IFRIC 20.

The interpretation provides guidance on how to account for waste stripping costs in the production phase of a surface mine. Stripping activity related to inventory produced is accounted for in accordance with IAS 2, Inventories. Stripping activity that improves access to ore is accounted for as an addition to or enhancement of an existing asset.

Under IFRIC 20, stripping activity assets are recognized when the following three criteria are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

Stripping activity assets capitalized under IFRIC 20 are classified as mineral properties and mine development costs within property, plant and equipment, which is consistent with the classification of the asset these costs relate to. These assets are amortized on a units-of-production basis over the remaining proven and probable reserves of the respective components.

The adoption of IFRIC 20 resulted in an increase in the capitalization of production stripping assets on the consolidated balance sheet and an increase in profit and earnings per share. Inventories were adjusted to reflect capitalize production stripping costs. The depreciation of stripping activity assets is included in the cost of inventories. Concurrent with the adoption of IFRIC 20, the Company has changed its method of allocating mining costs between high grade and low grade inventory to use a contained metal allocation basis.

The adoption of IFRIC 20 has significantly increased the capitalization of production stripping costs as compared to our previous accounting policy. As at June 30, 2013, a cumulative total of $37.3 million of stripping activity assets have been capitalized.

Financial Instruments and Other Instruments

Please refer to note 3(d) of the audited financial statements for the period ended December 31, 2012.

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 June 30,[13]**		**Six months ended June 30,[15]**	
	2013	**(restated) 2012**	**2013**	**(restated) 2012**
Cost of Sales	**47,333,463**	**48,782,933**	**94,362,876**	**90,634,607**
Add: Treatment & refining charges	4,060,862	4,937,065	8,159,973	9,490,566
Less: non-cash items:				
Depreciation	(7,878,555)	(7,126,670)	(15,000,220)	(13,781,696)
Cash costs of sales	**43,515,770**	**46,593,328**	**87,522,629**	**86,343,477**
Average foreign exchange rate (CDN$ to US$)	0.9774	0.9897	0.9844	0.9944
Cash costs of sales (US$)	**42,532,314**	**46,113,417**	**86,157,276**	**85,859,954**
Less: Precious metal credits (US$):	(8,433,331)	(11,833,674)	(19,355,703)	(24,529,744)
Net cash costs of sales (US$)	**34,098,983**	**34,279,743**	**66,801,573**	**61,330,210**

[13] 2012 comparatives have been adjusted for application of IFRIC 20 and change in accounting policy related to inventory cost allocation.

Total pounds of copper sold	**14,700,000**	**18,107,000**	**29,800,000**	**33,855,000**
Total ounces of gold sold	5,400	5,600	11,300	11,300
Total ounces of silver sold	66,000	124,000	135,000	248,500
Cash Cost per pound of copper sold net of precious metal credits (US$)	**$2.32**	**1.89**	**$2.25**	**$1.81**

Site Cash Cost Per Pound of Copper Produced	**Three months ended June 30,**		**Six months ended June 30,**	
		(restated)		**(restated)**
	2013	**2012**	**2013**	**2012**
Cash Cost of Sales	43,515,770	46,593,328	87,522,629	86,343,477
Net change in concentrate inventory	2,399,764	(3,756,389)	83,741	(5,145,105)
	45,915,534	**42,836,939**	**87,606,370**	**81,198,372**
Less: Off-site related costs				
Treatment & refining charges	(4,060,862)	(4,937,065)	(8,159,973)	(9,490,566)
Transportation costs	(3,142,192)	(3,972,680)	(5,483,232)	(7,253,492)
Trucking charges	(983,120)	(1,175,357)	(2,001,963)	(2,212,634)
Total Site Cash Costs of Production	**37,729,362**	**32,751,837**	**71,961,204**	**62,241,680**
Average foreign exchange rate (CDN$ to US$)	0.9774	0.9897	0.9844	0.9944
Total Site Cash Costs of Production (US$)	**36,876,678**	**32,414,493**	**70,838,609**	**61,893,127**
Less precious metal credits (US$)	(8,433,331)	(11,833,674)	(19,355,703)	(24,529,744)
	28,443,347	**20,580,819**	**51,482,906**	**37,363,383**
Total pounds of copper produced	**15,700,000**	**16,557,000**	**29,900,000**	**30,266,000**
Total ounces of gold produced	5,600	4,500	10,900	8,700
Total ounces of silver produced	71,000	113,500	135,000	210,000
Site cash costs per pound net precious metal credits (US$)	**$1.81**	**$1.24**	**$1.72**	**$1.23**

Cash Margin

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

	Three months ended June 30,		**Six months ended June 30,**	
	2013	**2012**	**2013**	**2012**
Average realized copper price for the period (US$ per pound)	$3.18	$3.44	$3.37	$3.50
Less:				
Total cash cost of sales net of precious metal credits(US$ per pound sold)	2.32	1.89	2.25	1.81
Cash margin (US$ per pound)	**$0.86**	**$1.55**	**$1.12**	**$1.69**

