COPPER MOUNTAIN
MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended

March 31, 2018

(Unaudited)

Suite 1700 – 700 Pender Street

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Copper Mountain Mining Corporation

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

	March 31, 2018 $	December 31, 2017 $
Assets		
Current assets		
Cash and cash equivalents	42,568	45,133
Accounts receivable and prepaid expenses (note 4)	36,194	29,314
Inventory (note 5)	65,404	68,135
	144,166	142,582
Deferred acquisition costs	2,595	1,121
Reclamation bonds (note 10)	8,228	8,228
Deferred tax assets	12,239	10,956
Property, plant and equipment (note 6)	400,989	414,041
Low grade stockpile (note 5)	99,811	91,021
	668,028	**667,949**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	38,898	42,122
Amounts payable to related parties	59,349	43,633
Current portion of long-term debt (note 9)	48,447	48,649
Current tax liability	711	1,285
	147,405	135,689
Provisions (note 10)	6,493	6,521
Interest rate swap liability (note 9)	1,623	2,081
Long-term debt (note 9)	253,080	258,373
	408,601	402,664
Equity		
Attributable to shareholders of the Company:		
Share capital	195,758	195,670
Contributed surplus	16,244	15,724
Accumulated deficit	(30,944)	(25,693)
	181,058	185,701
Non-controlling interest	78,369	79,584
Total equity	259,427	265,285
	668,028	**667,949**

Approved on behalf of the Board of Directors

(signed) Jim O'Rourke Director

(signed) Bruce Aunger Director

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

Copper Mountain Mining Corporation

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

	2018 $	2017 $
Revenue (note 12)	77,946	74,096
Cost of sales (note 13)	(71,634)	(62,885)
Gross profit	6,312	11,211
Other income and expenses		
General and administration (note 13)	(2,474)	(2,682)
Exploration and evaluation	-	(35)
Share based compensation (note 11)	(506)	(523)
Operating income	3,332	7,971
Finance income	136	145
Finance expense (note 14)	(3,514)	(3,437)
Unrealized gain (loss) on interest rate swap	773	(358)
Foreign exchange (loss) gain	(8,076)	3,171
(Loss) income before tax	(7,349)	7,492
Current resource tax expense	(345)	(375)
Deferred income and resource tax recovery	1,228	-
Net (loss) income and comprehensive (loss) income	(6,466)	7,117
Net (loss) income and comprehensive (loss) income attributable to:		
Shareholders of the Company	(5,251)	4,723
Non-controlling interest	(1,215)	2,394
	(6,466)	7,117
(Loss) income per share:		
Basic	($0.04)	$0.04
Diluted	($0.04)	$0.04
Weighted average shares outstanding, basic	134,311,879	132,817,233
Weighted average shares outstanding, diluted	138,961,872	136,751,968
Shares outstanding at end of the period	134,374,708	133,086,693

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

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statement of Cash Flows
For the Three Months Ended March 31,
(Unaudited in thousands of Canadian dollars)

	2018 $	2017 $
Cash flows from operating activities		
Net (loss) income for the period	(6,466)	7,117
Adjustments for:		
Gain on disposal of fixed assets	-	(21)
Depreciation	15,456	12,035
Unrealized foreign exchange loss (gain)	7,408	(2,590)
Unrealized (gain) loss on interest rate swap	(773)	358
Deferred income and resource tax recovery	(1,283)	-
Finance expense	3,514	3,437
Share based compensation	227	507
	18,083	20,843
Net changes in non-cash working capital items (note 16)	(16,065)	(17,993)
Net cash provided by operating activities	2,018	2,850
Cash flows from investing activities		
Deferred stripping activities	-	(1,485)
Deferred acquisition costs	(1,474)	-
Development of property, plant and equipment	(1,339)	(637)
Refund of exploration bond	-	5
Proceeds on disposal of fixed assets	-	52
Net cash used in investing activities	(2,813)	(2,065)
Cash flows from financing activities		
Common shares issued on exercise of options	56	30
Common shares issued on exercise of warrants	-	274
Advances from non-controlling interest	14,029	8,044
Loan principal paid	(12,378)	(6,384)
Interest paid	(1,964)	(2,227)
Finance lease payments	(2,457)	(1,609)
Net cash used in financing activities	(2,714)	(1,872)
Effect of foreign exchange rate changes on cash and cash equivalents	944	(195)
Decrease in cash and cash equivalents	(2,565)	(1,283)
Cash and cash equivalents - Beginning of period	45,133	31,409
Cash and cash equivalents - End of period	42,568	**30,126**

Supplementary cash flow disclosures (note 16)

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

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited in thousands of Canadian dollars, except for number of shares)

Attributable to equity owners of the company

	Number of Share	Amount $	Contributed surplus $	Retained earnings (deficit) $	Total $	Non-controlling interest $	Total equity $
Balance January 1, 2017	132,650,927	194,208	14,773	(73,656)	135,325	60,208	195,533
Shares issued on exercise of options	70,776	30	-	-	30	-	30
Shares issued on exercise of warrants	365,000	274	-	-	274	-	274
Fair value of options exercised	-	16	(16)	-	-	-	-
Fair value of warrants exercised	-	60	(60)	-	-	-	-
Share based compensation	-	-	509	-	509	-	509
Income for the period	-	-	-	4,723	4,723	2,394	7,117
Balance March 31, 2017	**133,086,693**	**194,588**	**15,206**	**(68,933)**	**140,861**	**62,602**	**203,463**
Shares issued on exercise of options	113,739	61	-	-	61	-	61
Shares issued on exercise of warrants	1,084,750	814	-	-	814	-	814
Fair value of options exercised	-	28	(28)	-	-	-	-
Fair value of warrants exercised	-	179	(179)	-	-	-	-
Share based compensation	-	-	725	-	725	-	725
Income for the year	-	-	-	43,240	43,240	17,451	60,222
Balance December 31, 2017	**134,285,192**	**195,670**	**15,724**	**(25,693)**	**185,701**	**79,584**	**265,285**
Shares issued on exercise of options	89,516	56	-	-	56	-	56
Fair value of options exercised	-	32	(32)	-	-	-	-
Share based compensation	-	-	552	-	552	-	552
Loss for the period	-	-	-	(5,251)	(5,251)	(1,215)	(6,466)
Balance March 31, 2018	**134,374,708**	**195,758**	**16,244**	**(30,944)**	**181,058**	**78,369**	**259,427**

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

1 General Information and liquidity

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

As at March 31, 2018, the Company had negative working capital of $3.2 million compared to working capital of $6.9 million at December 31, 2017. Included in the negative working capital is $59.3 million due to MMC (Note 15 (c)) and this amount is not expected to be repaid within the next twelve months, however the Company does not have the contractual right to extend payment and therefore has classified the balance due to MMC as a current liability. The Company has no future material commitments for capital expenditures as of March 31, 2018.

