COPPER MOUNTAIN
MINING CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended

March 31, 2012

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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 MARCH 31, 2012

May 14, 2012

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 consolidated financial statements for the period ended March 31, 2012 and the audited consolidated financial statements of the Company for the year ended December 31, 2011. The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). The Company's significant accounting policies are set out in Note 2 of audited consolidated financial statements for the year ended December 31, 2011. Previously the Company reported its interim and annual financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). 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."**

Financial Highlights

(CDN$ except for cash cost results)	Three months ended March 31, 2012 $	2011 $
Revenues	71,019,733	-
Gross profit	27,343,867	-
Operating income (loss)	25,874,074	(2,100,552)
Adjusted earnings (loss)[1]	23,564,272	(2,004,433)
Net income	28,842,737	3,733,894
Earnings attributable to shareholders of the Company	21,234,711	2,284,925
Earnings per share[2]	0.21	0.02
Adjusted earnings per share[3]	0.24	(0.02)
EBITDA	37,778,460	3,650,124
Adjusted EBITDA	32,499,995	(2,088,203)
Cash and cash equivalents	23,982,788	107,514,547
Working capital	45,146,050	102,555,656
Equity	243,264,313	220,879,250
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	1.41	-
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	1.83	-

First Quarter Results & Highlights

- Copper concentrate shipments totalled approximately 29,400 DMT during the first quarter of 2012.
- Total revenues were $71.0 million including pricing adjustments. Gross profit was $27.3 million.
- Net income for the period was $28.8 million or $0.21 per share.
- EBITDA for the period was $37.8 million and adjusted EBITDA was $32.5 million.
- Site cash costs were US$1.41 per pound of copper produced net of precious metal credits.
- Total Cash costs were US$1.83 per pound of copper sold net of precious metal credits and after all off site charges.
- Average provisional[4] pricing was US$3.73 per pound of copper and cash margin was US$1.90 per pound sold for the first quarter of 2012.

[1] Adjusted earnings (loss) is a non-GAAP financial measure which removes unrealized gains/losses on interest rate swaps and foreign currency gains/losses.

[2] Calculated based on weighted average number of shares outstanding under the basic method based on earnings attributable to shareholders.

[3] Calculated by dividing the total adjusted earnings by the weighted average number of shares outstanding under the basic method.

[4] Provisional prices are the LME prices at the time of shipment and are subject to change at the final settlement dates.

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 new 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 was based on combining the three existing pits into one larger super pit and constructing a new 35,000 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. As at March 31, 2012 the Company shipped approximately 29,460 dry metric tonnes (DMT) of copper concentrate containing approximately 15.7 million pounds of copper, 124,546 ounces of silver and 5,781 ounces of gold with a combined value of $71.0 million after pricing adjustments.

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 tonne per day concentrator that is designed to produce on average 100 million pounds of copper per year in the first 12 years. Based on present reserves, the mine has a life of 17 years. The property consists of 135 Crown granted mineral claims, 156 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702.1 hectares or 67 square kilometers.

Construction of the concentrator building concrete foundations was completed in the first quarter of 2010 and steel erection of the concentrator building began on April 1st of that year. immediately thereafter. The building was fully enclosed by the end of October 2010 and by the end of May 2011 all major equipment had been installed and the project was considered to be mechanically complete. Testing of equipment proceeded during June 2011 and on June 30, 2011 the first filtered copper concentrate was produced and deposited in the mine concentrate shed as planned. The concentrator 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 a 9% moisture. Port facilities have been completed for storage of up to 15,000 wmt of concentrate and a new truck tipper sufficient in size to handle the new 50-tonne super B train truck units.

The mine is a conventional open pit, truck and shovel operation. The targeted production rate is 12.7 million tonnes per annum of mill feed with total mine production rates of up to 56.2 million tonnes per annum. Mining is divided into multiple development phases with sequential pushbacks. 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 is being mined and stockpiled (low grade stockpile) for processing in later years.

The Company's new mining equipment fleet consists of two Komatsu PC 8000 hydraulic shovels, thirteen – 240 ton capacity haul trucks, a Komatsu WA 1200 loader, two Komatsu D375 dozers, and two Caterpillar 16 G graders. In addition, the Company recently purchased one used Hitachi EX 5500 hydraulic shovel, 5 used Euclid 260 ton haul trucks, a used PV351 drill, and a used D375 dozer. By the end of the quarter, all of the recently acquired equipment was assembled and being used in mining operations, with the exception of one haul truck.

