COPPER MOUNTAIN MINING CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended

March 31, 2010

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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, 2010

May 14, 2010

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 of the Company's and the notes thereto for the three months ended March 31, 2010 and with the audited consolidated financial statements of the Company's with the related notes contained therein for the year ended December 31, 2009. The Company reports its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Company's significant accounting policies are set out in Note 2 of the consolidated financial statements for the year ended December 31, 2009. The Company's financial statements and the management's discussion and analysis 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. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "targets" and similar expressions , or that events or conditions "will", "would", "may", "could", or "should" occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, government policy decisions, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

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

Cautionary Note Investors Concerning Estimates of Inferred Resources

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

1.2 Overview

The Company was incorporated under the provisions of the British Columbia *Company Act* on April 20, 2006, as Copper Mountain Mining Corporation. On December 22, 2006, the Company acquired all of the issued and outstanding common shares of Similco Mines Ltd. ("Similco"), a private company also incorporated under the provisions of the British Columbia *Company Act*, which owns the Copper Mountain Project. On August 19, 2009, Mitsubishi Materials Corporation ("MMC") acquired a 25% interest in Similco and agreed to use commercially reasonable efforts to arrange or provide the project loan for the Copper Mountain Project.

The Copper Mountain Project involves the development of an open pit mine and the construction of a new 35,000 tonne per day copper concentrator that will produce approximately 105 million pounds of copper per year, in a copper concentrate with gold and silver credits. *The Copper Mountain Project is currently under construction and preproduction mining activities are scheduled to start in July of 2010, while the completion of the mill construction is expected in May 2011, which will allow for full production by June 2011* (Forward-looking statement italicized).

During the quarter ended March 31, 2010, the Company continued to focus on the development of the Copper Mountain Project. As of March 31, 2010, the Company had spent $92 million and committed to an additional $215 million out of a planned $438 million for development activities on the Copper Mountain Project. These expenditures included progress payments on the sag mill and ball mills, detailed engineering, earth-works, and concrete foundation work on the concentrator and truck shop area.

The project is on time and on budget to meet the development schedule that provides for the mill building being fully enclosed by mid 2010 to meet the planned June 2011 production start (Forward-looking statement italicized) .

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

1.2.1 Copper Mountain Project

The Copper Mountain Project is situated 15 km south of Princeton, British Columbia and 300 km east of the port of Vancouver. Prior to 1996, the mine operated as an open pit copper mine. The Company has conducted an extensive exploration drill program on the property and confirmed the continuity of mineralization between the existing open pits. The Company made a development decision for the project in the fall of 2008. The development consists of the construction of a 35,000 tonne per day concentrator and is expected to produce on average 105 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, 176 located mineral claims, 14 mining leases, and 12 fee simple properties covering an area of 6,702.1 hectares or 67 square kilometers.

Manufacturing of the sag mill and ball mills progressed on schedule for delivery this summer. Mill foundation concrete work was completed and steel erection of the concentrator building has now commenced. Clearing of the new crusher area has begun and foundation work on the new truck shop is underway. The office and warehouse complex has been refurbished and is being used by mine and construction personnel. The Company currently has approximately 40 employees and 150 contractors engaged at the site on construction activities. It is estimated that the project will provide employment for 200 construction workers at its peak and the ongoing operations will create

258 full time positions. A total of $20.8 million in project expenditures on the Copper Mountain Project was capitalized during the quarter ended March 31, 2010, bringing the total project expenditures to $81.1 million. Of this, $28 million has been spent on instalment payments for the sag and ball mills, $15.3 million was spent on engineering, $28.6 million on mill site preparation and construction activities and other deposits on key equipment items. The balance of $9.2 million was for various support activities on site.

