COPPER MOUNTAIN
MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
JUNE 30, 2008, AND 2007
(UNAUDITED)

Suite 550 – 800 Pender Street
Vancouver, British Columbia V6C 2V6
Ph# 604-682-2992 Fax# 604-681-5910

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

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A") OF FINANCIAL CONDITION & THE RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2008

August 15, 2008

Introduction

Management's discussion and analysis ("MD&A") focuses on significant factors that affected Copper Mountain Mining Corporation's performance and such factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the unaudited consolidated financial statements for the six months ended June 30, 2008 and the Company's 2007 audited consolidated financial statements and the related notes contained therein. The Company reports its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") The Company's significant accounting policies are set out in Note 2 of the audited consolidated financial statements for the year ended December 31, 2007. The Company's financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate the Company's exploration results and financial situation. Additional information on the Company is available and can be found at www.sedar.com or www.CuMtn.com .

Overview – June 30, 2008

The Company recorded net income of $1,890,722 or $0.09 per share for the six months ended June 30, 2008. In order to better understand Copper Mountain's financial results for the six months ended June 30, 2008, it is important to read the financial statements and gain an understanding of the stage of development of the Company's only asset, the Copper Mountain Project.

The Company owns 100% of Similco Mines Ltd. and the Company recently announced the results of a positive feasibility study completed by Hatch Ltd in its news release dated July 28, 2008. The positive Feasibility Study is a material step forward for the Company in the restart of this past copper and precious metals producer. The Feasibility Study is based on a resource report which was prepared by Giroux Consultants Limited and includes drill data up to December 20, 2007. The Company continues to conduct an extensive exploration drill program on the property and a total of 50,000 meters is expected to be drilled during 2008. A summary of the intersections from drill-holes announced have been posted on the Company's web site. The Company currently has five drills on the property drilling 24 hours per day, seven days a week.

Basis of Presentation

The accompanying financial statements of Copper Mountain Mining Corporation have been prepared by management in accordance with GAAP.

Forward Looking Statements

The MD&A contains forward-looking information which involves risk and uncertainties including but not limited to changes in exchange rates, commodity prices, interest rates and operating uncertainties encountered in the mining business. Forward looking information typically contain statements with the words such as "expect", "believe", "plan", "forecast", "intend", "targets", "budgets" or similar words suggesting future outcomes. Because of these risks and uncertainties, the actual results could be materially different than those currently anticipated by the Company.

Critical Accounting Policies

A summary of significant accounting policies is presented in Note 2 to the consolidated financial statements for the year ended December 31, 2007 and for the six months ended June 30, 2008.

Critical Accounting Estimates

Preparing financial statements in accordance with GAAP requires management to make certain judgments and estimates. Changes to these judgments and estimates could have a material effect on the Issuer's financial statements and financial position.

The carrying value of expenditures incurred in a development stage company like Copper Mountain is subject to an impairment evaluation. All of the expenditures incurred to date on the Copper Mountain Project have been capitalized. It is management's opinion that the estimated cash flows expected to result from the future use of the property and its eventual disposition will exceed its carrying amount.

Results of Operations

The Company recorded net income of $1,890,722 or $0.09 per share for the six months ended June 30, 2008 as compared to net income of $332,156 or $0.02 per share for the six months ended June 30, 2007. The increase in net income for the period is mainly attributable to the Company renouncing $7,215,000 in exploration expenditures during the period, which under GAAP is taken into income and resulted in a recovery of future income taxes of $2,461,758. In addition, the Company had interest and other income of $182,085 during the six months ended June 30, 2008, as compared to $75,572 for the period ended June 30, 2007. This increase in interest and other income is a result of having a larger cash balance on hand during the period ended June 30, 2008 as compared to June 30, 2007.