Mining activities continued in the Pit 3 area with the push-backs on the western and eastern walls during the quarter. The mining rate averaged approximately 140,000 tonnes per day early in the first part of the quarter. With the additional equipment, mining activities increased to a rate of approximately 160,000 tonnes per day by the end of the quarter. The Company mined a total of 10.9 million tonnes of material, including 2.4 million tonnes of ore and 8.5 million tonnes of waste during the quarter, resulting in a 3.6 to 1 strip ratio. The projected life of mine strip ratio is 2.0:1 but higher in the early years. The mined ore is hauled to the 60 inch x 89 inch gyratory primary crusher located northeast of Pit #3. The crushed ore is then conveyed 1 kilometer to the coarse ore stock pile.

Mill production continued to improve during the quarter with mill feed coming entirely from Pit#3. SAG mill operating time increased towards the end of the quarter reaching an average of 89.3% availability in March as compared to a budgeted availability of 92%. The Company continues its' focus to reach the 35,000 tonnes per day design capacity rate on a consistent basis in the near term. Copper concentrate production during the quarter totaled 13.7 million pounds of copper, 4,200 ounces of gold, and 96,400 ounces of silver. Early in the quarter the mill experienced some down time due to broken grates in the SAG mill, but by the end of the quarter a majority of the grates had been replaced with more durable ones.

Copper concentrate from the mine is trucked to the port of Vancouver where it is placed in a 15,000 tonne capacity storage shed for loading onto ocean going vessels for transportation to Japan.

During the first three months of 2012 the mine completed a total of four shipments containing approximately 15.7 million pounds of copper, 5,781 ounces of gold, and 124,546 ounces of silver generating $71.0 million in gross revenue net of pricing adjustments.

The Company currently has 330 operating employees engaged at the site.

Since the mill began operating in mid - 2011, there is no comparative data for the mill operating results from prior periods. The following table sets out the major operating parameters for the mine for the quarter ended March 31, 2012.

Mine Production Information	**Three months ended March 31,**	
Copper Mountain Mine (100% Basis)	**2012**	**2011**
Total tonnes moved (000’s)	10,887	5,552
Ore tonnes mined (000’s)	2,384	176
Waste tonnes (000’s)	8,503	5,298
Tonnes milled (000’s)	2,092	-
Stripping ratio	3.57	-
Copper:		
Feed Grade (Cu%)	0.38	-
Recovery (%)	78.83	-
Copper production (000’s lbs)	13,709	-
Gold production (oz)	4,196	-
Silver production (oz)	96,423	-
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	$1.41	-
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	$1.83	-

Results of Operations

(CDN$)	Three months ended March 31, 2012 $	2011 $
Revenues	71,019,733	-
Cost of sales[5]	(43,675,866)	-
Gross profit	**27,343,867**	**-**
Other income and expenses		
General and administration	1,211,984	1,068,046
Share based compensation	257,809	1,032,506
Operating income (loss)	**25,874,074**	**(2,100,552)**
Finance income	209,079	99,123
Finance expense	(1,844,513)	(3,004)
Income tax expense	(674,368)	-
Adjusted earnings (loss)[6]	**23,564,272**	**(2,004,433)**
Unrealized gain on interest rate swap	-	58,426
Unrealized gain on foreign exchange	5,278,465	5,679,901
Net income (loss) and comprehensive income (loss) for the period	**28,842,737**	**3,733,894**
Net income (loss) and comprehensive income (loss) attributable to:		
Shareholders of the company	21,234,711	2,284,925
Non-controlling interest	7,608,026	1,448,969
	28,842,737	**3,733,894**
Earnings (loss) per share	**0.21**	**0.02**
Adjusted earnings (loss) per share	**0.24**	**(0.02)**

[5] 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.

[6] Adjusted earnings (loss) is a non-GAAP financial measure which removes unrealized gains/losses on derivative instruments, changes in fair/value of financial instruments, foreign currency gains/losses and non-recurring transactions

For the Three Months Ended March 31, 2012

The Copper Mountain mine produced 13.7 million pounds of copper during the three months ended March 31, 2012. The mine shipped and sold a total of 15.7 million pounds of copper, 5,781 ounces of gold, and 124,546 ounces of silver during the three months ended March 31, 2012. There are no comparative figures as the mine was not in production during this period in the prior year. Site cash costs were $1.41 US$ per pound of copper produced and total cash costs were $1.83 US$ per pound sold for the three months ended. During the period the Company recognized revenues of $71.0 million, net of pricing adjustments and based on an average provisional copper price of around $3.73 US$ per pound. Gross profit for the period ended March 31, 2012 was $27.3 million as compared to $Nil for the period ended March 31, 2011. The Company reported income attributable to the shareholders of the Company of $21.2 million or $0.21 per share for the three months ended March 31, 2012, compared to income of $2.3 million or $0.02 per share for the three months ended March 31, 2011. The income for the quarter ended March 31, 2012, recorded an unrealized foreign exchange gain of $5.3 million which was primarily related to the Company's long-term debt that is denominated in U.S. dollars. This compares to an unrealized foreign exchange gain of $5.7 million for the three month period ended March 31, 2011.