Adjusted Earnings (Loss)

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

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

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

EBITDA and Adjusted EBITDA

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

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

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

EBITDA and Adjusted EBITDA		**Three months ended June 30,**		**Six months ended June 30,**
		Restated		**Restated**
	2013	**2012**	**2013**	**2012**
Net income (loss)	(12,083,649)	(2,169,540)	(14,355,559)	28,497,389
Add (Deduct):				
Finance income	(85,943)	(736,696)	(185,424)	(945,775)
Finance expense	2,203,677	2,464,922	4,302,996	4,309,435
Depreciation	7,878,555	7,126,670	15,000,220	13,781,696
Current resource tax expense	120,016	280,393	417,425	954,761
Deferred income tax expense	(1,037,448)	-	(722,741)	-
EBITDA	**(3,004,792)**	**6,965,749**	**4,456,917**	**46,597,506**
Add (Deduct):				
Pricing adjustments on concentrate and metal sales	5,353,368	9,657,713	9,500,117	3,517,444
Unrealized loss (gain) on interest rate swaps	(2,264,371)	3,331,469	(2,554,208)	3,331,469
Unrealized foreign exchange loss (gain)	10,522,553	6,736,181	16,781,845	1,457,716
Adjusted EBITDA	**10,606,758**	**26,691,112**	**28,184,671**	**54,904,135**

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 August 12, 2013 the date of this MD&A.

	Expiry Date	Exercise Price	Number	Number
Common shares	-	-	-	98,617,849
Share purchase options	May 6, 2014	$0.60	2,526,000	
	January 14 – August 12, 2015	$2.26 - $2.55	1,695,000	
	September 11, 2016 – April 5, 2017	$4.52 - $5.48	1,010,000	
	February 10 –May 1, 2016	$7.01 – 7.22	395,000	
			5,626,000	
Fully diluted shares outstanding				**104,243,849**

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 year ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

The Company's management, at the direction of our chief executive officer and chief financial officer, have evaluated the effectiveness of the design and operation of the internal controls over financial reporting and disclosure controls and procedures as of the end of the period covered by this report, and have concluded that they were effective at a reasonable assurance level.

Risks and Uncertainties

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

Copper Mountain Mining Corporation

Consolidated Financial Statements

For the Six Months Ended June 30, 2013

(Unaudited)

Copper Mountain Mining Corporation

Consolidated Statement of Financial Position
Canadian dollars (Unaudited)

	June 30, 2013 $	December 31, 2012 (restated note 3) $
Assets		
Current assets		
Cash and cash equivalents	6,983,156	24,300,790
Accounts receivable and prepaid expenses (note 4)	13,210,163	15,352,990
Inventory (note 5)	27,268,142	20,874,281
	47,461,461	60,528,061
Restricted cash	-	6,013,726
Reclamation bonds (note 9a)	8,816,500	8,200,500
Deferred tax asset	1,718,645	1,301,220
Property, plant and equipment (note 6)	538,331,514	541,607,854
Low grade stockpile (note 5)	24,855,653	14,168,942
	621,183,773	**631,820,303**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	29,089,836	30,968,685
Current portion of long-term debt (note 8)	19,657,205	18,756,271
Current tax liability	413,569	126,851
	49,160,610	49,851,807
Decommissioning and restoration provision (note 9)	7,001,050	6,997,883
Interest rate swap liability	7,209,752	10,980,888
Long-term debt (note 8)	312,318,817	304,178,343
Deferred tax liability	2,449,563	2,754,880
	378,139,792	374,763,801
Equity		
Attributable to shareholders of the Company:		
Share capital	158,110,551	157,942,209
Contributed surplus	9,643,976	9,469,280
Retained earnings (deficit)	984,002	18,025,756
	168,738,529	185,437,245
Non-controlling interest	74,305,452	71,619,257
Total equity	243,043,981	257,056,502
	621,183,773	**631,820,303**

Approved on behalf of the Board of Directors

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

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

Copper Mountain Mining Corporation

Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)
For the Three and Six Months Ended June 30,
Canadian dollars (Unaudited)