The strength of US denominated commodity prices have had a positive impact on the Company's operating results, with operating income of $3.3 million and cash inflows from operations of $2.0 million for the three months ended March 31, 2018. In the next twelve months the Company has contractual obligations which are due in US dollars including senior credit facility and term loan payments of approximately US$33.7 million, which the Company expects to be able to fund through cash on hand and cash flows from operations. A payment of US$9.6 million was made in February 2018 by MMC to Similco Finance on the Company's behalf.

Despite the strength of copper prices, the Company continues to review its near term operating plans and continues to take steps to reduce costs and maximize cash flow from operations, while still maintaining copper output levels. The Company remains vigilant for ongoing opportunities to reduce costs and improve net cash generation.

Management has received an extension of the required funding of the debt service and capex reserve accounts relating to the Company's Senior Credit Facility by providing corporate guarantees. The extension expires June 30, 2018 and although such extensions have been obtained in the past there are no guarantees they will continue to be obtained in the future.

2 Basis of presentation

a. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and follow the same accounting policies and methods of application, except as explained in Note 3, as the Company's most recent annual audited consolidated financial statements which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"). These condensed consolidated interim financial statements were approved for issue on April 26, 2018 by the Board of Directors.

b. Foreign currency translation

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

3 Significant Accounting Policies

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2017 except for those policies noted below.

IFRS 15 – Revenue from contracts with customers

The Company adopted IFRS 15 effective January 1, 2018. IFRS 15 addresses revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

The Company has concluded there were no significant changes in the accounting for concentrate sales as a result of the transition to IFRS 15.

The following is the new accounting policy for revenue recognition under IFRS 15:

Revenue Recognition

Revenue is generated from the sale of metals in concentrate.

The Company produces copper concentrate, which also includes gold and silver. The Company's performance obligations relate primarily to the delivery of concentrate to customers, with each shipment representing a separate performance obligation.

Revenue from the sale of copper concentrate is recognized at the point the customer obtains control of the product. Control is transferred when title has passed to the purchaser and the customer controls the risks and rewards of ownership and the Company has a present right to payment for the product. Control over copper concentrate is transferred to the customer and revenue is recognized when the material crosses the rail of the vessel for shipment.

Copper concentrate is sold under pricing arrangements where final prices are determined by market prices subsequent to the date of sale (the "quotational period"). Revenue from concentrate sales is recorded based on the estimated amounts to be received. Adjustments are made to settlements receivable in subsequent periods based on fluctuations in market prices until the date of final metal pricing. These subsequent changes in the fair value of the settlements receivable are recorded in revenue but shown separately from revenue arising from contracts with customers.

IFRS 9 – Financial Instruments

The Company adopted IFRS 9 effective January 1, 2018. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit and loss, at fair value through other comprehensive income, and at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings.

The requirements in IAS 39 for classification and measurement were carried forward to IFRS 9 and the Company's accounting policy with respect to financial liabilities remains unchanged.

As a result of the adoption of this standard, the Company has changed its accounting policy for financial assets. The change did not impact the carrying value of any financial assets on the transition date, January 1, 2018.

The following is the new accounting policy for accounts receivable under IFRS 9. All other aspects of our accounting policies for financial instruments as disclosed in note 3.d to the consolidated financial statements for the year ended December 31, 2017 are unaffected:

Settlement receivables

Settlement receivables are amounts due from customers for the sale of copper concentrate in the ordinary course of business.

Settlement receivables arise from the sale of copper concentrates. Settlement receivables are classified as fair value through profit and loss and are recorded at fair value at each reporting period. Changes in fair value of settlements receivable are recorded as a separate component of revenue.

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

4 Accounts receivable and prepaid expenses

	March 31, 2018 $	December 31, 2017 $
Amounts due from concentrate sales	38,413	15,348
Pricing adjustments	(5,921)	10,691
GST and other receivables	2,085	1,890
Prepaid expenses	1,617	1,385
	36,194	**29,314**

5 Inventory

	March 31, 2018 $	December 31, 2017 $
Supplies	17,357	16,971
Ore stockpile	38,034	37,443
Crushed ore stockpile	3,047	2,415
Copper Concentrate	6,966	11,306
	65,404	**68,135**
Low grade stockpile[1]	**99,811**	**91,021**

Inventory expensed during the three months ended March 31, 2018 totaled $68,120 (2017 – $58,696).

During the quarter ended March 31, 2018, the Company recorded a write-down of $985 (2017 - $Nil) to the low grade stockpile. These adjustments were necessary to record the low grade stockpile at net realizable value.