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, 2012, was $43.7 million compared to $Nil for the three month period ended March 31, 2011.

General and administration expenses for the three months ended March 31, 2012, were $1.2 million compared to $1.1 million for the three months ended March 31, 2011; the increase was primarily due to the increased activities of the Company in relation to development of the Copper Mountain mine. Non-cash share based compensation reflected an expense of $0.3 million for the three months ended March 31, 2012, compared to an expense $1.0 million for the three month period ended March 31, 2011. 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 $1.8 million and an income tax expense of $0.7 million.

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 $	Net Income (Loss) $	Profit (Loss) Attributable to Shareholders $	Income (Loss) per Share Basic $	Income (Loss) per Share Diluted $
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)
March 31, 2011	(3,873,052)	-	3,733,894	2,284,925	0.02	0.02
December 31, 2010	(788,176)	-	5,055,201	3,369,815	0.04	0.04
September 30, 2010	(1,010,372)	-	3,473,431	2,179,406	0.02	0.02
June 30, 2010	(287,393)	-	(2,620,129)	(2,085,385)	(0.03)	(0.03)
March 31, 2010	(1,636,713)	-	(466,591)	(510,476)	(0.01)	(0.01)

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

During the period ended March 31, 2012, the Company experienced negative cash flows from operations as a result of the build-up of ore stockpile and concentrate inventories.

Liquidity

As at March 31, 2012, the Company had working capital of $45.1 million compared with working capital of $102.6 million at March 31, 2011. The decrease in working capital is a result of the Company paying for development costs of the Copper Mountain mine.

During the period ended March 31, 2012 the Company entered into a finance lease with one of its equipment suppliers. Accordingly, a total of $23.4 million was reclassified from current liabilities into long-term liabilities which improved the Company's working capital balance as a March 31, 2012.

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

By June 30, 2012 the Company is required to deposit with the British Columbia Minister of Finance additional reclamation security in the amount of $3.5 million.

As at March 31, 2012, 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	$313,586,680	$12,897,675	$26,567,475	$45,831,275	$228,290,255
Lease obligations	$24,051,390	$6,114,739	$16,853,424	1,083,227	-
Reclamation bond	$3,500,000	$3,500,000	-	-	-
Decommissioning & restoration provision	$5,165,983	-	-	-	$5,165,983
Accounts payable	24,410,157	24,410,157	-	-	-

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

Other than those obligations disclosed in the notes to the financial statements for the period ended March 31, 2012; the Company had no material commitments for capital expenditures as of March 31, 2012.

Capital Resources

As at March 31, 2012, the Company had $23.9 million in cash. *The Company does not anticipate requiring any additional funds other than cash on hand to fund the mine to designed capacity.* (Forward-looking statement italicized).

Off-Balance Sheet Arrangements

None

Transactions with Related Parties

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

- During the period ended March 31, 2012 the Company sold copper concentrates to MMC for revenues totaling $71,019,733 (2011 – NIL) and accrued interest and commitment fees on the subordinated loan totalling $116,480 (2011 – $115,200).

- During the period ended March 31, 2012, the Company paid $6,000 (2011– $13,082) in rent to Compliance Energy Corporation ("Compliance") for office space. Compliance is a public company, listed on the TSX Venture Exchange and related by common directors.

- During the period ended March 31, 2012, the Company paid $35,629 (2011 – $34,480) in office rent to Kobex Minerals Inc. Kobex Minerals Inc. is related to the Company by a common director.

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

	Three months ended March 31, 2012 $	2011 $
Salaries and short-term employee benefits	321,552	224,583
Share-based payments	-	633,470
	321,552	**858,053**

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 year ended December 31, 2011. The preparation of consolidated financial statements in accordance with International Financial Reporting Standard "IFRS" requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the consolidated financial statements. These estimates include:

- mineral resources and reserves,
- the carrying value of mineral properties,
- the carrying value of property, plant and equipment,
- rates of depreciation of property, plant and equipment,
- the valuation allowances for current and deferred income and resource taxes
- the assumptions used in determining the decommissioning and restoration provision
- the valuation of share-based payments.