1.4 Results of Operations

For the Three Months Ended March 31, 2010

The Company incurred a loss of $510,476 or $0.01 per share for the three months ended March 31, 2010, compared to a loss of $204,055 for the three months ended March 31, 2009, as shown in the table below:

	Three months ended March 31, 2010	Three months ended March 31, 2009
EXPENSES		
Accretion of asset retirement obligation	$ 32,657	$ -
Amortization	9,902	3,882
Advertising and promotion	14,972	5,318
Bank charges and interest	5,601	2,687
Consulting fees	47,646	28,200
Filing fees	48,387	10,352
General and administration	113,157	30,841
Investment shows	10,418	6,500
Meals and entertainment	5,455	5,394
Professional fees	73,032	30,583
Shareholder communications	10,487	11,084
Stock-based compensation	132,004	-
Transfer agent	2,749	2,138
Travel expenses	25,050	17,481
Wages and salaries	169,478	84,991
Loss before other items	**(700,995)**	**(239,451)**
OTHER ITEMS		
Interest and other income	234,404	35,396
Net loss before tax and non-controlling interest	(466,591)	(204,055)
Non-controlling interest	(43,885)	-
Net loss and comprehensive loss for the period	$ (510,476)	$ (204,055)

Consulting fees increased to $47,646 for the three months ended March 31, 2010 compared to $28,200 for the three months ended March 31, 2009 as a result of the Company utilizing a recruiting service for filing some of the newly created positions at its head office.

Filing fees for the three months ended March 31, 2010 were $48,387 as compared to $10,352 for the three months ended March 31, 2009 as a result of the increase in the Company's market capitalization and an increase in the number of jurisdictions where the Company is now a reporting issuer.

General and administration expenses were $113,157 for the three months ended March 31, 2010 compared to $30,841 for the three months ended March 31, 2009. This increase is a result increased of rent and office expenses associated with the new office location that was required as a result of the Company's growth in personnel. Rent increased to $49,840 for the three months ended March 31, 2010, from $17,250 for the three months ended March 31, 2009. Office expenses increased to $36,963 for the three months ended March 31, 2010, from $7,029 for the three months ended March 31, 2009. Much of the increased expenses were one time charges related to the office move. Professional fees increased to $73,032 for the three months ended March 31, 2010, from $30,583 for the three months ended March 31, 2009 as a result of more legal work being required during the quarter.

Wages and salaries were $169,478 for the three months ended March 31, 2010 as compared to $84,991 for the three months ended March 31, 2009. The increase in wages and salaries is a result of additional staff being hired at the head office to deal with corporate matters.

Stock based compensation expense was $132,004 for the three months ended March 31, 2010 compared to nil for the three month period ended March 31, 2009, as a result of options being granted to some of the new employees hired during the quarter.

Other items include interest income which was $234,404 for the three months ended March 31, 2010, compared to $35,396 for the three months ended March 31, 2009. This increase is a result of the Company holding larger average cash balance during the 2010 quarter due to the financing in the fall of 2009. The Company also recorded a non-controlling interest of $43,885 which represents MMC's share of the operating income of Similco for the quarter. (See also note 4 to the audited financial statements for the year ended December 31, 2009)

1.5 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.

Quarter	Revenue	Net Loss	Basic Loss per Share	Fully Diluted Loss Per Share
March 31, 2010	-	$510,476	$0.01	$0.01
December 31, 2009	-	$349,508	$0.01	$0.01
September 30, 2009	-	$407,267	$0.01	$0.01
June 30, 2009		$306,917	$0.01	$0.01
March 31, 2009	-	$204,055	$0.01	$0.01
December 31, 2008	-	$277,693	$0.01	$0.01
September 30, 2008	-	$390,666	$0.01	$0.01
June 30, 2008	-	$293,196[(1)]	$0.01	$0.01

[(1)] After adjustment for financing costs that were capitalized at year end.

1.6 Liquidity and Capital Resources

As at March 31, 2010, the Company had working capital of $17.1 million (comprised of $23 million of cash, $1.0 million of receivables and prepaid expenses, partly offset by $6.8 million of accounts payable and $0.1 million of capital lease obligations), compared with working capital of $38.7 million at December 31, 2009, (comprised of $50.4 million of cash, $0.9 million of receivables and prepaid expenses, partly offset by $12.6 million of accounts payable and $0.1 million of capital lease obligations. The decrease in working capital is a result of the Company continuing to develop the Copper Mountain Project.

During the quarter ended March 31, 2010 MMC continued to coordinate the project debt financing with a Japanese banking syndicate made up of senior Japanese banks and the Economic Capital Agency of Japan.

The Company holds its excess cash in an interest bearing account or in cashable Guaranteed Investment Certificates at a major Canadian chartered bank.