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

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

6 Property, plant and equipment

Cost	**Plant and equipment $**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2017	530,515	6,702	159,757	696,974
Additions	9,759	61	1,613	11,433
Disposals	(39)	-	-	(39)
Restoration provision	-	-	43	43
As at December 31, 2017	**540,235**	**6,763**	**161,413**	**708,411**
Additions	2,470	125	-	2,595
Disposals	-	-	-	-
Restoration provision	-	-	35	35
As at March 31, 2018	**542,705**	**6,888**	**161,448**	**711,041**

Accumulated depreciation	**Plant and equipment**	**Exploration and evaluation asset $**	**Mineral properties and mine development costs $**	**Total $**
As at January 1, 2017	(170,434)	-	(63,460)	(233,894)
Depreciation charge	(40,746)	-	(19,730)	(60,476)
As at December 31, 2017	(211,180)	-	(83,190)	(294,370)
Depreciation charge	(10,407)	-	(5,275)	(15,682)
As at March 31, 2018	**(211,587)**	**-**	**(88,465)**	**(310,052)**
Net book value				
As at December 31, 2017	329,056	6,763	78,223	414,041
As at March 31, 2018	**321,118**	**6,888**	**72,983**	**400,989**

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

7 Accounts payable and accrued liabilities

	March 31, 2018 $	December 31, 2017 $
Trade accounts payable	20,245	23,882
Accrued liabilities	17,355	16,635
Current portion of interest rate swap liability (note 9(b))	811	1,040
Deferred Share Units liability	208	291
Restricted Share Units liability	279	273
	38,898	**42,122**

8 Deferral of electricity payments

For the period ended March 31, 2018, the Company has deferred electricity payments totalling $394 under BC Hydro's five-year power rate deferral program for BC mines. The program became effective March 1, 2016 and allows the Copper Mountain mine to defer up to 75% of electricity costs. The deferral amount is based on a formula incorporating the average copper price during the preceding month priced in Canadian dollars. The balance, plus interest at the prime rate plus 5%, will be repayable on a monthly schedule if the average copper price during the preceding month exceeds a threshold amount. Any remaining deferred balance will be repayable at the end of the five year term. Forecasted copper prices incorporated into the formula require $394 to be repaid in 2018. The current amount due is included in accounts payable. The Company repaid $6,188 in the first quarter of 2018 (2017 - $1,489).

9 Long-term debt

	March 31, 2018 $	December 31, 2017 $
Senior credit facility (b) in US$	102,751	102,624
Term loan (c) in US$	112,739	122,222
Total US$ long term debt in US$	215,490	224,846
Total US$ long term debt in CA$	277,853	282,067
Subordinated loan (a)	13,119	12,978
Leases (d)	10,556	11,977
Total	301,527	307,022
Less: current portion	(48,447)	(48,649)
	253,080	**258,373**

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

a) Subordinated loan

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

b) Senior credit facility

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

The maximum amount available under the SCF was US$162 million which was fully drawn in 2011. The SCF carries a variable interest rate of LIBOR plus 2% and matures on June 15, 2023. The SCF is repayable in twenty four semi-annual instalments which commenced December 15, 2011, with 40% of the principal balance due in the final two years before maturity. The instalments are payable on a fixed schedule, subject to mandatory prepayment based on cash flows relating to the Copper Mountain Mine. As at March 31, 2018 the Company has repaid a total of US$56.7 million in principal and US$21.9 million in interest on the SCF.

Under the terms of the SCF, the Company was required to maintain certain balances up to a total of US $12 million in the debt service reserve account ("DSRA") and the capex reserve account ("CXRA") by June 30, 2012. Since this date, the Company and MMC have jointly guaranteed to June 30, 2018 the amounts owing to the DSRA and the CXRA, as a result no funds were required to be placed on deposit in either of the accounts.

As at March 31, 2018 the SCF has a principal amount outstanding of $135,774 (US$105 million). The outstanding amount of $132,487 is net of issue costs of $3,287.

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

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

Minimum annual payments from March 31	**US$ '000**
2018	14,580
2019	11,745
2020	9,315
2021 – 2023	69,660
	105,300

Under the terms of the SCF, the Company was required to complete an interest rate swap on 70% of the principal amount of the facility. The Company swapped a LIBOR variable rate interest payment stream for a 3.565% fixed rate interest payment stream on US$74 million of the principal. The interest rate swaps mature on December 15, 2020.

As at March 31, 2018 the swap had an unrealized fair value loss of $2,435 (2017 - $3,121). The current portion of $812 is included in accounts payable and accrued liabilities.

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

As at March 31, 2018 the Company is in compliance with all covenants which may result in the event of default of the senior credit facility.

c) Term loan

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

The maximum amount available under the Term Loan was US$160 million which was fully drawn in 2011. The Term Loan carries a variable interest rate of LIBOR plus 0.551% and matures on February 15, 2022. As at March 31, 2018 the Term Loan has a principal amount outstanding of $148,539 (US$115 million). The outstanding amount of $145,365 is net of issue costs of $3,174. 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 2013, with the majority of the loan falling due in the last six instalments. As at March 31, 2018 the Company has repaid a total of US$44.8 million in principal and US$12.2 million in interest on the Term Loan.

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

Minimum annual payments from March 31	**US$**
2018	19,200
2019	32,000
2020	32,000
2021 - 2022	32,000
	115,200

The Company is subject to certain debt covenants on the Term Loan. As at March 31, 2018 the Company is in compliance with all covenants.

d) Leases

Gross finance lease liability and minimum lease payments	**March 31, 2018**	**December 31, 2017**
	$	**$**
Within one year	5,509	6,799
Between two and four years	5,863	5,863
	11,372	12,663
Future interest	(816)	(685)
Finance lease liability	**10,556**	**11,977**

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

10 Provisions

	Decomissioning and restoration provision $	Share-based payment obligations $	Total $
Balance, January 1, 2018	6,260	825	7,085
Share-based payment recovery	-	(45)	(45)
Changes in estimate costs and timing	183	-	183
Unwinding of discount on restoration provision	35	-	35
Payments during the period	-	(279)	(279)
Balance, March 31, 2018	**6,478**	**501**	**6,979**
Less: Current portion of share-based payment obligations included within accounts payable (Note 7)	-	(486)	(486)
Total provision – Non-current	**6,478**	**15**	**6,493**

Balance, January 1, 2017	6,312	116	6,428
Share-based payment expense	-	916	916
Changes in estimate costs and timing	(95)	-	(95)
Unwinding of discount on restoration provision	43	-	43
Payments during the year	-	(207)	(207)
Balance, December 31, 2017	**6,260**	**825**	**7,085**
Less: Current portion of share-based payment obligations included within accounts payable (Note 7)	-	(564)	(564)
Total provision – Non-current	**6,260**	**261**	**6,521**

The Company has a liability for remediation of current and past disturbances associated with mining activities at the Copper Mountain property. At March 31, 2018 the Company used an inflation rate of 1.50% (2017 – 1.30%) and a discount rate of 2.23% (2017 – 2.26%) 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 $7,005 (2017 - $6,954). The expected timing of payment of the cash flows commences in 2028.