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

Change in Accounting Policies, Including Initial Adoption

None

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, 2011.

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 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,**	
	2012	**2011**
Cost of Sales	**43,675,866**	**-**
Add: Treatment & refining charges	4,553,502	-
Less: non-cash items:		
Depreciation	(6,625,921)	-
Cash costs of sales	**41,603,447**	**-**
Average foreign exchange rate (CDN$ to US$)	0.9989	-
Cash costs of sales (US$)	**41,557,683**	**-**
Less: Precious metal credits (US$):	(12,696,070)	-
Net cash costs of sales (US$)	**28,861,613**	**-**
Total pounds of copper sold	**15,748,009**	-
Total ounces of gold sold	5,781	-
Total ounces of silver sold	124,546	-
Cash Cost per pound of copper sold net by-products (US$)	**$1.83**	**-**

Site Cash Cost Per Pound of Copper Produced	**Three months ended March 31, 2012**	**2011**
Cash Cost of Sales	41,603,447	-
Net Change in Inventory	(674,677)	-
	40,928,770	**-**
Less: Off-site related costs		
Treatment & refining charges	(4,553,502)	**-**
Transportation costs	(3,280,812)	-
Trucking charges	(1,037,277)	-
Total Site Cash Costs of Production	**32,057,179**	**-**
Average foreign exchange rate (CDN$ to US$)	0.9989	-
Total Site Cash Costs of Production (US$)	**32,021,916**	**-**
Less precious metal credits (US$)	(12,696,070)	-
	19,325,846	
Total pounds of copper produced	**13,709,034**	-
Total ounces of gold produced	4,196	-
Total ounces of silver produced	96,423	-
Site cash costs per pound net precious metal credits (US$)	**$1.41**	**-**

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, 2012	**2011**
Average realized copper price for the period (US$ per pound)	$3.73	-
Less:		
Total cash cost of sales net of precious metal credits(US$ per pound sold)	$1.83	-
Cash margin (US$ per pound)	**$1.90**	**-**

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;

EBITDA and Adjusted EBITDA	**Three months ended March 31,**	
	2012	**2011**
Net income	28,842,737	3,733,894
Add (Deduct):		
Finance income	(209,079)	(99,123)
Finance expense	1,844,513	3,004
Depreciation	6,625,921	12,349
Mineral tax provision	674,368	-
EBITDA	**37,778,460**	**3,650,124**
Add (Deduct):		
Unrealized loss (gain) on interest rate swaps	-	(58,426)
Foreign exchange loss (gain)	(5,278,465)	(5,679,901)
Adjusted EBITDA	**32,499,995**	**(2,088,203)**

Other MD&A Requirements

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

(b) The following details the share capital structure as at May14, 2012 the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	Expiry Date	**Exercise Price**	**Number**	**Number**
Common shares	-	-	-	98,504,377
Share purchase options	May 6, 2014	$0.60	2,532.050	
	January 14 – August 12, 2015	$2.26 - $2.55	1,822,500	
	September 23 – December 12, 2016	$4.59 - $5.48	160,000	
	February 10 –May 1, 2016	$7.01 – 7.22	445,000	
Total share purchase options			**4,959,550**	**98,504,377**

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 three months ended March 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.

Market Review

Copper

The Company’s ability to generate positive operating cash flow is significantly influenced by the market price of copper. During 2011, copper markets displayed above average pricing and significant volatility. Copper market prices reach record high averages during 2011 and ended with significant declines in the last four months of the year. This trend continued into 2012 with declining inventories. Copper pricing remained in the US$3.25 per pound to US$3.90 per pound range during the quarter.

Emerging economies continued to show strong demand for copper in 2011 however; concerns over sovereign debt issues in Europe and the slowing economies around the world resulted in volatility in the commodity markets in the latter part of 2011. While copper prices have rebounded in 2012, substantial risk in the form of volatility remains in the commodity and financial markets. This volatility can cause rapid declines in copper prices which can have a significant impact on profitability.

The results of the Company’s operations are also affected by the Canadian dollar/ US dollar exchange rate. Our copper concentrate sales are denominated in US dollars while the majority of our operating expenses are denominated in Canadian dollars. Accordingly, fluctuations in the Canadian dollar/ US dollar exchange rate can have a significant effect on operating results. Historically, there has been an offsetting correlation between fluctuations of exchange rates and copper prices. Fluctuations in the Canadian dollar/ US dollar exchange rate will also have an effect on the net operating cash costs of production as reported in US$ per pound.