Professional fees, which consist of accounting, audit, and legal fees, were $76,301 for the six months ended June 30, 2008 as compared to $43,578 for the six months ended June 30, 2007. The Company also incurred consulting fees of $145,201 during the three months ended June 30, 2008 as compared to $84,590 in the comparative period. This increase is a result of increased consulting time required to support the activities of the Company. Advertising, shareholder communications, and travel totalled $92,865, $53,228, and $34,599 respectively for the six months ended June 30, 2008 as compared to $14,027, $84,590 and $18,750 for the period ended

June 30, 2007. This increase in costs is directly related to the increased investor relations activities of the Company since becoming a public company in June 2007. Other expenses recorded for the six months ended June 30, 2008, included wages and salaries of $116,851, bank charges of $14,564, meals and entertainment costs of $9,970 as compared to wages and salaries of $113,276, bank charges of $3,687 and meals and entertainment of $4,385 for the six months ended June 30, 2007. The increase in wages during the period is a result of the Company hiring additional personnel mid year 2007. The increase in bank charges during the period ended June 30, 2008, is due to financing charges related to leased mining equipment and vehicles.

General and Administrative expenses were $145,062 for the six months ended June 30, 2008 as compared to $116,649 for the six months ended June 30, 2007. General and Administrative increases is a result of the increased support activity of the Company as the Company continues to advance the Copper Mountain project.

During the period, $8,367,998 in exploration expenditures was spent on the property and was deferred. The major components of the $8,367,998 in deferred costs were drilling costs of $4,967,189, feasibility study costs of $2,006,266, property holding costs of 420,863, geological consulting costs of $212,339, assaying costs of 198,425, and core cutting costs of $78,330.

Liquidity and Capital Resources

As of June 30, 2008 the Company had working capital of $16,555,542 (comprised of $18,075,726 of cash, $1,072,969 million of receivables, and prepaid expenses offset by $2,593,153 of current liabilities) as compared to working capital of $6,515,202 at December 31, 2007 (comprised of $6,132,345 of cash, $1,105,928 of receivables, prepaid expenses and offset by $723,071 of liabilities). The increase in working capital is a result of the Company completing a $20 million equity financing on June 29, 2008. As the Company continues to advance the Copper Mountain Project it will continue to rely on the equity and debt markets to fund future expenditures. The Company believes that it will continue to be able to access the capital markets over the next year to meet the capital requirements of the Copper Mountain Project.

Related Party Transactions

During the period, except as disclosed elsewhere in this MD&A, 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, the Company paid consulting, management, and geological fees of $211,617 to three different companies controlled by three officers of the Company (2007 - $91,750). During the period ended June 30, 2008, the Company advanced $600,000 to Compliance Energy Corporation ("Compliance") as a demand loan secured by the equivalent value of common shares of the Company owned by Compliance, with the loan bearing an interest rate of prime plus 1%. Compliance is a public company, listed on the TSX Venture Exchange and related by certain common directors and officers.

Selected Quarterly Financial Information

The following table is selected quarterly financial information derived from the Company's financial statements.

Quarter	Revenue	Net Income (Loss)	Basic Income (Loss) per Share	Fully Diluted Income (Loss) Per Share
June 30, 2008	-	($354,727)	($0.01)	($0.01)
March 31, 2008	-	$2,245,449	$0.10	$0.08
December 31, 2007	-	($829,646)	($0.05)	($0.05)
September 30, 2007	-	($234,870)	($0.01)	($0.01)
June 30, 2007	-	$269,837*	$0.01	$0.01
March 31, 2007	-	$239,345*	$0.02	$0.02
December 31, 2006	-	($63,193)	($0.01)	($0.01)
September 30, 2006	-	($2,692)	$0.00	$0.00

(1)Company was incorporated on April 20, 2006
* After adjustment for deferred costs during the period

Risks and Uncertainties

The Company's success depends on a number of factors, some of which are beyond the control of the Company. Typical risk factors include copper, gold and silver price fluctuations and operating uncertainties encountered in the mining business. Future government, legal or regulatory changes could affect any aspect of the Company's business, including, among other things, environmental permitting and taxation costs and the ability of the Company to develop an independent power project. These risks and uncertainties are managed in part, by experienced managers, advisors and consultants, maintaining adequate liquidity, and by cost control initiatives.

Disclosure Controls

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to permit timely discussions regarding public disclosures. Management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2008. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings,* are effective to ensure that information required to be disclosed in reports that we file or submit under Canadian securities legislation are recorded, processed and reported within the time period specified in those rules.