	Three months ended June 30, 2013 $	Three months ended June 30, 2012 (restated note 3) $	Six months ended June 30, 2013 $	Six months ended June 30, 2012 (restated note 3) $
Revenue (note 11)	45,698,504	60,721,215	100,792,325	131,740,948
Cost of sales (note 12)	(47,333,463)	(48,782,933)	(94,362,876)	(90,634,607)
Gross profit (loss)	(1,634,959)	11,938,282	6,429,449	41,106,341
Other income and expenses				
General and administration (note 12)	(1,032,273)	(1,191,387)	(2,729,140)	(2,403,371)
Share based compensation (note 10)	42,067	(840,166)	(15,975)	(1,097,975)
Operating income (loss)	(2,625,165)	9,906,729	3,684,334	37,604,995
Finance income	85,943	736,696	185,424	945,775
Finance expense (note 13)	(2,203,677)	(2,464,922)	(4,302,996)	(4,309,435)
Unrealized gain (loss) on interest rate swap	2,264,371	(3,331,469)	2,554,208	(3,331,469)
Foreign exchange (loss) gain	(10,522,553)	(6,736,181)	(16,781,845)	(1,457,716)
Income (loss) before tax	**(13,001,081)**	**(1,889,147)**	**(14,660,875)**	**29,452,150**
Current resource tax expense	(120,016)	(280,393)	(417,425)	(954,761)
Deferred income tax expense	1,037,448	-	722,741	-
Net income (loss) and comprehensive income (loss)	**(12,083,649)**	**(2,169,540)**	**(14,355,559)**	**28,497,389**
Net income (loss) and comprehensive income (loss) attributable to:				
Shareholders of the Company	(14,766,979)	(2,079,811)	(17,041,754)	20,523,046
Non-controlling interest	2,683,330	(89,729)	2,686,195	7,974,343
	(12,083,649)	**(2,169,540)**	**(14,355,559)**	**28,497,389**
Earnings (loss) per share:				
Basic	(0.15)	(0.02)	(0.17)	0.21
Diluted	(0.15)	(0.02)	(0.17)	0.20
Weighted average shares outstanding, basic and diluted	98,617,849	98,504,421	98,617,849	98,492,963
Shares outstanding at end of the period	98,619,427	98,505,377	98,619,427	98,505,377

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

Copper Mountain Mining Corporation

Consolidated Statements of Cash Flows
For the Three and Six Months Ended June 30,
Canadian dollars (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2013 $	2012 (restated note 3) $	2013 $	2012 (restated note 3) $
Cash flows from operating activities				
Net income (loss) for the year	(12,083,649)	(2,169,540)	(14,355,559)	28,497,389
Adjustments for:				
Depreciation	7,878,555	8,116,537	15,000,220	14,771,563
Unrealized foreign exchange loss	10,405,401	6,268,680	16,827,726	1,359,107
Unrealized (gain) loss on interest rate swap	(2,264,371)	3,331,469	(2,554,208)	3,331,469
Deferred income tax expense	(1,037,448)	-	(722,741)	-
Finance expense	3,036,491	2,355,368	4,302,996	4,138,078
Share based compensation	(42,067)	840,166	15,975	1,097,975
	5,892,912	18,742,680	18,514,409	53,195,581
Net changes in working capital items (note 15)	2,411,544	10,323,814	(14,947,557)	(25,911,262)
Net cash from (used in) operating activities	8,304,456	29,066,494	3,566,852	27,284,319
Cash flows from investing activities				
Reclamation bonding	-	(3,500,000)	(616,000)	(3,500,000)
Restricted cash	5,952,099	(11,500)	5,824,694	(11,500)
Deferred stripping activities	(2,411,464)	(7,649,235)	(5,542,750)	(14,061,942)
Development of property, plant and equipment	(4,627,664)	(5,467,285)	(7,854,093)	(10,575,448)
Net cash (used) in investing activities	(1,087,029)	(16,628,020)	(8,188,149)	(28,148,890)
Cash flows from financing activities				
Issue of common shares - net of issue costs	-	(8,569)	115,350	67,881
Loan from non-controlling interest	-	4,253	-	203,573
Term loan principal (paid)	(5,111,748)	(5,823,090)	(6,761,988)	(6,621,090)
Interest paid	(1,885,119)	(2,261,098)	(2,912,685)	(3,077,992)
Finance lease payments	(2,166,797)	(1,677,031)	(3,344,396)	(1,758,118)
Net cash (used in) from financing activities	(9,163,664)	(9,765,535)	(12,903,719)	(11,185,746)
Effect of foreign exchange rate changes on cash and cash equivalents	190,835	533,320	207,382	145,021
Decrease in cash	(1,755,402)	3,206,259	(17,317,634)	(11,905,296)
Cash and cash equivalents - Beginning of period	8,738,558	39,094,343	24,300,790	39,094,343
Cash and cash equivalents - End of period	6,983,156	42,300,602	6,983,156	27,189,047

Supplementary cash flow disclosures (note 15)

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

Copper Mountain Mining Corporation

Consolidated Statements of Changes in Equity
Canadian dollars (Unaudited)