Copper Mountain Mining Corporation

Consolidated Financial Statements
For the three months ended March 31, 2012
(Unaudited)

Copper Mountain Mining Corporation

Consolidated Statement of Financial Position
Canadian dollars (Unaudited)

	March 31, 2012 $	December 31, 2011 $
Assets		
Current assets		
Cash and cash equivalents	23,982,788	39,094,343
Restricted cash	23,000	23,000
Accounts receivable and prepaid expenses (note 3)	43,774,359	7,804,812
Inventory (note 4)	20,806,903	21,323,712
	88,587,050	68,245,867
Reclamation bonds (note 8a)	4,700,500	4,700,500
Property, plant and equipment (note 5)	518,025,340	520,051,062
Non-current inventory (note 4)	10,024,394	5,540,890
	621,337,284	**598,538,319**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	24,410,157	48,677,788
Current portion of long-term debt (note 7)	18,356,475	12,336,210
Current tax liability	674,368	-
	43,441,000	61,013,998
Decommissioning and restoration provision (note 8)	5,165,983	5,152,382
Interest rate swap liability	10,406,211	10,610,394
Long-term debt (note 7)	319,059,777	308,390,897
	378,072,971	385,167,671
Equity		
Attributable to shareholders of the Company:		
Share capital (note 9)	157,714,363	157,596,608
Contributed surplus	7,336,240	6,602,387
Retained earnings (deficit)	10,206,833	(11,027,878)
	175,257,436	153,171,117
Non-controlling interest	68,006,877	60,199,531
Total equity	243,264,313	213,370,648
	621,337,284	**598,538,319**

Approved on behalf of the Board of Directors

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

Copper Mountain Mining Corporation

Consolidated Statement of Income (Loss) and Comprehensive Income (Loss)
For the three months ended March 31,
Canadian dollars (Unaudited)

	2012 $	2011 $
Revenue (note 11)	71,019,733	-
Cost of sales (note 12)	43,675,866	-
Gross profit	27,343,867	-
Other income and expenses		
General and administration (note 12)	1,211,984	1,068,046
Share based compensation (note 10)	257,809	1,032,506
Operating income (loss)	25,874,074	(2,100,552)
Finance income	209,079	99,123
Finance expense (note 13)	(1,844,513)	(3,004)
Foreign exchange gain	5,278,465	5,679,901
Unrealized gain on interest rate swap	-	58,426
Income before tax	29,517,105	3,733,894
Income and resource tax expense	674,368	-
Net income and comprehensive income	**28,842,737**	**3,733,894**
Net income and comprehensive income attributable to:		
Shareholders of the Company	21,234,711	2,284,925
Non-controlling interest	7,608,026	1,448,969
	28,842,737	**3,733,894**
Earnings per share:		
Basic	0.21	0.02
Diluted	0.21	0.02
Weighted average shares outstanding	98,481,155	94,175,339
Shares outstanding at end of period	98,504,377	98,001,031

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

Copper Mountain Mining Corporation

Consolidated Statements of Cash Flows
For the three months ended March 31,
Canadian dollars (Unaudited)

	2012 $	2011 $
Cash flows from operating activities		
Net income for the period	28,842,737	3,733,894
Adjustments for:		
Depreciation	6,625,921	12,349
Unrealized foreign exchange gain	(4,909,573)	(5,679,901)
Unrealized gain on interest rate swap	-	(58,426)
Share based compensation	257,809	1,032,506
Finance expense	1,782,710	3,004
	32,599,604	(956,574)
Net changes in working capital items (note 15)	(40,794,485)	(2,916,478)
Net cash (used) in operating activities	(8,194,881)	(3,873,052)
Cash flows from investing activities		
Restricted cash	-	(1,000,000)
Development of property, plant and equipment	(5,108,164)	(83,454,773)
Net cash (used) in investing activities	(5,108,164)	(84,454,773)
Cash flows from financing activities		
Issue of common shares - net of issue costs	76,450	40,106,124
Contributions from non-controlling interest	199,320	5,000,000
Term loan principal paid	(798,000)	-
Interest paid	(816,894)	(912,935)
Finance lease payments	(81,087)	(79,761)
Net cash (used) in financing activities	(1,420,211)	44,113,428
Effect of foreign exchange rate changes on cash and cash equivalents	(388,299)	(1,349,584)
Decrease in cash	(15,111,555)	(45,563,981)
Cash and cash equivalents - Beginning of period	39,094,343	153,078,528
Cash and cash equivalents - End of period	23,982,788	107,514,547

