COPPER MOUNTAIN
MINING CORPORATION

ASX Appendix 4D – Financial Report

Half year ended June 30, 2018

ABN 623 316 549

Results for announcement to the market

				June 30, 2018 (CAD $'000)	June 30, 2017 (CAD $'000)
Revenues from ordinary activities	**Up**	**13%**	**to**	**162,150**	**141,242**
Profit/(Loss) after tax from ordinary activities attributable to members	**Down**	**126%**	**to**	**(3,062)**	**11,946**
Profit/(Loss) after tax attributable to members	**Down**	**126%**		**(3,062)**	**11,946**
Earnings (loss) per share (CAD Cents)	**Down**	**122%**		**(0.02)**	**0.09**

Dividends	**Amount per security**	**Franked amount per security**
It is not proposed to pay dividends for the year	**N/A**	**N/A**
Previous corresponding year: No dividend paid	**N/A**	**N/A**
An explanation of the results is included in the Management Discussion & Analysis and the Financial Statements attached.		
Net tangible (liabilities)/assets per share	**$1.74**	**$1.50**
Other		
Previous corresponding period is the six months ended June 30, 2018		
All foreign subsidiaries are prepared using IFRS		
Commentary on Results for the six months An explanation of the results is included in the Management Discussion & Analysis and the Financial Statements attached.		

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

MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A") OF FINANCIAL CONDITION & THE RESULTS OF OPERATIONS FOR THE PERIOD ENDED JUNE 30, 2018

August 3, 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 consolidated financial statements for the period ended June 30, 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. Capital and operating cost estimates are based on extensive research by the Company, recent estimates of construction and mining costs and other factors that are set out herein and in the Updated Feasibility Study. Production estimates are based on mine plans and production schedules, which have been developed by the Company's personnel and independent consultants. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "targets" and similar expressions , or that events or conditions "will", "would", "may" , "could", or "should" occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, but are not limited to: general business, economic, competitive, political and social uncertainties; the limited operating history of the Company; actual results of reclamation activities; conclusions of economic evaluations; fluctuations in the value of the Canadian dollar relative to the United States dollar; changes in project parameters as plans continue to be refined; failure of equipment or process to operate as anticipated; changes in labor costs and other costs and availability of equipment or processes to operate as anticipated; accidents, labor disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavorable operating conditions and losses, detrimental events that interfere with transportation of concentrate or the smelters ability to accept concentrate, including declaration of Force Majeure events, insurrection or war; delays in obtaining governmental approvals or revocation of governmental approvals; title risks and Aboriginal land claims; delays or unavailability in financing or in the completion of development or construction activities; failure to comply with restrictions and covenants in senior loan agreements, actual results of current exploration activities; volatility in Company's publicly traded securities; and the factors discussed in the section entitled "Risk Factors" in the Company's annual information form and in the Company's continuous disclosure filings available under its profile on SEDAR at www.sedar.com. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

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

Highlights

(In thousands of CDN$, other than per share and per pound amounts)	Three months ended June 30, 2018 $	2017 $	Six months ended June 30, 2018 $	2017 $
Revenues	84,204	67,146	162,150	141,242
Cash flow from operations	40,121	25,870	42,139	28,720
Gross profit	20,672	8,321	26,984	19,532
Operating income	16,700	6,413	20,032	14,384
EBITDA[1]	22,552	25,186	34,037	48,005
Adjusted EBITDA[1]	21,830	19,108	50,383	35,138
Adjusted earnings[2]	2,916	4,033	13,518	4,361
Adjusted earnings per share[3]	0.02	0.03	0.08	0.03
Cash and cash equivalents			72,090	37,104
Accounts receivable			15,849	17,001
Total cash and cash equivalents and accounts receivable			87,939	54,105
Equity			328,195	213,857
Total pounds of copper sold (000's lbs)	19,900	17,600	41,600	36,600
Total ounces of gold sold (oz)	6,300	6,300	12,800	12,300
Total ounces of silver sold (oz)	70,000	62,700	150,600	126,700
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	1.40	1.31	1.41	1.35
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	1.80	1.74	1.83	1.80
Average realized copper price (US$)	3.12	2.58	3.15	2.62