Attributable to equity owners of the Company

	Number of shares	**Amount $**	**Contributed surplus $**	**Retained earnings (deficit) $**	**Total $**	**Non-controlling interest $**	**Total equity $**
Balance January 1, 2012	98,466,877	157,596,608	6,602,387	(11,027,878)	153,171,117	60,199,531	213,370,648
Options exercised	38,500	77,050	-	-	77,050	-	77,050
Fair value of options exercised	-	41,549	(41,549)	-	-	-	-
Share based compensation	-	-	1,737,951	-	1,737,951	-	1,737,951
Contributions made by Non-controlling interest	-	-	-	-	-	203,573	203,573
Income (Loss) for the year	-	-	-	20,523,046	20,523,046	7,974,343	28,497,389
Balance – June 30, 2012 (restated)	**98,505,377**	**157,715,207**	**8,298,789**	**9,465,168**	**175,509,164**	**68,377,447**	**243,866,611**
Options exercised	65,550	150,180	-	-	150,180	-	150,180
Fair value of options exercised	-	76,822	(76,822)	-	-	-	-
Share based compensation	-	-	1,247,313	-	1,247,313	-	1,247,313
Income (Loss) for the year	-	-	-	8,530,588	8,530,588	3,241,810	11,772,398
Balance December 31, 2012 (restated)	**98,570,927**	**157,942,209**	**9,469,280**	**18,025,756**	**185,437,245**	**71,619,257**	**257,056,502**
Balance as at January 1, 2013	98,570,927	157,942,209	9,469,280	18,025,756	185,437,245	71,619,257	257,056,502
Options exercised	48,500	115,350	-	-	115,350	-	115,350
Fair value of options exercised	-	52,992	(52,992)	-	-	-	-
Share based compensation	-	-	227,688	-	227,688	-	227,688
Income (Loss) for the period	-	-	-	(17,041,754)	(17,041,754)	2,686,195	(14,355,559)
Balance June 30, 2013	**98,619,427**	**158,110,551**	**9,643,976**	**984,002**	**168,738,529**	**74,305,452**	**243,043,981**

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

1 General Information

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

2 Basis of presentation and adoption of IFRS

a. The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). These consolidated financial statements were approved for issue on May 9, 2013, by the Board of Directors.

b. Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency translation differences are recognized in profit or loss.

3 Adoption of New and Amended IFRS Pronouncements

The Company's accounting policies have not changed from the year ended December 31, 2012 except for the adoption of following new and amended IFRS Pronouncements below.

The Company adopted several new and amended IFRS pronouncements. Disclosure of the impacts of adopting IFRS 10, 11, 12 and 13 was included in the Company's financial statements for the quarter ended March 31, 2013 and effective at January 1, 2013, in accordance with transitional provisions outlined in the respective standards.

Production stripping costs

The Company adopted IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20") and applied the requirements to production stripping costs incurred on or after January 1, 2012, in accordance with the transitional provisions of IFRIC 20.

The interpretation provides guidance on how to account for waste stripping costs in the production phase of a surface mine. Stripping activity related to inventory produced is accounted for in accordance with IAS 2, Inventories. Stripping activity that improves access to ore is accounted for as an addition to or enhancement of an existing asset.

Under IFRIC 20, stripping activity assets are recognized when the following three criteria are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

Stripping activity assets capitalized under IFRIC 20 are classified as mineral properties and mine development costs within property, plant and equipment, which is consistent with the classification of the asset these costs relate to. These assets are amortized on a units-of-production basis over the remaining proven and probable reserves of the respective components.

The adoption of IFRIC 20 resulted in an increase in the capitalization of production stripping assets on the consolidated balance sheet and an increase in profit and earnings per share. Inventories were adjusted to reflect capitalize production stripping costs. The depreciation of stripping activity assets is included in the cost of inventories. Concurrent with the adoption of IFRIC 20, the Company has changed its method of allocating mining costs between high grade and low grade inventory to use a contained metal allocation basis. The tables below outline the adjustments to our financial statements for all comparative periods presented. Concurrent with the adoption of IFRIC 20, the Company has changed its method of allocating mining costs between high grade and low grade inventory to use a contained metal allocation basis.

The adoption of IFRIC 20 has significantly increased the capitalization of production stripping costs as compared to our previous accounting policy. As at June 30, 2013, a cummulative total of $37.3 million of stripping activity assets have been capitalized.

a. Transition to IFRIC 20 - Adjustments to Consolidated Financial Statements

Adjustments to consolidated balance sheet

	December 31, 2012 $	June 30, 2012 $
Equity before accounting changes	**244,005,027**	**236,268,846**
Adjustments to:		
Inventory (including low grade stockpile)	(13,823,395)	(6,444,177)
Property, Plant and Equipment	31,225,362	14,061,942
Deferred tax asset	(1,595,612)	-
Deferred tax liability	(2,754,880)	-
Equity after accounting changes	**257,056,502**	**243,886,611**
Equity under accounting changes attributable to:		
Shareholders of the Company	185,437,245	175,509,164
Non-controlling interest	71,619,257	68,377,447