The Company has on deposit $8,217 with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain mine site. The Company receives interest on these bonds.

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

11 Share based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 13,000,000 stock options exercisable for a period of up to ten years from the grant date. As at March 31, 2018, the Company had 9,964,719 options outstanding as follows:

	Number of shares	Weighted average exercise price $
Outstanding, December 31, 2017	7,964,235	1.23
Granted	2,090,000	1.28
Exercised	(89,516)	0.62
Outstanding, March 31, 2018	**9,964,719**	**1.25**

Date of stock option grant	Number of options	Exercise price $	Weighted average exercise price $	Expiry date
Feb. 20, 2014	3,200,000	1.92	1.92	Feb. 20, 2019
Sep. 18, 2015	526,250	0.59	0.59	Sep. 18, 2020
Jan. 26, 2016	1,951,802	0.39	0.39	Jan. 26, 2021
June 30, 2016	66,667	0.50	0.50	June 30, 2021
Jan. 25, 2017	1,725,000	1.18	1.18	Jan. 13, 2022
Feb. 1, 2017	100,000	1.23	1.23	Feb. 1, 2020
Feb. 2, 2017	150,000	1.23	1.23	Feb. 2, 2020
Apr. 24, 2017	35,000	0.93	0.93	Apr. 24, 2022
June 30, 2017	120,000	1.05	1.05	Apr. 6, 2022
February 22, 2018	2,090,000	1.28	1.28	Feb. 22, 2023
	9,964,719		**1.25**	

As at March 31, 2018 the following options were both outstanding and exercisable:

Date of stock option grant	Number of options	Exercise price $	Weighted average exercise price $	Expiry date
Feb. 20, 2014	3,200,000	1.92	1.92	Feb. 20, 2019
Sep. 18, 2015	387,500	0.59	0.59	Sep. 18, 2020
Jan. 26, 2016	1,236,734	0.39	0.39	Jan. 26, 2021
Jan. 25, 2017	837,500	1.18	1.18	Jan. 13, 2022
Feb. 1, 2017	100,000	1.23	1.23	Feb. 1, 2020
Feb. 2, 2017	150,000	1.23	1.23	Feb. 2, 2020
Apr. 24, 2017	8,750	0.93	0.93	Apr. 24, 2022
Feb. 22, 2018	522,500	1.28	1.28	Feb. 22, 2023
	6,442,984		**1.37**	

During the period ended March 31, 2018, the total fair value of stock options vesting was $553 (2017 – $523) and had a weighted average grant-date fair value of $0.50 (2017 – $0.77) per option. The fair values of the stock options granted were estimated on the grant date using the Black-Scholes option pricing model. Volatility was determined using a historical daily volatility over the expected life of the options.

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

Weighted average assumptions used in calculating the fair value of options granted during the period are as follows:

	March 31, 2017	**March 31, 2018**
Risk free interest rate	1.17%	2.09%
Expected dividend yield	Nil	Nil
Expected share price volatility	65.4%	65.6%
Expected forfeiture rate	3.3%	3.3%
Expected life	4.9 years	5.0 years

b. Deferred Share Unit and Restricted Share Unit Plans

The Company has other share-based compensation plans in the form of Deferred Share Units ("DSU"), and Restricted Share Units ("RSU"). Units granted under these share-based compensation plans are recorded at fair value on the grant date and are adjusted for changes in fair value each reporting period and until settled. The expense, and any changes which arise from fluctuations in the fair value of the grants, is recognized in share-based compensation in the statement of earnings with the corresponding liability recorded on the balance sheet in provisions (Note 10).

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

	DSUs	**RSUs**
Outstanding, January 1, 2017	4,611,985	512,500
Granted	-	235,000
Forfeited	-	(25,000)
Settled	-	(195,000)
Outstanding, December 31, 2017	4,611,985	527,500
Granted	-	-
Forfeited	-	-
Settled	-	(195,000)
Outstanding, March 31, 2018	**4,611,985**	**332,500**

During the period ended March 31, 2018, the Company recorded share-based compensation recovery of $45 (2017 – expense of $16) related to DSUs and RSUs.

During the period ended March 31, 2018, the total fair value of DSUs and RSUs granted was $Nil (2017 - $226) and had a weighted average grant date fair value of $Nil (2017 - $1.16) per unit.

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

12 Revenue

	2018 $	2017 $
Copper in concentrate	73,874	68,696
Gold in concentrate	9,473	9,888
Silver in concentrate	1,358	1,644
Treatment and refining charges	(6,759)	(6,132)
	77,946	**74,096**

Revenues recognized in the reporting period include the following mark-to-market provisional pricing changes on concentrate sales not yet finalized at the period end.

	2018 $	2017 $
Copper in concentrate	(8,969)	3,169
Gold in concentrate	(651)	129
Silver in concentrate	(145)	678
	(9,765)	**3,976**

13 Expenses by nature

	2018 $	2017 $
Direct mining and milling costs	39,794	36,801
Employee compensation and benefits	12,870	9,860
Depreciation	15,456	12,035
Transportation costs	3,514	4,189
Cost of sales	**71,634**	**62,885**
Corporate employee compensation and benefits	1,538	1,519
Corporate and mine site administrative expenses	936	1,163
General and administration	**2,474**	**2,682**

14 Finance expense

	2018 $	2017 $
Interest on loans	2,917	2,980
Amortization of financing fees	336	348
Loan guarantee fee	77	96
Unwinding of discount on restoration provision	184	13
	3,514	**3,437**

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

15 Related party transactions

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

a. During the three months ended March 31, 2018 the Company sold copper concentrates to MMC with revenues totalling $77,946 (2017 – $74,096) including pricing adjustments.

b. During the three months ended March 31, 2018 the Company accrued interest on the subordinated loan with MMC totalling $115 (2017 - $115).

c. As at March 31, 2018 the Company accrued to MMC a guarantee fee related to the Term Loan of $77 (2017 - $96). The Company has also received aggregate funding advances from MMC totalling $54,149 (2017 - $26,916). These advances bear interest at rates of 2.88% to 4.80% with total interest during the three months ended March 31, 2018 of $348 (2017 - $173).