COPPER MOUNTAIN MINING CORPORATION
CONSOLIDATED BALANCE SHEETS

	(Unaudited) June 30, 2008	(Audited) December 31, 2007
CURRENT ASSETS		
Cash	$ 18,075,726	$ 6,132,345
Accounts Receivable	355,849	305,053
Prepaid Expenses	100,000	200,875
Due from related party	617,120	600,000
	$19,148,695	7,238,273
Reclamation Bonding	2,046,500	2,046,500
Fixed Assets (Note 3)	1,065,280	1,190,345
Resource Property (Note 4)	16,836,951	8,468,953
TOTAL ASSETS	$ 39,097,426	$ 18,944,071
LIABILITIES:		
Accounts Payable	2,295,191	369,307
Current portion of capital leases	297,962	353,764
	2,593,153	723,071
Long-term debt	55,340	101,315
Accrued site reclamation cost	2,189,000	2,189,000
Shareholder's Equity:		
Share Capital (Note 5)	31,885,337	15,492,498
Contributed surplus	1,558,027	1,512,340
Retained earnings (deficit)	816,569	(1,074,153)
	34,259,933	15,930,685
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	39,097,426	18,944,071

Approved by:

"James O'Rourke"	**Director**	**"John Tapics"**	**Director**
James O'Rourke		**John Tapics**	**Director**

The accompanying notes are an integral part of this financial statement

COPPER MOUNTAIN MINING CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

	(Unaudited) Three-months ended June 30, 2008	(Unaudited) Three-months ended June 30, 2007	(Unaudited) Six-months ended June 30, 2008	(Unaudited) Six-months ended June 30, 2007
EXPENSES				
Amortization	$ 3,362	$8,760	$ 6,673	$ 11,638
Advertising & Promotion	62,922	14,027	92,865	14,027
Bank Charges & Interest	7,637	2,290	14,564	3,687
Consulting Fees	96,373	62,090	145,201	84,590
Meals and Entertainment	2,735	3,827	9,970	4,385
General and Administration	82,007	87,476	145,062	116,649
Professional Fees	38,866	22,979	76,301	43,578
Shareholder Communications	37,284	52,323	53,228	54,155
Stock-based Compensation	50,522	262,171	50,522	902,793
Transfer Agent	3,631	-	7,285	-
Travel Expenses	9,358	14,547	34,599	18,750
Wages and Salaries	59,771	79,719	116,851	113,276
Loss before other items	**(454,468)**	**(610,209)**	**(753,121)**	**(1,367,528)**
OTHER ITEMS:				
Future income tax recovery	-	686,665	2,461,758	1,624,112
Interest and other income	99,741	53,607	182,085	75,572
Total other items	99,741	740,272	2,643,843	1,699,684
INCOME (LOSS) FOR THE PERIOD	**(354,727)**	**130,063**	**1,890,722**	**332,156**
RETAINED EARNINGS (DEFICIT), BEGINNING OF THE PERIOD	1,171,296	(34,500)	(1,074,153)	(236,593)
RETAINED EARNINGS, END OF THE PERIOD	816,569	95,563	$ 816,569	$ 95,563
INCOME (LOSS)PER SHARE, BASIC	$(0.01)	$0.01	$0.09	$0.02
INCOME (LOSS) PER SHARE, DILUTED	$(0.01)	$0.01	$0.07	$0.02
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC	**21,871,261**	**15,077,658**	**21,865,700**	**14,846,425**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, DILUTED	**25,277,798**	**15,077,658**	**25,277,798**	**14,846,425**