Quarter Results & Highlights (100%)

- Production for the second quarter 2018 at Copper Mountain Mine was 20.0 million pounds of copper, 6,500 ounces of gold and 68,400 ounces of silver.
- Revenue for the second quarter 2018 was $84.2 million, from the sale of 19.9 million pounds of copper, 6,300 ounces of gold, and 70,000 ounces of silver, net of pricing adjustments.
- Gross profit for the quarter was $20.7 million.
- Cash flow from operations for the quarter was $40.1 million.
- EBITDA of $22.6 million for the quarter.
- Site cash costs for the second quarter 2018 were US$1.40 per pound of copper produced net of precious metal credits.
- Total cash costs for the quarter were US$1.80 per pound of copper sold net of precious metal credits and all off-site charges.
- Realized prices on metal sales in the quarter were US$3.12 per pound of copper, US$1,309 per ounce of gold and US$16.58 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%.

The Copper Mountain mine is situated 20 km south of Princeton, British Columbia and 300 km east of the port of Vancouver. Production of copper concentrate from the Copper Mountain Mine commenced during the third quarter of 2011. 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 that has an overall strip ratio of 2:1. The mill is comprised of one SAG mill, two ball mills, a rougher flotation circuit, regrind mill, a cleaner flotation circuit, a concentrate thickener, and a pressure filter. The mill throughput is approximately 14 million tonnes per year. Copper concentrate from the mine is trucked to the port of Vancouver where it is placed in a storage shed for loading onto ocean going vessels for transportation to Japan.

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: $29 million in cash, a permitted development project in Queensland, Australia named the Eva Copper Project, and an extensive 379,000 hectare highly prospective land package within the Mount Isa area.

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

Corporate Update: Acquisition of Altona Mining Ltd.

On April 18, 2018, the Company completed the acquisition of Altona. As part of the transaction, the Company acquired all issued and outstanding commons shares of Altona by way of a scheme of arrangement. Pursuant to the arrangement, the shareholders of Altona received 53,538,984 common shares of the Company for total consideration of $67 million.

The acquisition has been accounted for as an asset acquisition. For accounting purposes, the second quarter consolidated financial statements include Altona's operating results for the period from April 18, 2018 to June 30, 2018. For more information please read Note 3 of our unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2018.

The following table sets out the major operating parameters for the mine for the three and six months ended June 30, 2018.

Mine Production Information **Copper Mountain Mine (100% Basis)**	**Three months ended June 30,** **2018**	 **2017**	**Six months ended June 30,** **2018**	 **2017**
Mine:				
Total tonnes mined (000's[4])	19,519	18,207	36,103	36,169
Ore tonnes mined (000's)	4,030	6,293	10,548	11,991
Waste tonnes (000's)	15,490	11,914	25,555	24,178
Stripping ratio	3.84	1.89	2.42	2.03
Mill:				
Tonnes milled (000's)	3,368	3,246	6,859	6,608
Feed Grade (Cu%)	0.34	0.31	0.33	0.31
Recovery (%)	81	78	80	78
Operating time (%)	89	82	91	87
Tonnes milled (TPD[5])	37,000	35,700	37,900	36,500
Production:				
Copper production (000's lbs)	20,000	17,200	39,900	35,300
Gold production (oz)	6,500	5,900	12,600	11,800
Silver production (oz)	68,400	63,200	146,300	127,500
Site cash costs per pound of copper produced (net of precious metal credits) (US$)	1.40	1.31	1.41	1.35
Total cash costs per pound of copper sold (net of precious metal credits) (US$)	1.80	1.74	1.83	1.80

Mining activities were mainly focused in the Pit #2 west Saddle and Oriole areas for the second quarter of 2018. During the quarter a total of 19.5 million tonnes of material was mined, including 4.0 million tonnes of ore and 15.5 million tonnes of waste for a strip ratio of 3.8:1. The increased strip ratio was planned as the mining area between the Pits is being expanded as the next pushback on Pit 2 West has now begun. A total of 215,000 tonnes per day moved was achieved during the quarter.