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

e. Compensation of key management:

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

	2018 $	2017 $
Salaries and short-term employee benefits	1,141	1,337
Share based compensation	473	437
	1,614	**1,774**

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

16 Supplementary cash flow disclosures

a. As at March 31, 2018, cash and cash equivalents consists of guaranteed investment certificates of $781 (2017 – $4,058) and $41,345 in cash (2017 - $34,145) held in bank accounts.

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

	2018 $	2017 $
Change in accounts receivable and prepaid expenses	(6,617)	292
Change in inventory	(5,832)	(7,762)
Change in mineral tax liability	(574)	(787)
Change in accounts payable and accrued liabilities	(3,042)	(9,736)
	(16,065)	**(17,993)**

17 Financial instruments

The fair values of financial asset and financial liabilities approximate their carrying amounts in the condensed consolidated interim statement of financial position.

Fair Value hierarchy

The following table classifies financial assets and liabilities that are recognized on the balance sheet at fair value in a hierarchy that is based on significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at March 31, 2018:

	Level 1 $	Level 2 $	Level 3 $	Total fair value $
Financial assets				
Concentrate receivables (note 4 and 12)	-	32,492	-	32,492
Financial liabilities				
Interest rate swap liability (note 9)	-	2,435	-	2,435

Financial risks factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and commodity price risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks in co-operation with the company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Company's overall risk management program seeks to minimize potential adverse effects on the company's financial performance.

18 Acquisition of Altona Mining Limited

On November 19, 2017 the Company announced the intent to acquire all of the issued and outstanding common shares of Altona Mining Limited ("Altona") of Australia. Under the terms of the transaction, the Company issued 53,538,984 Copper Mountain common shares for 100% of Altona (the "Transaction"). The Transaction closed on April 18, 2018, at which time Altona became a wholly owned subsidiary of the Company.

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, 2018

April 26, 2018

Introduction

Management's discussion and analysis ("MD&A") focuses on significant factors that affected Copper Mountain Mining Corporation's performance and factors that may affect its future performance. In order to better understand the MD&A, it should be read in conjunction with the unaudited condensed consolidated financial statements for the period ended March 31, 2018. The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). The Company's significant accounting policies are set out in Note 3 of audited consolidated financial statements for the year ended December 31, 2017. The Company's financial statements and the MD&A are presented in Canadian dollars and are intended to provide a reasonable basis for the investor to evaluate the Company's development and financial situation.

Forward-Looking Statements

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

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

Highlights

(In thousands of CDN$, other than per share and per pound amounts)	Three months ended March 31, 2018 $	2017 $
Revenues	77,946	74,096
Cash flow from operations before working capital changes	18,083	20,843
Gross profit	6,312	11,211
Operating income	3,332	7,971
EBITDA[1]	11,485	22,819
Adjusted EBITDA	28,553	16,030
Adjusted earnings[2]	10,602	328
Adjusted earnings per share[3]	0.08	0.00
Cash and cash equivalents	42,568	30,126
Accounts receivable	36,194	26,044
Total cash and cash equivalents and accounts receivable	78,762	56,170
Equity	259,427	203,460
Total pounds of copper sold (000's lbs)	21,700	19,000
Total ounces of gold sold (oz)	6,500	6,000
Total ounces of silver sold (oz)	80,600	64,000
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	1.46	1.36
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	1.90	1.86
Average realized copper price (US$)	3.17	2.65

First Quarter Results & Highlights (100%)

- Copper, gold and silver production for the first quarter of 2018 at the Copper Mountain Mine was 23.2 million pounds of copper equivalent which includes 19.9 million pounds of copper, 6,070 ounces of gold and 77,900 ounces of silver.
- Revenue for the period was $77.9 million, from the sale of 21.7 million pounds of copper, 6,500 ounces of gold, and 80,600 ounces of silver, net of pricing adjustments.
- Gross profit for the quarter was $6.3 million.
- Adjusted EBITDA was $28.6 million for the quarter.
- Adjusted earnings for the first quarter of $10.6 million or $0.08 per share.
- Site cash costs for the 2018 first quarter were US$1.46 per pound of copper produced net of precious metal credits.
- Total cash costs for the period were US$1.90 per pound of copper sold net of precious metal credits and after all off-site charges.
- Realized prices on metal sales were US$3.17 per pound of copper, US$1,326 per ounce of gold and US$16.66 per ounce of silver.

[1] Earnings before interest, taxes, depreciation and amortization. Refer to the Non-GAAP Performance measures section of this MD&A.
[2] Adjusted earnings (loss) is a non-GAAP financial measure which removes unrealized /gains/losses on interest rate swaps, pricing adjustments on concentrate metal sales and foreign currency gains/losses.
3 Calculated by dividing the total adjusted earnings by the weighted average number of shares outstanding under the basic method.

Overview

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

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

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

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

In November 2017 the Company announced the intent to acquire Altona Mining Limited ("Altona") an Australian exploration company. Under the terms of the transaction, the Company issued 53,538,984 Copper Mountain common shares for 100% of Altona (the "Transaction"). The Transaction closed on April 18, 2018, at which time Altona became a wholly owned subsidiary of the Company. As a result of the acquisition, Copper Mountain added, to the Copper Mountain Group, 100% of Altona's assets which includes: $30 million in cash, a permitted development project in Queensland, Australia named the Eva Copper Project, and a large mineral land tenure position in a highly prospective area of Queensland, Australia, a mining friendly jurisdiction.

The Company trades on the Toronto Stock Exchange under the trading symbol "CMMC" and on the Australian Stock Exchange under the trading symbol "C6C".

Copper Mountain Mine

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

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

The Company's mining equipment fleet consists of two Komatsu PC 8000 hydraulic shovels, a Hitachi EX 5500 hydraulic shovel, a PC4000 Komatsu shovel, fifteen Komatsu 240 ton capacity haul trucks, seven Euclid

260 ton haul trucks, a Komatsu WA 1200 loader, four Komatsu D375 dozers, and three Caterpillar 16G graders plus other support equipment typical of an operation of this size.