The accompanying notes are an integral part of this financial statement

COPPER MOUNTAIN MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(Unaudited) Three-months ended June 30, 2008	(Unaudited) Three-months ended June 30, 2007	(Unaudited) Six-months ended June 30, 2008	(Unaudited) Six-months ended June 30, 2007
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net Income (loss) for the period	$ (354,727)	$ 130,063	$ 1,890,722	$ 332,156
Net changes in working capital items:				
Accounts receivable	(143,448)	(144,830)	(50,796)	(83,079)
Prepaid expenses	50,875	125,000	100,875	(50,875)
Accounts payable	2,175,127	390,027	1,925,884	359,790
Due from related party	(10,370)	-	(17,120)	-
Current portion of capital leases	(32,085)	-	(55,802)	-
Non-cash expenses:				
Amortization	3,362	8,760	6,673	11,638
Future income tax recovery	-	(686,665)	(2,461,758)	902,793
Stock-based compensation	50,522	262,171	50,522	(1,624,112)
	1,739,256	84,526	1,389,200	(151,689)
INVESTING ACTIVITIES				
Purchase of reclamation bonding	-	-	-	(7,500)
Purchase of property, plant and equipment	(135,701)	(119,278)	(139,119)	(127,452)
Mineral property costs	(5,944,957)	(2,043,678)	(8,110,487)	(3,055,277)
	(6,080,658)	(2,162,956)	(8,249,606)	(3,190,229)
FINANCING ACTIVITY				
Issue of share capital, net of issue costs	18,821,164	6,296,069	18,849,762	6,723,662
Long-Term Debt	(22,360)	-	(45,975)	-
	18,798,804	6,296,069	18,803,787	6,723,662
CHANGE IN CASH	14,457,402	4,217,639	11,943,381	3,381,744
CASH – BEGINNING OF PERIOD	3,618,324	2,733,433	6,132,345	3,569,328
CASH - END OF PERIOD	$ 18,075,726	$ 6,591,072	$ 18,075,726	$ 6,951,072

Supplementary cash flow information
During the six months ended June 30, 2008, the Company deferred $123,655 of amortization costs on vehicles and mining equipment.
Also during the six months ended June 30, 2008 the Company paid $11,038 in interest costs on leased mining equipment and vehicles
As at June 30, 2008, there was $2,109,277 in accounts payable that related to mineral properties.
During the six months ended June 30, 2007 the Company deferred $60,841 of amortization costs on vehicles and mining equipment

The accompanying notes are an integral part of this financial statement

1. NATURE AND CONTINUANCE OF OPERATIONS

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*.

These consolidated financial statements include all of the accounts of the Company and its wholly-owned legal subsidiary Similco. All significant intercompany balances and transactions have been eliminated on consolidation.

These consolidated financial statements have been prepared on a going concern basis, which assumes the ongoing capacity of the Company to realize on its assets and discharge of liabilities in the normal course of business. The Company's status as a going concern is dependent on its ability to generate future profitable operations and to receive continued financial support from its lenders and shareholders. Management is of the opinion that sufficient working capital will be obtained from operations and external financing to meet the Company's liabilities as they come due. Should this going-concern assumption not be appropriate, and values and classifications of assets and liabilities would change and those changes could be material. It is not possible to predict the outcome of those matters at this time.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates.

Earnings per Share
The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

Financial Instruments
The Company's financial instruments consist of current assets and liabilities, the fair values of which approximate their carrying values due to the short-term nature of the items. The Company's reclamation bond is a term deposit lodged with a bank to secure the Company's accrued site reclamation costs.

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

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

Share Capital
Common shares issued for non-monetary consideration are recorded at their fair market value on the date of the agreement to issue the shares.

Stock-based Compensation
The Company measures and records compensation expense in connection with stock options granted using the fair value method, and records the expense when the options vest with the recipients. Any consideration paid on the exercise of stock options is credited to share capital.

Asset Retirement Obligations
The fair value of a liability for an asset retirement obligation is recognized on an undiscounted cash flow basis when a reasonable estimate of the fair value of the obligation can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the long-lived asset. Subsequently, the asset retirement cost is allocated to expense using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and from revisions to expected payment dates of the obligation amount.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Capital Risk Disclosure

The Company's objective in managing its capital, which is comprised of cash and instruments which are capable of being converted to cash, is to safeguard all cash resources by investing in government or bank instruments which can be liquidated promptly and which yield acceptable rate of return, and to issue from its treasury, shares, warrants and options which can be converted to cash. Treasury issuances of shares and warrants are part of the Company's capital raising process and are issued when cash is required, ideally under favourable market conditions, and with regard to dilution of the Company's capital structure. The exercise of warrants and options are not under the control of the Company's management. All capital transactions are subject to approval of the Company's directors. The Company is not subject to any regulatory capital requirements.

Financial Risk

The Company's financial instruments are comprised of cash, amounts receivable and payables. The Company does not have any currency risk as all of its operations are in Canada, credit risk is minimized by keeping all cash in Canadian Banks, and liquidity risk is minimized by maintaining all instruments in short term paper.