Subsequent to the end of the quarter the Company announced that it had closed a $34.5 million equity financing. The offering consisted of the issue of 11,327,500 common shares, including an overallotment option of 1,477,500 common shares which has been exercised in full by the underwriters, at a price of $3.05 per share, resulting in $34.5 million in gross proceeds to the Company. In addition, the underwriters were issued broker warrants entitling them to acquire an additional 566,374 common shares for $3.05 per share, at any time up until April 26, 2011. Copper Mountain plans to use the net proceeds of this financing to fund its 75% share of any working capital required for the Copper Mountain Project and for general corporate purposes. *With this equity raised, and the project debt financing well advanced, the Company is currently forecasting that it will not require additional funding for its share of the capital requirements of the Copper Mountain Project.* (Forward looking statement)

Subsequent to the end of the quarter, the Company received a $9.6 million loan from a subsidiary of MMC. This loan bears an interest rate of 4.8% per annum and is repayable on or before June 30, 2023 and will be subordinated debt to the project debt that is currently being arranged.

As at March 31, 2010, the Company had incurred $91 million and committed to an additional $215 million in expenditures out of a planned $438 million for the development of the Copper Mountain Project. The expenditures incurred to date relate primarily to acquiring major pieces of equipment, detailed engineering, the purchase of small construction equipment, site excavations for the concentrator, initial foundation work, rehabilitation of the office and warehouse complex, and other construction activities and commitments for the project.

Major pieces of equipment purchased include the two ball mills and one sag mill for the Copper Mountain mill and the purchase of the mining fleet. The ball mills and sag mill have an estimated cost of US $39 million. At March 31, 2010, Cdn $28 million had been paid towards the purchase of the ball mills and sag mill. The Company’s exposure to this commitment is limited to amounts incurred to date, plus 20%, if the order is cancelled, subject to a refund to the Company of any proceeds of sale realized by the manufacturer, less 10%, if the equipment is sold.

As at March 31, 2010 the company had the following contractual obligations:

	Payment Due By Period				
Contractual Obligation	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years

Capital lease obligations	282,466	124,640	124,640	33,186	-
Purchase obligations	215,000,000	215,000,000	-	-	-

1.7 Capital Resources

Other than those obligations disclosed in the notes to its financial statements for the year ended March 31, 2010, and the year ended December 31, 2009, the Company had no material commitments for capital expenditures as of March 31, 2010.

Total costs of the Copper Mountain Project, are estimated at $438 million (including a contingency amount of $25 million). MMC has agreed to use commercially reasonable efforts to arrange a $250 million project loan. The balance of the required debt funding of approximately $80 million was to be made up of equipment loans, however, the Company and MMC decided to combine the equipment loan and the project loan, into a combined project loan of approximately $330 million. *The Company expects the financial closing of the project loan to occur in the first half of 2010.* (Forward looking statement). Approximately $110 million in equity has been funded by the partners according to their ownership interests.

1.8 Off-Balance Sheet Arrangements

None

1.9 Transactions with Related Parties

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

- During the three months ended March 31, 2010, the Company paid three of its officers consulting, management and geological fees aggregating $125,859 (March 2009 - $74,221).
- During the three months ended March 31, 2010, the Company paid $15,000 (March 2009 – $17,250) 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 three months ended March 31, 2010 the Company paid $36,953 (March 2009 – Nil) in office rent to Kobex Minerals Inc. Kobex Minerals Inc. is related to the Company by a common director.

1.10 Fourth Quarter

Not Applicable

1.11 Proposed Transactions

None

1.12 Critical Accounting Estimates

The Company's significant accounting policies are presented in note 2 of the audited consolidated financial statements for the year ended December 31, 2009. The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the consolidated financial statements. These estimates include:

- mineral resources and reserves,
- the carrying value of mineral properties,
- the carrying value of property, plant and equipment,
- rates of amortization of property, plant and equipment,
- the valuation allowances for future income taxes
- the assumptions used in determining the reclamation obligation, and
- the valuation of stock-based compensation expense.

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

1.13 Change in Accounting Policies, Including Initial Adoption

Effective January 1, 2011, Canadian publicly listed entities will be required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"), instead of current Canadian GAAP. This mandate is first applicable to interim reporting periods in 2011 and includes the requirement to present comparative financial information for the 2010 year, also based on IFRS. Accordingly, although we will first report our result under IFRS in 2011, the underlying conversion will be based on an effective transition date of January 1, 2010.