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

Mining activities were mainly focused in the Pit #2, Saddle and the Oriole areas for the first quarter of 2018. During the quarter a total of 16.6 million tonnes of material was mined, including 6.5 million tonnes of ore and 10.1 million tonnes of waste for a strip ratio of 1.54:1. During the quarter the mine experienced abnormally high snow fall causing some challenges in the pit and a minor disruption in power supply. During the quarter mining rates of 184,300 tonnes per day moved were achieved.

During the quarter the mill processed a total of 3.5 million tonnes of ore grading 0.33% copper to produce 19.9 million pounds of copper, 6,070 ounces of gold, and 77,900 ounces of silver. Mill head grade was slightly below guidance for the quarter, while copper recoveries were above the plan at 79%. Mill operating time during the quarter averaged 93% and the mill achieved an average throughput rate of 38,800 tpd during the quarter.

During the quarter, the Company completed a total of four shipments of copper concentrate containing approximately 21.7 million pounds of copper, 6,500 ounces of gold, and 80,600 ounces of silver which generated $78 million in revenue net of treatment and refining charges and pricing adjustments.

The Company currently has 435 operating employees engaged at the mine site.

The following table sets out the major operating parameters for the mine for the three months ended March 31, 2018:

Mine Production Information **Copper Mountain Mine (100% Basis)**	**Three months ended March 31,** **2018**	 **2017**
Mine:		
Total tonnes mined (000's[2])	16,584	17,962
Ore tonnes mined (000's)	6,518	5,698
Waste tonnes (000's)	10,066	12,264
Stripping ratio	1.54	2.16
Mill:		
Tonnes milled (000's)	3,492	3,361
Feed Grade (Cu%)	0.33	0.31
Recovery (%)	78.7	78.9
Operating time (%)	92.5	91.8
Tonnes milled (TPD[3])	38,800	37,350
Production:		
Copper production (000's lbs)	19,900	18,100
Gold production (oz)	6,070	5,900
Silver production (oz)	77,900	64,300

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

Exploration – Mine Site

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

Exploration

The Company completed the acquisition of Altona Mining Limited on April 18, 2018. With the acquisition the Company holds minerals tenures over approximately 4,000km^2 along the Rose Bee fault complex spanning a distance of 250 km that is a dominate land position in the Eastern Mt. Isa Inlier area. The Company is planning to follow up on some of the successful drilling from Altona's 2017 drilling program on the Companion, Veiled and Quamby prospects. These prospects add to an emerging cluster of copper-gold discoveries south of the proposed Eva Copper Project.

Results of Operations

(In thousands of CDN$, other than per share amounts)	Three months ended March 31, 2018 $	2017 $
Revenues	77,946	74,096
Cost of sales[4]	(71,634)	(62,885)
Gross profit	**6,312**	**11,211**
Other income and expenses		
General and administration	(2,474)	(2,682)
Exploration and evaluation	-	(35)
Share based compensation	(506)	(523)
Operating income	**3,332**	**7,971**
Pricing adjustments on concentrate and metal sales	9,765	(3,976)
Finance income	136	145
Finance expense	(3,514)	(3,437)
Current resource tax expense	(345)	(375)
Deferred income and resource tax recovery	1,228	-
Adjusted earnings[5]	**10,602**	**328**
Pricing adjustments on concentrate and metal sales	(9,765)	3,976
Unrealized gain (loss) on interest rate swap	773	(358)
Unrealized (loss) gain on foreign exchange	(8,076)	3,171
Net (loss) income and comprehensive income for the period	**(6,466)**	**7,117**
Net (loss) income and comprehensive (loss) income attributable to:		
Shareholders of the company	(5,251)	4,723
Non-controlling interest	(1,215)	2,394
	(6,466)	**7,117**
(Loss) earnings per share	**(0.04)**	**0.04**
Adjusted earnings per share	**0.08**	**0.00**

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

For the Three Months Ended March 31, 2018

The Copper Mountain mine produced 19.9 million pounds of copper during the three months ended March 31, 2018 compared to 18.1 million pounds of copper in the first quarter of the prior year. The mine shipped and sold a total of 21.7 million pounds of copper, 6,500 ounces of gold, and 80,600 ounces of silver during the three months ended March 31, 2018; compared to a total of 19.0 million pounds of copper, 6,000 ounces of gold and 64,000 ounces of silver during the three months ended March 31, 2017. Site cash costs were US$1.46 per pound of copper produced and total cash costs were US$1.90 per pound sold, net of precious metal credits for the three months ended March 31, 2018; compared to site cash costs of US$1.36 per pound of copper produced and total cash costs of US$1.86 per pound of copper sold, net of precious metal credits for the three months ended March 31, 2017. The increase in site costs for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017 are the result of increases in power rates and the price of fuel during the quarter.

During the period the Company recognized revenues of $78 million, net of pricing adjustments and treatment charges based on an average realized copper price of US$3.17 per pound; this is compared to revenues of $74 million net of pricing adjustments and an average copper price of US$2.65 per pound for the period ended March 31, 2017. The increase in revenues is due to the increase in the sales price of copper and pounds of copper sold over the past quarter along with more ounces of gold and silver being sold as compared to the same period in 2017. During the quarter the Company sold 21.7 million pounds of copper, 6,500 ounces of gold and 80,600 ounces of silver as compared to 19.0 million pounds of copper, 6,000 ounces of gold and 64,000 ounces of silver for the quarter ended March 31, 2017. Mining operations for the three month period ended March 31, 2018 resulted in a gross profit of $6.3 million as compared to a gross profit of $11.2 million for the period ended March 31, 2017. The decrease in gross profit is attributed to the mark-to-market adjustment which decreased revenues by $9.8 million during the quarter. The Company reported a net loss attributable to the shareholders of the Company of $5.2 million or ($0.04) per share for the three months ended March 31, 2018, compared to net earnings of $4.7 million or $0.04 per share for the three months ended March 31, 2017. The decrease in net income for the current quarter compared to the same quarter in 2018 is largely attributable to the non-cash unrealized foreign exchange loss of $8.1 million related to the Company’s debt and interest rate swap that are denominated in U.S. dollars compared to a non-cash unrealized foreign exchange gain of $3.2 million in 2017.