Adjustments to consolidated statement of income

	Year ended December 31, 2012 $	Six months ended June 30, 2012 $
Net Income (loss) before accounting changes	**27,421,885**	**20,879,624**
Adjustments to:		
Cost of sales	17,401,967	7,617,765
Deferred income and resource tax recovery	(4,350,492)	-
	40,473,360	**28,497,389**
Profit after accounting changes attributable to:		
Shareholders of the Company	29,053,634	20,523,046
Non-controlling interest	11,419,726	7,974,343
Earnings per share after accounting changes		
Basic	0.29	0.21
Diluted	0.29	0.20

4 Accounts receivable and prepaid expenses

	June 30, 2013 $	December 31, 2012 $
Amounts due from concentrate sales	15,304,546	9,092,647
Pricing adjustments	(4,512,921)	1,033,310
Other receivables	1,242,149	4,041,426
Prepaid expenses	1,176,389	1,185,607
	13,210,163	**15,352,990**

5 Inventory

	June 30, 2013 $	December 31, 2012 $
Supplies	12,872,937	11,306,189
Ore stockpile	6,603,952	2,062,188
Crushed ore stockpile	1,543,319	1,490,524
Copper Concentrate	6,247,934	6,015,380
	27,268,142	**20,874,281**
Low grade stockpile[1]	**24,855,653**	**14,168,942**

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

Inventory expensed during the six month period ended June 30, 2013 totaled $73,879,424 (2012 restated – $69,599,419).

6 Property, plant and equipment

Cost	**Plant and equipment $**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2012	441,183,510	2,587,022	90,896,242	534,666,774
Additions	15,818,467	3,288,503	31,424,808	50,531,778
Restoration provision	-	-	1,805,547	1,805,547
As at December 31, 2012	457,001,977	5,875,525	124,126,597	587,004,099
Additions	5,597,027	186,600	9,084,382	14,868,009
Restoration provision	-	-	(43,510)	(43,510)
As at June 30, 2013	**462,599,004**	**6,062,125**	**133,167,469**	**601,828,598**

Accumulated depreciation	**Plant and equipment $**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2012	(12,961,635)	-	(1,654,077)	(14,615,712)
Depreciation charge	(25,407,275)	-	(5,373,258)	(30,780,533)
As at December 31, 2012	(38,368,910)	-	(7,027,335)	(45,396,245)
Depreciation charge	(13,501,667)	-	(4,599,172)	(18,100,839)
As at June 30, 2013	**(51,870,577)**	**-**	**(11,626,507)**	**(63,497,084)**

Net book value				
As at December 31, 2011	428,221,875	2,587,022	89,242,165	520,051,062
As at December 31, 2012	418,633,067	5,875,525	117,099,262	541,607,854
As at June 30, 2013	**410,728,427**	**6,062,125**	**121,540,962**	**538,331,514**

7 Accounts payable and accrued liabilities

	June 30, 2013 $	December 31, 2012 $
Trade accounts payable	17,664,250	16,941,830
Accrued liabilities	9,879,976	11,910,290
Amount due to related party	697,241	659,521
Current portion of interest rate swap liability	758,921	1,155,883
Deferred Share Units liability	89,448	301,161
	29,089,836	**30,968,685**

8 Long-term debt

	June 30, 2013 $	December 31, 2012 $
Subordinated loan (a)	10,410,938	10,127,870
Senior credit facility (b)	143,012,649	139,945,485
Term loan (c)	160,007,314	152,697,133
Total long term debt	313,430,901	302,770,488
Leases (d)	18,526,545	20,142,864
Other	18,576	21,262
Total	18,545,121	20,164,126
Less: current portion	(19,657,205)	(18,756,271)
	312,318,817	**304,178,343**

a) Subordinated loan

In April 2010, the Company entered into a loan agreement with a subsidiary of MMC for $9,600,000. The loan bears interest at a fixed rate of 4.8%. The loan principle and accumulated interest matures on June 30, 2023 and is pre-payable at any time without penalty. The loan and accumulated interest is subordinate to the senior credit facility. Total issue and transaction costs incurred were $930,802.

The outstanding amount of $11,084,800 is net of issue and transaction costs of $673,862 which are amortized over the life of the loan.

b) Senior credit facility

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

The maximum amount available under the SCF was US$162,000,000 and this was fully drawn during the 2011 year. The SCF carries a variable interest rate of LIBOR plus 2% and matures on June 15, 2023. The SCF is repayable in twenty four semi-annual instalments commencing December 15, 2011, with 40% of the principal balance due in the final two years before maturity. The instalments are payable on a fixed schedule, subject to mandatory prepayment based on the cash flows relating to the project. On December

15, 2011 the Company commenced instalment payments on the loans. As at June 30, 2013 cumulative principle payments totalled US$21,060,000.