In mid 2009, management began reviewing IFRS material as a first step in developing an IFRS conversion plan for the transition from Canadian GAAP to IFRS. Management has initially identified four phases to a potential conversion: scoping and planning, detailed assessment, implementation and post implementation.

The scoping and planning phase involves establishing a project team and organizational structure, including oversight of the process by the audit committee; this phase also entails an initial assessment of the key areas where IFRS transition may have a significant impact and present significant challenges. This scoping and planning phase has begun and this work will continue throughout the remainder of the second quarter of 2010. The second phase, detailed assessment, involves in-depth technical analysis that will result in understanding potential impacts, decisions on accounting policy choices and the drafting of accounting policies and preparing a detailed transition plan, as well as identifying any potential IT system requirements. This phase is expected to be complete in early in the third quarter of 2010. During the implementation phase, management will identify and carry out the implementation requirements to effect management's accounting choices, develop sample financial statements, implement business and internal control requirements, calculate the opening balance sheet at January 1, 2010 and other transitional reconciliations and disclosure requirements. The implementation phase of the conversion will continue through 2010 and is expected to be completed by the end of the third quarter of 2010, at which time the Company plans on having the Company's auditors review the opening balance sheet. The last phase of post implementation will involve continuous monitoring through 2011 of changes in IFRS throughout the implementation process.

New Accounting Standards Adopted

None

New Accounting Standards Not Yet Adopted

Section 1582 – Business Combinations, Section 1601 - Consolidations and Section 1602 – Non-controlling Interests – These sections were issued in January 2009 and are harmonized with International Financial Reporting Standards. Section 1582 specifies a number of changes, including: an expanded definition of a business combination, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. These new standards are effective for 2011. Early adoption is permitted.

1.14 Financial Instruments and Other Instruments

Please refer to note 2 of the audited financial statements for the year ended December 31, 2009.

1.15 Other MD&A Requirements

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

Risks and Uncertainties

The Company's success depends on a number of factors, 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 Project. These risks and uncertainties are managed in part, by experienced managers, advisors and consultants, maintaining adequate liquidity, and by cost control initiatives.

Disclosure Controls

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to permit timely discussions regarding public disclosures. Management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures and the internal controls over financial reporting. There has been no material change in the Company's Internal Control Framework ("ICFR") during the quarter ended on March 31, 2010 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures and the internal control and procedures, as defined in Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*, are effective to ensure that information required to be disclosed in reports that we file or submit under Canadian securities legislation are recorded, processed and reported within the time period specified in those rules.

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

COPPER MOUNTAIN MINING CORPORATION
Interim Consolidated Balance Sheet
As at March 31, 2010 and December 31, 2009
(Unaudited)

	March 31, 2010	December 31, 2009 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 23,080,532	$ 50,428,303
Accounts receivable	974,562	908,358
Prepaid expenses	24,782	24,320
	24,079,876	51,360,981
Long term assets		
Reclamation bonds (note 8)	3,639,000	3,539,000
Deferred financing costs	1,604,753	860,362
Property, plant, and equipment (note 5)	83,452,655	60,328,857
Resource property (note 6)	25,072,371	25,410,965
	$ 137,848,655	$ 141,500,165
LIABILITIES		
Current liabilities		
Accounts payable	6,834,882	$ 12,644,698
Current portion of capital lease obligations (note 7)	124,640	120,375
	6,959,522	12,765,073
Long term liabilities		
Asset retirement obligation (note 8)	1,278,157	1,245,500
Capital lease obligations (note 7)	157,826	168,754
Non-controlling interest (note 4)	46,722,964	44,929,079
	55,118,469	59,108,406
SHAREHOLDERS' EQUITY		
Share capital (note 9)	82,184,641	81,421,380
Contributed surplus	2,339,135	2,253,493
Deficit	(1,793,590)	(1,283,114)
	82,730,186	82,391,759
	$ 137,848,655	$ 141,500,165

Nature of operations (note 1)
Commitments (note 11)
Subsequent events (note13)

Approved on behalf of the Board of Directors:

"John Graf"	**Director**	**"Jim O'Rourke"**	**Director**
John Graf		**Jim O'Rourke**	**Director**