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 Share	**Amount $**	**Contributed surplus $**	**Retained earnings (deficit) $**	**Total $**	**Non-controlling interest $**	**Total equity $**
Balance January 1, 2011	90,508,645	116,286,786	3,800,668	1,670,246	121,757,700	49,667,631	171,425,331
Shares issued for cash	5,680,000	40,044,000	-	-	40,044,000	-	40,044,000
Share issue costs	-	(2,182,490)	-	-	(2,182,490)	-	(2,182,490)
Options exercised	322,500	510,940	(144,690)	-	366,250	-	366,250
Fair value of options exercised	-	-	-	-	-	-	-
Contributions made by Non-controlling interest	-	-	-	-	-	5,000,000	5,000,000
Brokers warrants exercised	1,489,886	1.878.364	-	-	1,878,364	-	1,878,364
Fair value of warrants issued	-	-	-	-	-	-	-
Fair value of warrants exercised	-	86,068	(86,068)	-	-	-	-
Share based compensation	-	-	613,901	-	613,901	-	613,901
Income for the period	-	-	-	2,284,925	2,284,925	1,448,969	3,733,894
Balance – March 31, 2011	**98,001,031**	**156,623,668**	**4,183,811**	**3,955,171**	**164,762,650**	**56,116,600**	**220,879,250**
Balance January 1, 2012	98,466,877	157,596,608	6,602,387	(11,027,878)	153,171,117	60,199,531	213,370,648
Options exercised	37,500	76,450	-	-	76,450	-	76,450
Fair value of options exercised	-	41,305	(41,305)	-	-	-	-
Contributions made by Non-controlling interest	-	-	-	-	-	199,320	199,320
Share based compensation	-	-	775,158	-	775,158	-	775,158
Income for the period	-	-	-	21,234,711	21,234,711	7,608,026	28,842,737
Balance March 31, 2012	**98,504,377**	**157,714,363**	**7,336,240**	**10,206,833**	**175,257,436**	**68,006,877**	**243,264,313**

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

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, interim financial reporting ("IAS 34"). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements. Accordingly, they should be read in conjunction with the most recent annual financial statements. The policies applied in these condensed consolidated financial statements are based on IFRS issued and outstanding as of May 10, 2012, the date the Board of Directors approved the financial statements.

3 Accounts receivable and prepaid expenses

	March 31, 2012	**December 31, 2011**
	$	**$**
Amounts due from concentrate sales	35,964,093	7,279,262
Pricing adjustments	4,647,572	(5,658,400)
Other receivables	2,273,190	5,077,114
Prepaid expenses	889,504	1,106,836
	43,774,359	**7,804,812**

4 Inventory

	March 31, 2012	**December 31, 2011**
	$	**$**
Supplies	8,484,000	7,548,733
Ore stockpile	13,206,699	9,432,813
Crushed ore stockpile	1,736,010	829,252
Copper Concentrate	7,404,588	9,053,804
	30,831,297	26,864,602
Non-current inventory[1]	(10,024,394)	(5,540,890)
	20,806,903	**21,323,712**

Inventory expensed during the period ended March 31, 2012 totaled $39,597,116 (2011 – nil).

[1] Ore that is not expected to be processed in the next 12 months

5 Property, plant and equipment

Cost	Plant and equipment $	Capital work in progress $	Mineral properties being depleted $	Total $
As at December 31, 2010	43,518,117	262,694,956	41,902,088	348,115,161
Additions	-	131,034,788	50,269,734	181,304,522
Transfer between categories	393,729,744	(393,729,744)	-	-
Restoration provision	-	-	1,311,442	1,311,442
Capitalized interest	3,935,649	-	-	3,935,649
As at December 31, 2011	441,183,510	-	93,483,264	534,666,774
Additions	4,869,678	-	238,486	5,108,164
Transfer between categories	-	-	-	-
Restoration provision	-	-	3,952	3,952
As at March 31, 2012	**446,053,188**	**-**	**93,725,702**	**539,778,890**