Under the terms of the SCF, the Company's 75% owned subsidiary is required to maintain certain debt service reserve balances which will fluctuate each year. During the period ended June 30, 2013, the Company has guaranteed the debt service reserve balances of the subsidiary. The guarantee is limited to the next twelve months to a maximum balance of US$14,500,000. As at June 30, 2013 the Company held a balance of $NIL (2012 – $6,013,726) classified as restricted cash.

As at June 30, 2013 the SCF has a principal amount outstanding of $148,240,694 (US$140,940,000). The outstanding amount of $143,012,649 is net of issue costs of $5,228,045 which are amortized over the life of the loan.

The SCF is collateralized by all the assets of the Copper Mountain mine and is insured by Nippon Export and Investment Insurance. In addition, the Company and MMC have guaranteed the SCF until project completion is achieved. The project conmpletion test was performed and met during the period ended June 30, 2013.

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

	US$
2013	4,860,000
2014	5,670,000
2015	1,620,000
2016 – 2023	128,790,000
	140,940,000

Under the terms of the SCF, the Company was required to complete an interest rate swap on 70% of the principal amount of the facility. The Company has swapped a LIBOR plus 2% variable rate interest payment stream for a 3.565% fixed rate interest payment stream on US$102,060,000 of the principal. The interest rate swaps mature on December 15, 2020.

As at June 30, 2013 the swap had an unrealized fair value loss of $7,968,674 (2012 - $12,136,771). The current portion of $758,922 is included in accounts payable and accrued liabilities.

The Company is subject to certain debt covenants on the SCF. As at June 30, 2013 the Company is in compliance with all covenants.

c) Term loan

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

The maximum amount available under the Term Loan is US$160,000,000. The Term Loan carries a variable interest rate of LIBOR plus 0.551% and matures on February 15, 2022. As at June 30, 2013 the term loan has a principal amount outstanding of $164,938,295 (US$156,800,000). The outstanding amount of $160,007,314 is net of issue costs of $4,930,981 which are amortized over the life of the loan. The Term Loan is guaranteed by MMC in exchange for a fee of 0.2% per annum.

The Term Loan is unsecured and repayable in increasing instalments every six months commencing February 2012, with the majority of the loan falling due in the last six instalments. As at June 30, 2013 the Company cumulatively paid three instalments totalling US $3,200,000 in accordance with the loan agreement.

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

	US$
2013	1,600,000
2014	3,200,000
2015	4,800,000
2016 - 2022	147,200,000
	156,800,000

The Company is subject to certain debt covenants. As at June 30, 2013 the Company is in compliance with all covenants.

d) Leases

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

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

(iii) In May 2013 the Company entered into a finance lease agreement with one of its equipment suppliers. The lease is payable in 60 instalments which commenced on May 31, 2013 and will end on April 30, 2018 with interest at a fixed rate of 5.5% per annum.

Gross finance lease liability and minimum lease payments	**June 30, 2013** **$**	**December 31, 2012** **$**
Within one year	7,340,896	6,833,005
Between two and four years	12,722,982	15,179,635
	20,063,878	22,012,640
Future interest	(1,537,333)	(1,869,776)
Present value of finance lease liability	**18,526,545**	**20,142,864**

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

Finance lease liability and minimum lease payments, net of interest	**June 30, 2013** **$**	**December 31, 2012** **$**
Within one year	6,478,654	5,902,163
Between two and four years	12,047,891	14,240,701
Total over one year	**18,526,545**	**20,142,864**

9 Decommissioning and restoration provision

a. Reclamation bonds

The Company has on deposit $8,816,500 with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain mine site. The Company receives interest on these bonds. During the six months ended June 30, 2013 the Company has deposited an additional $616,000 with the government of British Columbia in support of this reclamation liability.

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:

	June 30, 2013 **$**	**December 31, 2012** **$**
Opening balance	6,997,883	5,152,382
Changes in estimated costs and timing	(43,510)	1,805,547
Unwinding of discount on restoration provision	46,677	39,954
End of period	**7,001,050**	**6,997,883**

The provision decreased as a result of the increase in the discount rate. The Company used an inflation rate of 1.20% (2012 – 1.90%) and a discount rate of 2.41% (2012 – 2.28%) in calculating the estimated obligation. The decommissioning obligations will be accreted as a finance expense over the life of the mine. The liability for retirement and remediation on an undiscounted basis is $8,259,191. The expected timing of payment of the cash flows commences in 2028.

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 June 30, 2013 the Company had 5,626,000 options outstanding as follows:

	Number of shares	Weighted average exercised price $
December 31, 2012	5,674,500	2.32
Exercised	(48,500)	2.38
June 30, 2013	**5,626,000**	**2.32**

The weighted average share price on the date of stock option exercises during the year was $1.85.