COPPER MOUNTAIN MINING CORPORATION
Interim Consolidated Statements of Operations, Comprehensive Loss and Deficit
For the three months ended March 31, 2010 and 2009
(Unaudited)

	March 31, 2010	March 31, 2009
EXPENSES		
Accretion of asset retirement obligation	$ 32,657	$ -
Amortization	9,902	3,882
Advertising and promotion	14,972	5,318
Bank charges and interest	5,601	2,687
Consulting fees	47,646	28,200
Filing fees	48,387	10,352
General and administration	113,157	30,841
Investment shows	10,418	6,500
Meals and entertainment	5,455	5,394
Professional fees	73,032	30,583
Shareholder communications	10,487	11,084
Stock-based compensation (note 9b)	132,004	-
Transfer agent	2,749	2,138
Travel expenses	25,050	17,481
Wages and salaries	169,478	84,991
Loss before other items	(700,995)	(239,451)
OTHER ITEMS:		
Interest and other income	234,404	35,396
Net loss before tax and non-controlling interest	(466,591)	(204,055)
Non-controlling interest (note 4)	(43,885)	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(510,476)	(204,055)
DEFICIT – BEGINNING OF PERIOD	(1,283,114)	(15,367)
DEFICIT – END OF PERIOD	$ (1,793,590)	$ (219,422)
Loss per share, basic and diluted	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	77,810,107	31,625,002

COPPER MOUNTAIN MINING CORPORATION
Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2010 and 2009
(Unaudited)

	March 31, 2010	March 31, 2009
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net (loss) income for the year	$ (510,476)	$ (204,055)
Non-cash expenses:		
Accretion of asset retirement obligation	32,657	-
Amortization	9,902	3,882
Non-controlling interest	43,885	-
Stock-based compensation	132,004	-
Net changes in working capital items:		
Accounts receivable	(66,204)	302,922
Prepaid expenses	(462)	-
Accounts payable	(1,278,019)	724,595
	(1,636,713)	827,344
INVESTING ACTIVITIES		
Reclamation bonding	(100,000)	-
Other assets	(744,391)	-
Purchase of property, plant and equipment	(27,641,049)	(255,847)
Exploration tax credit	338,594	-
Resource property costs	-	(9,788,641)
	(28,146,846)	(10,044,488)
FINANCING ACTIVITIES		
Issue of share capital, net of issue costs	716,899	-
Proceeds from non-controlling interest	1,750,000	-
Due from related party	-	438,187
Short term loan	-	1,385,000
Capital lease obligations	(31,111)	350,644
	2,435,788	2,173,831
CHANGE IN CASH	(27,347,771)	(7,043,313)
CASH – BEGINNING OF PERIOD	50,428,303	11,255,709
CASH– END OF PERIOD	$ 23,080,532	$ 4,212,396

Supplemental disclosure with respect to cash flows (note 12)

COPPER MOUNTAIN MINING CORPORATION
Interim Consolidated Statements of Changes in Equity
As at March 31, 2010
(Unaudited)

	Share Capital		Contributed	Deficit	Total
	Shares Issued	Amount	Surplus		
Balance as at January 1, 2009	31,625,002	$ 31,806,566	$ 1,984,726	$ (15,367)	$ 33,775,925
Public equity placement	45,675,000	52,526,250	-	-	52,526,250
Options exercised	42,000	41,787	(16,587)	-	25,200
Brokers warrants exercised	228,375	262,630	-	-	262,630
Share issue costs	-	(3,215,853)	-	-	(3,215,853)
Stock-based compensation	-	-	285,354	-	285,354
Loss for the period	-	-	-	(1,267,747)	(1,267,747)
Balance as at December 31, 2009	77,570,377	$ 81,421,380	$ 2,253,493	$ (1,283,114)	$ 82,391,759
Options exercised	147,500	178,862	(46,362)	-	132,500
Brokers warrants exercised	563,000	647,450	-	-	647,450
Share issue costs	-	(63,051)	-	-	(63,051)
Stock-based compensation	-	-	132,004	-	132,004
Loss for the period	-	-	-	(510,476)	(512,012)
Balance as at March 31, 2010	**78,280,877**	**$ 82,184,641**	**$ 2,339,135**	**$ (1,793,590)**	**$ 82,730,186**

1. NATURE OF OPERATIONS AND LIQUIDITY RISK

The Company was incorporated under the provisions of the British Columbia *Business Corporations Act* on April 20, 2006 and is a mining exploration and development company. On December 22, 2006, the Company acquired all of the issued common shares of Similco Mines Ltd. ("Similco"), a private company incorporated under a predecessor Act to the British Columbia *Business Corporations Act*. On August 19, 2009, Mitsubishi Materials Corporation ("MMC") acquired a 25% interest in Similco for $28.750 million. (See also note 3).