Accounting Policies Not Yet Adopted

The following pronouncements recently issued by the Canadian Institute of Chartered Accountants ("CICA") will likely impact the Company's future accounting policies:

(i) Goodwill and intangible assets:

In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Asset effective for interim and annual periods on or after October 1, 2008. Section 3064, which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research & Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of IFRS IAS 38, Intangible Assets. This new standard is effective for the Company's interim and annual financial statements commencing on October 1, 2008. The Company is assessing the impact of the new standard on its financial statements.

(ii) International Financial Reporting Standards ("IFRS")

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2008			December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Automobiles	$ 58,934	$ (11,755)	$ 47,179	$ 58,934	$ (5,862)	$ 53,072
Building	50,000	(4,920)	45,080	50,000	(3,920)	46,080
Computer equipment	96,197	(30,727)	65,471	94,874	(21,173)	73,701
Mining equipment	1,068,467	(213,883)	854,584	1,067,155	(107,035)	960,120
Other equipment	18,632	(4,354)	14,278	18,632	(2,491)	16,141
Office equipment	51,933	(17,815)	34,117	49,826	(12,623)	37,203
Office furniture	5,311	(740)	4,572	4,289	(261)	4,028
	$1,349,474	$ (284,194)	$ 1,065,280	$ 1,343,710	$ (153,365)	$ 1,190,345

4. RESOURCE PROPERTY

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

	June 30, 2008	**December 31, 2007**
Property acquisition costs	$ 1,111,526	$ 1,111,526
Property holding costs	1,005,566	584,703
Geological consulting	611,794	399,455
Exploration expenditures		
Amortization	257,511	134,420
Assays	472,876	274,451
Claim fees	8,493	8,276
Consulting	107,493	87,298
Contract labour	109,493	73,969
Core cutting	216,170	137,841
Data recovery	7,008	7,008
Drilling	9,618,053	4,650,864
Equipment rental	54,594	38,925
Feasibility study	2,157,895	151,629
House rental	16,475	9,650
Liability insurance	48,131	17,395
Mapping	12,344	10,844
Miscellaneous	89,125	70,544
Salaries	351,450	196,243
Scoping study	121,423	121,423
Surveying	345,615	315,893
Travel	105,873	62,747
Utilities	8,043	3,849
	16,836,951	$ 8,468,953

4. RESOURCE PROPERTY *(continued)*

b) During the quarter, the Company has entered into a letter of intent to purchase lands known as the Smelter Tailings area which is located within the Company's Copper Mountain Property, inclusive of a reclamation bond in the amount of $1,350,000 for $5,200,000. The $5,200,000 is due as follows: $200,000 upon execution of a purchase agreement; $3,000,000 on closing and granting a mortgage securing a $2,000,000 payment due one year from the date of closing. The vendor can continue to operate a biosolids waste management business on the lands until the Company requires the lands, and if the Company has not: (1) made a production decision by December 31, 2011; (2) made the $2,000,000 payment on or before June 30, 2009 or (3) incurred not less than $20 million of expenditures (excluding expenditures on mobile equipment) in the development of the Project site on or before December 31, 2014 the vendor can repurchase the lands from the Company for $1.

5. CAPITAL STOCK

(a) Authorized
Unlimited Common shares without par value

(b) Issued:

	Common Shares	Amount	Contributed Surplus
Issued at December 31, 2006	14,338,500	$ 4,807,622	170,625
Shares issued for cash:			
Private placements	7,181,000	$12,717,500	-
Options exercised	6,250	6,250	-
Warrants exercised	143,000	192,625	-
Share issue costs	-	(1,261,583)	-
Non-cash items:			
Shares issued for finder's fee	84,160	154,960	
Stock-based compensation	-	-	1,154,286
Options exercised	-	2,427	(2,427)
Broker warrants granted	-	(208,967)	208,967
Broker warrants exercised	-	19,111	(19,111)
Flow-through renounced	-	(937,447)	-
Issued at December 31, 2007	21,752,910	$15,492,498	1,512,340
Shares issued for cash:			
Public equity placement	9,523,808	19,999,997	-
Options exercised	12,450	$12,450	-
Warrants exercised	296,334	449,987	-
Share issue costs	-	(1,741,162)	-
Non-cash items:			
Options exercised	-	4,835	(4,835)
Stock-based compensation	-	-	50,522
Flow-through renounced	-	(2,461,758)	-
Broker warrants granted	-	157,310	-
Broker warrants exercised		(28,820)	-
Issued at June 30, 2008	31,585,502	31,885,337	1,558,027

5. CAPITAL STOCK (Continued)

(c) Stock Options

The Company has a stock option plan whereby it can issue up to 4,000,000 options exercisable for a period of up to five years from the grant date. The Company has issued 2,861,300 options exercisable at prices ranging from $1.00 to $2.30 per share for a period of three to five years commencing on June 29, 2007.