Accumulated depreciation	Plant and equipment	Capital work in progress	Mineral properties being depleted	Total $
As at December 31, 2010	(2,027,731)	-	-	(2,027,731)
Depreciation charge	(10,933,904)	-	(1,654,077)	(12,587,981)
As at December 31, 2011	(12,961,635)	-	(1,654,077)	(14,615,712)
Depreciation charge	(6,139,560)	-	(998,278)	(7,137,838))
As at March 31, 2012	**(19,101,195)**	**-**	**(2,652,355)**	**(21,753,550)**
Net book value				
As at December 31, 2011	428,221,875	-	91,829,187	520,051,062
As at March 31, 2012	**426,951,993**	**-**	**91,073,347**	**518,025,340**

6 Accounts payable and accrued liabilities

	March 31, 2012 $	December 31, 2011 $
Trade accounts payable	10,485,300	30,987,200
Accrued liabilities	12,619,650	15,848,586
Current portion of interest rate swap liability	991,068	1,010,514
Deferred Share Units liability	314,139	831,488
	24,410,157	**48,677,788**

7 Long-term debt

	March 31, 2012 $	**December 31, 2011** $
Subordinated loan (a)	9,698,788	9,556,544
Senior credit facility (b)	150,451,404	153,436,222
Term loan (c)	153,436,488	157,238,066
Leases (d)	23,395,452	-
Other	434,120	496,275
	337,416,252	320,727,107
Less: current portion	(18,356,475)	(12,336,210)
	319,059,777	**308,390,897**

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 $9,698,788 is net of issue and transaction costs of $802,332, which are amortized over the life of the loan.

b) Senior credit facility

In May 2010, the Company entered into 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 started repaying the loan and paid the first instalment of $5,816,286 (US$5,670,000).

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.

As at March 31, 2012 the SCF has a principal amount outstanding of $155,939,175 (US$156,330,000). The outstanding amount of $150,451,404 is net of issue costs of $5,484,903 which are amortized over the life of the loan.

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

	US$
2012	10,530,000
2013	9,720,000
2014	5,670,000
2015	1,620,000
2016 – 2023	128,790,000
	156,330,000

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$113,400,000 of the principal. The interest rate swaps mature on December 15, 2020.

As at March 31, 2012 the swap had an unrealized fair value loss of $11,397,278 (2011 - $11,620,908l). The current portion is included in accounts payable and accrued liabilities.

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 10, 2022. As at March 31, 2012 the term loan has a principal amount outstanding of $158,802,000 (US$159,200,000). The outstanding amount of $153,436,488 is net of issue costs of $5,366,205 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 at the last six instalment dates of the Term Loan. During the period ended March 31, 2012, the Company paid the first instalment of $798,000 (US$ 800,000) in accordance with the loan agreement.

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

	US$
2012	800,000
2013	3,200,000
2014	3,200,000
2015	4,800,000
2016 - 2022	147,200,000
	159,200,000

The Company is subject to certain debt covenants. As at March 31, 2012 the Company is in compliance with all covenants.

d) Leases

In March 2012 the Company entered into a finance lease agreement with one of its equipment suppliers. The initial terms of the lease are interest at a fixed rate of 5.5% per annum payable in 48 instalments commencing April 26, 2012 and ending March 26, 2016.

The lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Gross finance lease liability and minimum lease payments	**March 31, 2012**	**December 31, 2011**
	$	**$**
Within one year	6,499,360	-
Between two and four years	19,498,079	-
	25,997,439	-
Future interest	(2,601,987)	-
Present value of finance lease liability	**23,395,452**	-

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

	March 31, 2012	**December 31, 2011**
	$	**$**
Within one year	5,458,800	-
Between two and four years	17,936,652	-
Total over one year	**23,395,452**	-

8 Decommissioning and restoration provision

a. Reclamation bonds

The Company has on deposit $4,700,500 with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain mine site. The Company is required to place on deposit an additional $3,500,000 by June 2012. 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, 2012	**December 31, 2011**
	$	**$**
December 31, 2011	5,152,382	3,802,222
Changes in estimated costs and timing	3,952	1,311,442
Unwinding of discount on restoration provision	9,649	38,718
End of period	**5,165,983**	**5,152,382**

During 2012, the cash flow estimates for the decommissioning and restoration provision were updated as a result of ongoing development and production at the mine site. The provision also increased due to a decrease in the discount rate. The Company used an inflation rate of 1.90% (December 2011 – 1.90%) and a discount rate of 2.52% (December 2011 – 2.79%) 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 $5,977,788. The expected timing of payment of the cash flows commences in 2028.