For the three months ended March 31, 2010 the Company reported a net loss of $510,476 and an accumulated deficit of $1,793,590 at that date. In addition to its working capital requirements, the Company must secure sufficient funding for existing and future commitments for developing the Copper Mountain Project. The Company's ability to recover its investment in the Copper Mountain Project is dependent upon management's ability to sufficiently fund the Project's development program and develop the Project on time and on budget. The Company has capital commitments of $215 million. In the event that sufficient financing cannot be secured, project cancellation fees would be owing in connection with these commitments. In recognition of these circumstances, and in accordance with the terms of the Agreements signed, MMC has agreed to use commercially reasonable efforts to arrange or provide a project loan for the development of the Copper Mountain Project. Negotiations in respect to the project loan are ongoing, however there can be no assurance such negotiations will be successful. (see also note 3 and 13)

2. SIGNIFICANT ACCOUNTING POLICIES

Consolidation

These interim unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial information, and include the accounts of the Company and its wholly owned subsidiaries. These interim unaudited financial statements do not include all the information and note disclosure required by GAAP for annual financial statements and therefore should be read in conjunction with the most recent annual audited financial statements.

All significant intercompany transactions have been eliminated

New Accounting Standards Not Yet Adopted

Section 1582 – Business Combinations, Section 1601 – Consolidated Financial Statements and Section 1602 – Non-controlling Interests – These sections were issued in January 2009 and are harmonized with International Financial Reporting Standards. Section 1582 specifies a number of changes, including: an expanded definition of a business combination, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. These new standards are effective for 2011. Early adoption is permitted.

3. FINANCIAL INSTRUMENTS

Credit Risk

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

Interest Rate Risk

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

3. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity funding, or will engage in negotiations to extend terms with creditors. The Company also manages liquidity by continuously monitoring and forecasting cash flows. (see also note 1)

4. NON-CONTROLLING INTEREST

The Company determined that Similco is a variable interest entities ("VIE") and consequently uses the principles of AcG 15 "Consolidation of Variable Interest Entities" to determine the accounting for its ownership interest. Management concluded that the Company is the primary beneficiary, and therefore, consolidates Similco with a non-controlling interest representing the MMC ownership interest in the Copper Mountain Project. As at March 31, the non-controlling interest is made up of the following:

	March 31, 2010	December 31, 2009
Cash contributions by non-controlling interest	$ 46,650,000	$ 44,900,000
Share of operating income	72,964	29,079
Total non-controlling interest	$ 46,722,964	$ 44,929,079

5. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2010			December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Licensed vehicles	$ 414,369	$ (73,329)	$ 341,040	$ 278,561	$ (55,381)	$ 223,180
Buildings	50,000	(8,420)	41,580	50,000	(7,920)	42,080
Computer equipment	96,197	(64,396)	31,801	96,197	(59,586)	36,611
Mining equipment	3,471,852	(750,719)	2,721,133	1,689,392	(635,778)	1,053,614
Project costs	80,139,896	-	80,139,896	58,842,588	-	58,842,588
Office equipment	205,533	(49,839)	155,694	151,189	(43,611)	107,578
Other equipment	33,913	(12,402)	21,511	33,913	(10,707)	23,206
	$ 84,411,760	$ (959,105)	$ 83,452,655	$ 61,141,840	$ (812,983)	$ 60,328,857

Project costs consist of the deferred construction in progress costs and equipment costs of the Copper Mountain Project. Included in project costs at March 31, 2010 are the following:

	March 31, 2010	December 31, 2009
Engineering and construction management	$ 15,312,173	$ 11,430,946
Mobile mining equipment	5,427,969	3,413,810
Mill concentrator equipment	27,952,010	26,373,694
Mill concentrator site work	15,090,836	10,601,498
Power line and infrastructure	838,051	599,587
Construction facilities	2,392,627	1,659,410
Other deferred project expenditures	13,126,230	4,763,643
	$ 80,139,896	$ 58,842,588

As at March 31, 2010, interest capitalized and included in project costs totalled $1,008,938 (December 31, 2009 - $1,008,938).