Date of stock option grant	Number of options	Exercise price	Expiry date
May 6, 2009	2,526,000	$ 0.60	May 6, 2014
Jan. 14 to Aug. 12 , 2010	1,695,000	$ 2.26 to $2.55	Jan. 14 to Aug.12, 2015
Feb. 10 to May 01, 2011	395,000	$7.01 to $7.22	Feb. 10 to May 01, 2016
Sept. 11, 2011 to April 5, 2012	1,010,000	$4.52 to $5.48	Sept. 11, 2016 to April 5, 2017
	5,626,000		

As at June 30, 2013, 5,383,250 options were fully vested and exercisable at a weighted average exercise price of $2.18.

During the period ended June 30, 2013, share based compensation expense included $227,688 related to stock options (2012 - $1,247,313).

b. Deferred Share Unit Plans

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

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

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

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

The table below shows the changes to the deferred share units in the period to June 30, 2013:

Units	**DSU-D** (1)	**DSU-E** (2)
December 31, 2012	**57,339**	**329,646**
Granted in the period	500,000	350,000
June 30, 2013	**557,339**	**679,646**

Liability	**DSU-D $**	**DSU-E $**
December 31, 2012	**225,342**	**75,819**
Share based compensation expense (recovery)	(135,893)	(75,819)
June 30, 2013	**89,449**	**-**

(1) As at June 30, 2013, all DSU-Ds issued prior to the April 13, 2013 grant had vested.
(2) As at June 30, 2013, all DSU-Es issued prior to the April 13, 2013 grant had vested.

As at June 30, 2013, the following deferred share units were outstanding:

Date of grant	**Number of units**	**Exercise price**	**Expiry date**
DSU-D - September 17, 2010	27,028	-	September 17, 2020
DSU-D - August 12, 2011	7,656	-	August 12, 2021
DSU-D - April 5, 2012	22,655	-	April 5, 2022
DSU-E - September 17, 2010	329,646	$ 3.70	September 17, 2020
DSU-D - April 13, 2013	500,000	$1.88	April 19, 2018
DSU-E - April 13, 2013	350,000	$1.88	April 19, 2018
	1,236,985		

11 Revenue

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Copper concentrate	46,425,249	63,310,144	98,660,460	119,994,195
Gold metal sales	7,332,532	8,642,905	16,547,175	17,810,842
Silver metal sales	1,354,953	3,362,944	3,244,780	6,943,921
Treatment and refining charges	(4,060,862)	(4,937,065)	(8,159,973)	(9,490,566)
Pricing adjustments on unsettled concentrate and metal sales	(4,816,948)	(5,706,531)	(8,021,635)	(3,753,318)
Concentrate and metal sales settled in the period	(536,420)	(3,951,182)	(1,478,482)	235,874
	45,698,504	**60,721,215**	**100,792,325**	**131,740,948**

Sales of metal in concentrates are recognized on a provisional pricing basis when title transfers and the rights and obligations of ownership pass to the customer, which occurs upon shipment. Final pricing for concentrates sold is not determined at that time as it is contractually linked to market prices at a subsequent date. These arrangements have the characteristics of a derivative instrument as the value of our receivables will vary as prices for the underlying commodities vary in the metal markets. These price adjustments result in gains in a rising price environment and losses in a declining price environment and are recorded as pricing adjustments to revenues.

12 Expenses by nature

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Cost of sales				
Direct mining and milling costs	25,200,188	28,103,290	51,916,516	50,882,414
Employee compensation and benefits	11,112,528	9,580,293	21,962,908	18,717,005
Depreciation	7,878,555	7,126,670	15,000,220	13,781,696
Transportation costs	3,142,192	3,972,680	5,483,232	7,253,492
	47,333,463	**48,782,933**	**94,362,876**	**90,634,607**
General and administration				
Corporate employee compensation and benefits	626,082	519,607	1,396,383	1,015,939
Corporate administrative and office expenses	406,191	671,780	1,332,757	1,387,432
	1,032,273	1,191,387	2,729,140	2,403,371
	48,365,736	**55,767,893**	**97,092,016**	**100,655,743**

Cost of sales consists of direct mining and milling costs (which include an allocation of operating waste stripping costs, maintenance and repair costs, operating supplies, and external services), employee compensation and benefits, depreciation, transportation costs and changes in the inventory balance.