During the quarter the mill processed a total of 3.4 million tonnes of ore grading 0.34% copper to produce 20.0 million pounds of copper, 6,500 ounces of gold, and 68,400 ounces of silver. Production was marginally impacted in the second quarter by a reduction in mill throughput as a result of the replacement of two mill transformers and a SAG mill liner change. During the Quarter, the Company accelerated the installation of two oil filled transformers for the SAG Mill, which were commissioned at the end of July 2018.

Second quarter copper recoveries of 81% were above plan and mill operating time during the quarter averaged 89%. The mill achieved an average throughput rate of 37,000 tpd and mill head grade of 0.34% was slightly above guidance for the quarter.

Production in the first half of 2018 was on track as planned. Production in the third quarter is forecast to be lower than the second quarter as a result of planned lower grade. Production is expected to be strongest in the fourth quarter. The Company maintains 2018 annual production guidance of 80 million pounds of copper (+/- 5%).

[4] Excludes ore re-handle from stockpile
[5] Tonnes per calendar day

Site cash costs were US$1.40 per pound of copper produced, net of precious metal credits, and total cash costs were US$1.80 per pound sold, net of precious metal credits, for the three months ended June 30, 2018; compared to site cash costs of US$1.31 per pound of copper produced and total cash costs of US$1.74 per pound of copper sold, net of precious metal credits for the three months ended June 30, 2017. Site cash costs were increased on a per pound of copper basis as a result of additional costs associated with the increased waste removal during the period, and the costs associated with the repairs to the ball mill transformers during the period.

For the six months ended June 30, 2018, the Copper Mountain mine produced 39.9 million pounds of copper compared to 35.3 million pounds in the prior year. The mine shipped and sold a total of 41.6 million pounds of copper, 12,800 ounces of gold, and 150,600 ounces of silver during the six months ended June 30, 2018 compared to 36.6 million pounds of copper, 12,300 ounces of gold and 126,700 ounces of silver during the six months ended June 30, 2017. Site cash costs, net of precious metals credits were US$1.41 per pound of copper produced and total cash costs were US$1.83 per pound sold for the six months ended June 30, 2018 compared to site cash costs of $1.35 per pound of copper produced and total cash costs of $1.80 per pound sold for the six months ended June 30, 2017.

Results of Operations

(In thousands of CDN$, other than per share amounts)	Three months ended June 30, 2018 $	2017 $	Six months ended June 30, 2018 $	2017 $
Revenues	84,204	67,146	162,150	141,242
Cost of sales[7]	(63,532)	(58,825)	(135,166)	(121,710)
Gross profit	**20,672**	**8,321**	**26,984**	**19,532**
Other income and expenses				
General and administration	(3,591)	(1,658)	(6,065)	(4,340)
Exploration and evaluation	-	-	-	(35)
Share based compensation	(381)	(250)	(887)	(773)
Operating income	**16,700**	**6,413**	**20,032**	**14,384**
Pricing adjustments on concentrate and metal sales	(6,878)	782	2,887	(3,195)
Finance income	206	211	342	356
Finance expense	(3,847)	(3,298)	(7,361)	(6,734)
Income tax expense	(322)	(96)	(667)	(471)
Deferred income and resource tax expense	(2,943)	-	(1,715)	-
Loss of sale of fixed asset	-	21	-	21
Adjusted earnings[8]	**2,916**	**4,033**	**13,518**	**4,361**
Pricing adjustments on concentrate and metal sales	6,878	(782)	(2,887)	3,195
Unrealized gain (loss) on interest rate swap	229	(416)	1,002	(774)
Unrealized (loss) gain on foreign exchange	(6,385)	7,297	(14,461)	10,467
Loss on sale of fixed asset	-	(21)	-	(21)
Net income (loss) and comprehensive income (loss) for the period	**3,638**	**10,111**	**(2,828)**	**17,228**
Net income (loss) and comprehensive income (loss) attributable to:				
Shareholders of the company	2,189	7,223	(3,062)	11,946
Non-controlling interest	1,449	2,888	234	5,282
	3,638	**10,111**	**(2,828)**	**17,228**
Earnings (loss) per share	**0.01**	**0.05**	**(0.02)**	**0.09**
Adjusted earnings per share	**0.02**	**0.03**	**0.08**	**0.03**