6. RESOURCE PROPERTY

Copper Mountain Project, Princeton, British Columbia

The details of the carrying amount of the Company's resource property costs are as follows:

	March 31, 2010	**December 31, 2009**
Property acquisition costs	$ 4,024,849	$ 4,024,849
Property holding costs	882,650	882,650
Exploration and feasibility study expenses	20,503,466	20,503,466
Exploration tax credit	(338,594)	-
	$ 25,072,371	$ 25,410,965

7. CAPITAL LEASE OBLIGATION

Included in property, plant and equipment is mining equipment that the Company acquired pursuant to a four year interest free capital lease agreement. Capital lease obligations as detailed below are secured by the equipment and are repayable in monthly instalments.

Included in property plant and equipment is office equipment that the Company acquired pursuant to a five year capital lease agreement. The lease obligations include 7.55% interest and are repayable in quarterly instalments. Future minimum lease payments are as follows:

	Mining equipment	Office equipment	Total
Twelve months ended March 31, 2011	$ 120,375	5,916	126,291
Twelve months ended March 31,2012	120,375	5,916	126,291
Twelve months ended March 31,2013	18,285	5,916	24,201
Twelve months ended March 31,2014	-	5,916	5,916
Twelve months ended March 31,2015	-	4,434	4,434
Total minimum lease payments	259,035	28,098	287,133
Less: interest portion	-	(4,667)	(4,667)
Present value of capital lease obligations	259,035	23,431	282,466
Current portion	(120,374)	(4,266)	(124,640)
Non-current portion	$ 138,661	$19,165	$157,826

8. ASSET RETIREMENT OBLIGATION

a) Reclamation Bonds

As at March 31, 2010 the Company has on deposit $3.6 million (December 31, 2009 - $3.5) million with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain property.

b) Asset Retirement Obligation

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

	March 31, 2010	December 31, 2009
Balance of obligation at the beginning of the period	$ 1,245,500	$ 2,189,000
Obligation acquired during the period	-	1,450,000
Changes in valuations of obligation	-	(2,393,500)
Accretion	32,657	-
Balance of obligation at the end of the period	$ 1,278,157	$ 1,245,500

9. SHARE CAPITAL

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

(b) Stock Options

	Three Months Ended March 31, 2010		Year Ended December 31, 2009	
Stock options outstanding	**Number of shares**	**Weighted average exercise price**	**Number of shares**	**Weighted average exercise price**
Beginning of period	3,646,800	$ 0.65	3,801,300	$ 1.29
Granted	350,000	2.26	3,538,800	0.61
Expired	-	-	(3,363,800)	1.27
Forfeited	50,000	2.26	(287,500)	2.20
Exercised	(147,500)	0.80	(42,000)	0.60
End of period	3,799,300	$ 0.79	3,646,800	$ 0.65

The Company has a stock option plan whereby it can issue up to 5,500,000 stock options exercisable for a period of up to five years from the grant date. As at March 31, 2010, the Company has issued 3,799,300 options exercisable at prices ranging from $0.60 to $2.26 per share, under the plan:

Date of Stock Option Grant	Number of Options	Exercise Price	Expiry Date
April 27, 2007	60,000	$1.00	June 29, 2012
August 1, 2008	50,000	$1.40	August 1, 2013
April 21, 2009	100,000	$1.30	April 21, 2014
May 06, 2009	3,114,300	$0.60	May 06, 2014
July 14, 2009	175,000	$0.80	July 14, 2014
January 14, 2010	250,000	$2.26	January 14, 2015
March 01, 2010	50,000	$2.26	March 01, 2015
	3,799,300		

As at March 31, 2010, there were 3,499,300 options that were fully vested and exercisable.

9. SHARE CAPITAL *(continued)*

The fair value of the stock options granted is estimated on the date of grant using the Black-Scholes Option Pricing Model with the following assumptions: a risk free interest rate of 0.25%, expected life of 5 years, an expected volatility of 50%, and no expectation for dividend payments.