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, 2012 the Company had 4,959,550 options outstanding as follows:

	Number of shares	**Weighted average exercised price**
		$
December 31, 2011	4,997,050	1.99
Exercised	(37,500)	2.04
March 31, 2012	**4,959,550**	**1.99**

The weighted average share price on the date of stock option exercises during the period was $5.22.

Date of stock option grant	Number of options	Exercise price	Expiry date
May 6, 2009	2,532,050	$ 0.60	May 6, 2014
Jan. 14 to Aug. 12 , 2010	1,822,500	$ 2.26 to $2.55	Jan. 14 to Aug.12, 2015
Sept. 23, 2011 to Dec. 12, 2011	160,000	$4.59 to $5.48	Sept. 23, 2011 to Dec.12, 2016
Feb. 10, 2011 to May 1, 2011	445,000	$7.01 to $7.22	Feb. 10, 2016 to May 1, 2016
	4,959,550		

As at March 31, 2012, 4,450,031 options were fully vested and exercisable at a weighted average exercise price of $1.51.

b. Deferred Share Unit Plans

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

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

Deferred Share Unit Program for Employees (“DSU-E”)

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

The table below shows the changes to the deferred share units as at March 31, 2012 and December 31, 2011:

Units	DSU-D [(1)]	DSU-E [(2)]
December 31, 2011 and March 31, 2012	**34,684**	**329,646**

Liability	DSU-D $	DSU-E $
December 31, 2011	**195,271**	**636,217**
Share based compensation	(49,251)	(468,098)
March 31, 2012	**146,020**	**168,119**

(1) As at March 31, 2012, all DSU-Ds had vested.
(2) As at March 31, 2012, all DSU-Es had vested.

As at March 31, 2012, 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-E - September 17, 2010	329,646	$ 3.70	September 17, 2020
	364,330		

11 Revenue

	March 31, 2012 $	March 31, 2011 $
Copper concentrate	56,684,053	-
Gold metal sales	9,167,937	-
Silver metal sales	3,580,976	-
Treatment and refining charges	(4,553,502)	-
Pricing adjustments related to current period sales	4,647,572	-
Pricing adjustments related to prior period sales	1,492,697	-
	71,019,733	**-**

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

	March 31, 2012 $	March 31, 2011 $
Direct mining and milling costs	24,632,422	-
Employee compensation and benefits	9,136,711	-
Depreciation	6,625,921	-
Transportation costs	3,280,812	-
Cost of sales	**43,675,866**	**-**
General and administration:		
Corporate employee compensation and benefits	496,332	398,826
Corporate administrative and office expenses	715,652	669,220
	1,211,984	1,068,046
	44,887,850	**1,068,046**

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

13 Finance expense

	March 31, 2012 $	March 31, 2011 $
Interest on loans	1,573,753	-
Amortization of financing fees	261,111	-
Unwinding of discount on restoration provision	9,649	3,004
	1,844,513	**3,004**

14 Related party transactions

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

a. During the period ended March 31, 2012 the Company sold copper concentrates to MMC with revenues totalling $71,019,733, including pricing adjustments. (2011 – nil).

b. During the period ended March 31, 2012 the Company accrued interest on the subordinated loan with MMC totalling $116,480 (2011 - $115,200)

c. During the period ended March 31, 2012, the Company paid its officers and directors consulting, management and geological fees aggregating $321,552 (2011 - $224,583).

d. During the period ended March 31, 2012, the Company paid $6,000 (2011 - $13,082) in rent to Compliance Energy Corporation ("Compliance") for office space. Compliance is a public company, listed on the TSX Venture Exchange, and related by common directors.

e. During the period ended March 31, 2012, the Company paid $35,629 (2011 - $34,480) in office rent to Kobex Minerals Inc., a company related to the Company by a common director.

f. Compensation of key management.

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

	March 31, 2012 $	March 31, 2011 $
Salaries and short-term employee benefits	321,552	224,583
Share based compensation	-	633,470
	321,552	**858,053**

15 Supplementary cash flow disclosures

a. As at March 31, 2012, cash and cash equivalents consists of guaranteed investment certificates of $23,567,000 (2011 –$32,817,000) and $415,788 in cash (2011 - $6,277,342) held in bank accounts.

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

	March 31, 2012	**March 31, 2011**
	$	**$**
Change in accounts receivable and prepaid expenses	(36,692,372)	(175,037)
Change in inventory	(3,454,777)	(1,327,777)
Change in income tax liability	674,368	-
Change in accounts payable and accrued liabilities	(1,321,704)	(1,413,664)
	(40,794,485)	**(2,916,478)**