13 Finance expense

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Interest on loans	1,902,374	2,185,661	3,918,446	3,759,414
Amortization of financing fees	277,948	267,099	337,873	528,211
Unwinding of discount on restoration provision	23,355	12,162	46,677	21,810
	2,203,677	**2,464,922**	**4,302,996**	**4,309,435**

14 Related party transactions

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

a. During the six month period ended June 30, 2013 the Company sold copper concentrates to MMC with revenues totalling $100,792,325, including pricing adjustments. (2012 – $131,704,948)

b. During the six month period ended June 30, 2013 the Company accrued interest on the subordinated loan with MMC totalling $231,680 (2012 - $232,960)

c. During the six month period ended June 30, 2013, the Company paid $35,686 (2012 – $71,833) in office rent to Kobex Minerals Inc. Kobex Minerals Inc. is related to the Company by a common director.

d. Compensation of key management:

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

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Salaries and short-term employee benefits	3,121,509	346,336	3,978,945	667,888
Share based compensation	(66,513)	1,321,499	(211,712)	1,321,499
	3,054,996	**1,667,835**	**3,767,233**	**1,989,387**

15 Supplementary cash flow disclosures

a. As at June 30, 2013, cash and cash equivelants consists of guaranteed investment certificates of $2,500,000 (2012 - $23,567,000) and $4,483,156 in cash (2012 - $415,788) held in bank accounts.

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

	Three months ended June 30,		Six months ended June 30,	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
Change in accounts receivable and prepaid expenses	10,687,502	9,630,689	2,342,140	(27,061,983)
Change in inventory	(9,622,305)	2,318,680	(14,008,779)	3,423,313
Change in tax liability	(10,691)	280,393	286,718	954,761
Change in accounts payable and accrued liabilities	1,357,038	(1,905,948)	(3,567,636)	(3,227,653)
	2,411,544	**10,323,814**	**(14,947,557)**	**(25,911,262)**

16 Financial instruments

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. Those categories are: fair value through profit or loss; loans and receivables; available for sale assets; and, for liabilities, amortized cost.

The following table shows the carrying values of assets and liabilities for each of these categories at June 30, 2013 and December 31, 2012

	2013	**2012**
	$	**$**
Financial assets		
Loans and receivables		
Cash and cash equivalents	6,983,156	24,300,790
Restricted cash	-	6,013,726
Reclamation bonds	8,816,500	8,200,500
Amounts due from concentrate sales (note 4)	15,304,546	9,092,647
Fair value through profit and loss		
Pricing adjustments (note 4)	(4,512,921)	1,033,310
Financial liabilities		
Amortized cost		
Accounts payable (note 7)	17,664,250	16,941,830

Long-term debt	312,318,817	304,178,343
Fair value through profit and loss		
Interest rate swap liability	7,968,674	12,136,771

The carrying values of cash and cash equivalents, restricted cash, reclamation bonds, accounts payable and accrued liabilities and long-term debt approximate their fair value. The methods and assumptions used in estimating the fair value of other financial assets and liabilities are as follows:

- Amounts due from concentrate sales. Copper concentrate is sold under pricing arrangements where final prices are set at a specified future date based on market copper prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in copper market prices give rise to an embedded derivative in the accounts receivable. This derivative is recorded at fair value, with changes in fair value recognized as a component of revenue.

- Long-term debt. The company's long-term debt carries interest based on specified benchmark interest rates plus a spread (see note 8). The fair values of the company's debt obligations approximate their carrying amounts due to the fact that interest is adjusted periodically based on changes in the relevant benchmark interest rates and there have been no significant changes in the company's own credit risk.

- Interest rate swaps liability. The company's derivative liabilities relate to interest rate swap contracts. The fair values of interest rate swaps are calculated as the net present value of the future cash flows expected to arise on the variable and fixed legs, determined using applicable yield curves at each measurement date. Swap curves, which incorporate credit spreads applicable to large commercial banks, are typically used to calculate expected future cash flows and the present values thereof. Adjustments are also made to reflect the company's own credit risk and the credit risk of the counter party, if different from the spread implicit in the swap curve.

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 June 30, 2013:

	Level 1 $	Level 2 $	Level 3 $	Total fair value $
Financial assets				
Pricing adjustments (note 4)	-	(4,512,921)	-	(4,512,921)
Financial liabilities				
Interest rate swap liability (note 8b)	-	7,968,674	-	7,968,674

Financial risks factors

The company's activities expose it to a variety of financial risks. 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 company's overall risk management program seeks to minimize potential adverse effects on the company's financial performance.

a. Currency risk

The Company incurs expenditures in Canadian and US dollars. The measurement and reporting currency of the parent company is Canadian dollars. Foreign exchange risk arises because the amount of the US dollar cash and cash equivalents, receivable, payables and debt will vary in Canadian dollar terms due to changes in exchange rates. The Company has not hedged its exposure to currency fluctuations.

b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages this risk by careful review of its working capital to maintain sufficient liquid resources to meet its operational and capital requirements.

The Company has sufficient liquidity to meet its operational, capital and financing obligations going forward. The Company is experiencing continuous operational improvements at the mine and has incorporated high energy blasting and internally financed the purchase of a portable pre-crusher to increase mill throughput rates. Subsequent to the period ended June 30, 2013 the Company received cash of $6,286,084 for an equity contribution from MMC. The equity contribution was to match the value of mining equipment held by the Company and contributed to the Copper Mountain mine.