	March 31, 2010	December 31, 2009
Weighted average fair value of options granted	$ 0.79	$ 0.27
Weighted average remaining life of options outstanding	3.94 years	4.33 years

(c) Warrants

In conjunction with financing activities, the Company has granted warrants to brokers for financing fees as follows:

Broker Warrants outstanding	Three Months Ended March 31, 2010		Year Ended December 31, 2009	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Beginning of period	2,055,375	$ 1.15	675,476	$ 2.28
Granted	-	-	2,283,750	1.15
Expired	-	-	(675,476)	2.28
Exercised	(563,000)	1.15	(228,375)	1.15
End of period	1,492,375	$ 1.15	2,055,375	$ 1.15

As at March 31, 2010, 1,492,375 (December 31, 2009 - 2,055,375) broker warrants are outstanding entitling the holders to acquire shares of the Company as follows:

Date of Broker Warrant Grant	Number of warrants	Exercise Price	Expiry Date
September 23, 2009	1,405,375	$1.15	March 23, 2011
October 1, 2009	87,000	$1.15	March 23, 2011
	1,492,375		

10. RELATED PARTY TRANSACTIONS

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

- During the three months ended March 31, 2010, the Company paid three of its officers consulting, management and geological fees aggregating $125,859 (March 2009 - $74,221).

- During the three months ended March 31, 2010, the Company paid $15,000 (March 2009 – $17,250) 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 three months ended March 31, 2010 the Company paid $36,953 (March 2009 – Nil) in office rent to Kobex Minerals Inc ("Kobex"). Kobex is related to the Company by a common director.

11. COMMITMENTS

As at March 31, 2010, the Company had incurred $92 million and committed to an additional $215 million in expenditures out of a planned $438 million for the development of the Copper Mountain Project. These expenditures relate to securing major pieces of equipment and construction commitments. Major pieces of equipment purchased include the two ball mills and one sag mill for the Copper Mountain mill and the purchase of the mining fleet. The ball mills and sag mill have an estimated cost of US $39 million. At March 31, 2010, $28 million had been paid towards the purchase of the ball mills and sag mill. The Company's exposure to this commitment is limited to amounts incurred to date, plus 20%, if the order is cancelled, subject to a refund to the Company of any proceeds of sale realized by the manufacturer, less 10%, if the equipment is sold.

The mining fleet has an estimated cost of $70 million and the Company has placed on deposit $1.4 million, with the balance being due at the time of commissioning of the mobile equipment. The Company's exposure to this commitment is limited to costs of the work completed plus forfeiture of the deposit.

12. SUPPLEMENTARY CASH FLOW DISCLOSURES

- During the three months ended March 31, 2010, the Company deferred $136,220 (March 2009 - $86,614) of amortization costs on vehicles and mining equipment.
- During the three months ended March 31, 2010, the Company paid $461 (March 2009 - $nil) in interest costs on leased mining equipment and vehicles.
- As at March 31, 2010, there was $4,507,349 (March 2009 - $783,315) in accounts payable that related to the development of the Copper Mountain Project.
- Included in cash and cash equivalents at March 31, 2010 is $12,420,317 (December 31, 2009 - $42,520,066) in guaranteed income certificates and $10,660,215 (December 31, 2009 - $7,908,237) held in a bank account.

13. SUBSEQUENT EVENTS

(a) Subsequent to the end of the quarter, the Company completed an equity financing issuing 11,327,500 common shares at $3.05 per share for gross proceeds of $34.5 million. Net proceeds from the financing will be used to fund the Company's share of working capital required for the Copper Mountain Project in British Columbia and for general corporate purposes. The Company also issued 566,375 broker warrants that entitle the holder to purchase common shares at a price of $3.05 per share up until April 26, 2011.

(b) Subsequent to the end of the quarter, the Company was advised by the Government of British Columbia that the reclamation bonding on the Copper Mountain Project must be increased feom $3.5 million to $8 million in three instalments, by June 2011.

(c) Subsequent to the end of the quarter, the Company received a $9.6 million loan from a subsidiary of MMC. The loan bears an interest rate of 4.8% per annum and is repayable on or before June 30, 2023.