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, 2018, was $71.6 million as compared to $62.9 million for the three month period ended March 31, 2017. The increase in cost of sales during the quarter is a result of increased production costs from the timing of planned major mobile equipment repair jobs on engines, struts, and a bucket rebuild, as well as increased power and diesel fuel costs. This is simply timing of expenditures and not a material change from the annual plan. In addition, there was an increased allocation to cost of sales from increased copper sales during the quarter, as compared to the 2017 quarter.

General and administration expenses for the three months ended March 31, 2018, were $2.5 million compared to $2.7 million for the three months ended March 31, 2017. Non-cash share based compensation reflected an expense of $0.5 million for the three months ended March 31, 2018, compared to an expense of $0.5 million for the three month period ended March 31, 2017.

Other items recorded include finance income of $0.1 million, finance expense of $3.5 million and a current resource tax expense of $0.3 million for the three months ended March 31, 2018, compared to finance income of $0.1 million, finance expense of $3.4 million and a current resource tax expense of $0.4 million for the three months ended March 31, 2017. Finance expense primarily consists of interest on loans and the amortization of loan related financing fees.

Summary of Quarterly Results

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

Quarter	Revenue[6] $	Net Income (Loss) $	Profit (Loss) Attributable to Shareholders $	Cash flow from operations $	Income (Loss) per Share Basic $	Income (Loss) per Share Diluted $
March 31, 2018	77,946	(6,466)	(5,251)	2,018	(0.04)	(0.04)
December 31, 2017	85,687	23,538	16,479	17,445	0.12	0.12
September 30, 2017	77,151	26,573	19,538	11,109	0.15	0.14
June 30, 2017	67,146	10,111	7,223	25,870	0.05	0.05
March 31, 2017	74,096	7,117	4,723	2,850	0.04	0.04
December 31, 2016	84,523	2,881	2,098	22,518	0.01	0.01
September 30, 2016	72,195	(7,937)	(6,098)	15,862	(0.05)	(0.05)
June 30, 2016	62,552	(2,275)	(1,894)	13,720	(0.02)	(0.02)

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

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

Quarter	Revenue $	Adjusted EBITDA $	Cash Flow from Operations before working capital changes $	Adjusted Earnings (Loss) $	Adjusted Earnings (Loss) per Share Basic $
March 31, 2018	77,946	28,553	18,083	10,602	0.08
December 31, 2017	85,687	28,402	31,597	20,374	0.15
September 30, 2017	77,151	27,412	31,570	11,051	0.08
June 30, 2017	67,146	19,108	18,786	4,033	0.03
March 31, 2017	74,096	16,030	20,843	4,304	0.00
December 31, 2016	84,523	24,969	22,518	7,090	0.06
September 30, 2016	72,195	16,611	17,622	(1,332)	(0.01)
June 30, 2016	62,552	10,043	14,335	(5,313)	(0.04)

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

Liquidity Risk

The Company ended the quarter with $42.6 million in cash and cash equivalents, a decrease of $2.5 million from the start of the year. The reduction in cash was a result of not receiving the $22 million of sales proceeds for the last shipment of the quarter until April 4, 2018 due to port congestion that pushed the loading of the last shipment to the very end of the month. As at March 31, 2018, the Company had working capital of $56.1 million (excluding the $59.3 million due to MMC which is not expected to be repaid in the next twelve months) compared with working capital of $50.5 million at December 31, 2017 (excluding the $43.6 million due to MMC which is not expected to be repaid in the next twelve months). The Company has no future material commitments for capital expenditures as of March 31, 2018 other than $7.9 in capital expenditures budgeted for the 2018 year at the Copper Mountain Mine, of which $1.5 million has been incurred.

US denominated commodity prices have an impact on the Company's operating results. During the quarter the Company recorded income from operations of $3.3 million as compared to $8.0 million for the quarter ended March 31, 2017 and recorded cash from operating activities (before working capital changes) of $18.1 million as compared to $20.8 million for the quarter ended March 31, 2017. In the next twelve months the Company has contractual obligations which are due in US dollars including senior credit facility and term loan payments of approximately US$33.7 million, which the Company expects to be able to fund through cash on hand and cash flows generated from operations. However, the current commodity price and exchange rate environment can be volatile and accordingly will have an impact on the Company's cash flows.

Despite the strength of copper prices, the Company continues to review its near term operating plans and continues to take steps to reduce costs and maximize cash flow from operations, while still maintaining copper output levels. The Company remains vigilant for ongoing opportunities to reduce costs and improve net cash generation.

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

As at March 31, 2018 the Company had a total of $8.2 million on deposit with the Government of British Columbia in support of reclamation liabilities at the Copper Mountain Mine. The Company receives interest from these funds on deposit.

As at March 31, 2018, the Company had the following consolidated contractual obligations:

	Contractual Obligation (thousands of CDN$)			
Annual repayments due from March 31,	Long term debt	Lease obligations	Decommissioning & restoration provision	Accounts payable
2018	42,294	4,891	-	38,898
2019	55,143	5,181	-	-
2020	52,010	446	-	-
2021	67,154	38	-	-
2022	40,515	-	-	-
2023 and later	33,855	-	6,493	-
Total	**290,971**	**10,556**	**6,493**	**38,898**

Cash to meet the Company's future cash commitments will come from existing cash on hand and from cash flow from operations. The Company manages liquidity by continuously monitoring and forecasting cash flows.

The Company had no material commitments for capital expenditures as of March 31, 2018.

Capital Resources

As at March 31, 2018, the Company had $42.6 million in cash and cash equivalents on hand and $32.5 million in concentrate sales receivables. Cash on hand at any particular point in time is variable depending on timing of shipments and timing of finalization of past shipments.

Off-Balance Sheet Arrangements

None

Transactions with Related Parties

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

- During the three months ended March 31, 2018 the Company sold copper concentrates to MMC with revenues totalling $77,946 (2017 – $74,096) including pricing adjustments.

- During the three months ended March 31, 2018 the Company accrued interest on the subordinated loan with MMC totalling $115 (2017 – $115).