The fair value of options granted are estimated on the date of grant using the Black-Scholes Option Pricing Model using the following assumptions: a risk free interest rate of 4.50%, an expected life of 5 years; an expected volatility of 30% to 40%, and no expectation for the payments of dividends.

	June 30, 2008		December 31, 2007	
Stock options outstanding	**Number of shares**	**Weighted average exercise price**	**Number of shares**	**Weighted average exercise price**
Beginning of period	2,623,750	$ 1.17	-	$ - -
Granted during period	250,000	2.15	2,630,000	1.17
Exercised during period	(12,450)	1.00	(6,250)	1.00
End of period	2,861,300	$ 1.25	2,623,750	$ 1.17

(d) Warrants

As at June 30, 2008, 7,218,404 warrants are outstanding entitling the holders to acquire shares of the Company as follows:

Date of Warrant Grant	Number of warrants	Exercise Price	Expiry Date
December 22, 2006	639,000	$1.10	December 22, 2008
February 14, 2007	250,000	$1.10	February 14, 2009
June 30, 2007	1,567,500	$2.00	December 28, 2008
June 30, 2008	4,761,904	$2.50	June 30, 2009
Total	7,218,404		

	June 30, 2008		December 31, 2007	
Warrants outstanding	**Number of warrants**	**Weighted average exercise price Cdn.**	**Number of warrants**	**Weighted average exercise price Cdn.**
Beginning of period	2,714,500	$ 1.66	795,500	$ 1.10
Granted during the period	4,761,904	2.50	1,975,000	1.89
Exercised in the period	(258,000)	1.52	(56,000)	1.72
End of period	7,218,404	$ 2.22	2,714,500	$ 1.66

5. CAPITAL STOCK (Continued)

(e) Broker Warrants

As at June 30, 2008, 1,188,676 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
December 19, 2006	187,750	$1.10	December 22, 2008
January 2, 2007	104,048	$1.10	January 2, 2009
June 30, 2007	325,450	$2.00	December 28, 2008
June 30, 2008	571,428	$2.50	June 30, 2009
Total	1,188,676		

Broker Warrants outstanding	June 30, 2008		December 31, 2007	
	Number of warrants	Weighted average exercise price Cdn.	Number of warrants	Weighted average exercise price Cdn.
Beginning of period	655,582	$ 1.57	379,102	$ 1.10
Granted during the period	571,428	2.50	363,480	1.95
Exercised in the period	(38,334)	1.54	(87,000)	1.11
End of period	1,188,676	$ 2.02	655,582	$ 1.57

(f) Escrowed Shares

As required by the TSX Venture Exchange, a total of 4,101,300 common shares owned by directors and officers of the Company are subject to an escrow agreement. These escrowed shares are to be released in installments of 15% every six months.

6. 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. The balances payable are non-interest bearing and have no fixed terms for repayment.

- During the period ended June 30, 2008, the Company advanced $600,000 to Compliance Energy Corporation ("Compliance") as a demand loan secured by the equivalent value of common shares of the Company owned by Compliance, with the loan bearing an interest rate of prime plus 1%. This is in addition to the $600,000 advanced to Compliance in 2007. On March 13, 2008 Compliance repaid $600,000 of the demand loan. Compliance is a public company, listed on the TSX Venture Exchange and related by certain common directors and officers.

6. RELATED PARTY TRANSACTIONS (Continued)

- During the period, the Company paid three of its officers consulting, management and geological fees aggregating $211,617.(2007-$91,750)

7. SUBSEQUENT EVENTS

1. Subsequent to the end of the period 5,000 common share purchase warrants were exercised at a price of $1.10 per share and 24,500 broker warrants were exercised at a price of $1.10 per share.

2. Subsequent to the end of the period the Company closed on the purchase lands known as the Smelter Tailings area and paid the required $3,200,000 and granted a mortgage of $2,000,000 due one year from the date of closing. (see also note 4)