- As at March 31, 2018 the Company has accrued to MMC a guarantee fee related to the Term Loan of $77 (2017 – $96). The Company has also received funding advances from MMC totalling $54,149 (2017 – $26,916). These advances bear interest at rates of 2.88% to 4.80% with total interest accrued during the three months ended March 31, 2018 of $348 (2017 – $173).

- A company controlled by a director of the Company agreed to purchase 642 acres of land adjoining the mine site for future expansion opportunities. Under the terms of the put/call agreement the Company has the irrevocable right to call the land from the company controlled by the director at any time for the same price as the company controlled by the director paid for the land. Similarly, the company controlled by the director has the irrevocable right to put the land to the Company at any time after January 16, 2016. The purchase price of the land is $1,530 plus interest and out of pocket expenses.

- Key management includes the Company's directors and officers. Compensation awarded to key management during the period is in the table below:

	Three months ended March 31, 2018	2017
	$	$
Salaries and short-term employee benefits	1,141	1,337
Share-based payments	473	437
	1,614	**1,774**

Proposed Transactions

None

Critical Accounting Estimates

The Company's significant accounting policies are presented in note 3 of the audited consolidated financial statements for the period ended December 31, 2017. The preparation of consolidated financial statements in accordance with International Financial Reporting Standard requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the consolidated financial statements. These estimates include:

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

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

Change in Accounting Policies, Including Initial Adoption

No changes to accounting policies have been made for the period ended March 31, 2018 with the exception of the adoption of IFRS 9 and IFRS 15. The same accounting policies and methods of application have been applied as the Company's most recent annual audited consolidated financial statements.

New Accounting Standards Adopted

The Company adopted IFRS 9 – Financial Instruments and IRFS 15 – Revenue from contracts with customers effective January 1, 2018.

IFRS 9 – Financial Instruments

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit and loss, fair value through other comprehensive income, and amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. The requirements in IAS 39 for classification and measurement were carried forward to IFRS 9 and the Company's accounting policy with respect to financial instruments is unchanged.

IFRS 15 – Revenue from contracts with customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The company's revenue recognition policy was unchanged with the adoption of IFRS 15.

Financial Instruments and Other Instruments

Please refer to note 3(d) of the audited financial statements for the year ended December 31, 2017.

Non-GAAP Performance Measures

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

Cash costs per pound

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

Total Cash Cost of Sales Per Pound of Copper Sold		**Three months ended March 31,**
	2018	**2017**
Cost of Sales	**71,634**	**62,885**
Add: Treatment & refining charges	6,759	6,132
Less: non-cash items:		
Depreciation	(15,456)	(12,035)
Cash cost of sales	**62,937**	**56,982**
Average foreign exchange rate (CDN$ to US$)	0.7907	0.7554
Cash cost of sales (US$)	**49,764**	**43,044**
Less: Precious metal credits (US$):	(8,564)	(7,780)
Net cash cost of sales (US$)	**41,200**	**35,264**
Total pounds of copper sold (000's lbs)	**21,700**	**19,000**
Total ounces of gold sold (oz)	6,500	6,000
Total ounces of silver sold (oz)	80,600	64,000
Total cash cost per pound of copper sold net of precious metal credits (US$)	**$1.90**	**$1.86**

Site Cash Cost Per Pound of Copper Produced	Three months ended March 31, 2018	2017
Cash Cost of Sales	62,937	56,982
Net change in concentrate inventory	(3,497)	(2,376)
	59,440	**54,606**
Less: Off-site related costs		
Treatment & refining charges	(6,759)	(6,132)
Transportation costs	(3,514)	(4,189)
Trucking charges	(1,607)	(1,345)
Total Site Cash Costs of Production	**47,560**	**42,940**
Average foreign exchange rate (CDN$ to US$)	0.7907	0.7554
Total Site Cash Costs of Production (US$)	**37,606**	**32,437**
Less precious metal credits (US$)	(8,564)	(7,780)
	29,042	**24,657**
Total pounds of copper produced (000's lbs)	**19,900**	**18,100**
Total ounces of gold produced (oz)	6,070	5,900
Total ounces of silver produced (oz)	77,900	64,300
Site cash costs per pound net of precious metal credits (US$)	**$1.46**	**$1.36**

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, 2018	2017
Average realized copper price for the period (US$ per pound)	$3.17	$2.65
Less:		
Total cash cost of sales net of precious metal credits (US$ per pound sold)	$1.90	$1.86
Cash margin (US$ per pound)	**$1.27**	**$0.79**

Adjusted Earnings

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

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

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

EBITDA and Adjusted EBITDA

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

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

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

EBITDA and Adjusted EBITDA	**Three months ended March 31, 2018**	**2017**
Net (loss) income	(6,466)	7,117
Add (Deduct):		
Finance income	(136)	(145)
Finance expense	3,514	3,437
Depreciation	15,456	12,035
Current resource tax expense	345	375
Deferred income and resource tax recovery	(1,228)	-
EBITDA	**11,485**	**22,819**
Add (Deduct):		
Pricing adjustments on concentrate and metal sales	9,765	(3,976)
Unrealized (gain) loss on interest rate swaps	(773)	358
Unrealized foreign exchange loss	8,076	(3,171)
Adjusted EBITDA	**28,553**	**16,030**

Other MD&A Requirements

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

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

	Expiry Date	Exercise Price	Number	Number
Common shares				187,913,692
Share purchase options	Feb. 20, 2019	1.92	3,200,000	
	Sep. 18, 2020	0.59	526,250	
	Jan. 26, 2021	0.39	1,951,802	
	June 30, 2021	0.50	66,667	
	Jan. 13, 2022	1.18	1,725,000	
	Feb. 1, 2020	1.23	100,000	
	Feb. 2, 2020	1.23	150,000	
	Apr. 24, 2022	0.93	35,000	
	Apr. 6, 2022	1.05	120,000	
	Feb. 22, 2023	1.28	2,090,000	
			9,964,719	
Warrants	August 2, 2019	0.75	**5,096,750**	
Fully diluted shares outstanding				**202,975,161**

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. There have been no changes in our internal control over financial reporting and disclosure controls and procedures during the period ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

Risks and Uncertainties

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