[7] 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 and concentrate treatment costs.
[8] Adjusted earnings (loss) is a non-GAAP financial measure which excludes unrealized gains/losses on derivative instruments, changes in fair value of financial instruments, foreign currency gains/losses, pricing adjustments related to metal sales and non-recurring transactions.

For the Three Months Ended June 30, 2018

During the period the Company recognized net revenues of $84.2 million, which includes $5.9 million in treatment charges based on an average provisional copper price of US$3.12 per pound; compared to revenues of $67.1 million net of pricing adjustments and an average copper price of US$2.58 per pound for the period ended June 30, 2017. The increase in revenue is a result of stronger copper prices and a higher foreign exchange rate for the United States dollar as compared to the same period last year. During the quarter the Company sold 19.9 million pounds of copper and 6,300 ounces of gold as compared to 17.6 million pounds of copper and 6,300 ounces of gold for the period ended June 30, 2017. Mining operations for the three-month period ended June 30, 2018 resulted in a gross profit of $20.7 million as compared to a gross profit of $8.3 million for the period ended June 30, 2017. The Company reported earnings attributable to the shareholders of the Company of $2.2 million or $0.01 per share for the three months ended June 30, 2018, compared to earnings of $7.2 million or $0.05 per share for the three months ended June 30, 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, transportation and treatment costs. The cost of sales for the three month period ended June 30, 2018, was $63.5 million compared to $58.9 million for the three month period ended June 30, 2017.

General and administration expenses for the three months ended June 30, 2018, was $3.6 million compared to $1.7 million for the three months ended June 30, 2017. Non-cash share based compensation reflected an expense of $0.4 million for the three months ended June 30, 2018, compared to an expense of $0.3 million for the three month period ended June 30, 2017.

Other items recorded include finance income of $0.2 million, finance expense of $3.8 million, deferred income and resource tax expense of $2.9 million and a resource tax expense of $0.3 million for the three months ended June 30, 2018, compared to finance income of $0.2 million, finance expense of $3.3 million, and resource tax expense of $0.1 million for the three months ended June 30, 2017. Finance expense primarily consists of interest on loans and the amortization of loan related financing fees.

For the Six Months Ended June 30, 2018

During the period the Company recognized revenues of $162.2 million, net of pricing adjustments and based on an average provisional copper price of US$3.15 per pound compared to revenues of $141.2 million and a provisional copper price of US$2.62 per pound for the six months ended June 30, 2017. Gross profit for the six month period ended June 30, 2018 was $27.0 million as compared to $19.5 million for the period ended June 30, 2017. The increase in gross profit was primarily a function of the increased copper price as compared to the prior year period. The Company reported a loss to the shareholders of the Company of $3.1 million or ($0.02) per share for the six months ended June 30, 2018, compared to net income of $11.9 million or $0.09 per share for the six months ended June 30, 2017. The income for the six months period ended June 30, 2018, recorded an unrealized foreign exchange loss of $14.5 million which was primarily related to the Company's project debt that is denominated in U.S. dollars. This compares to an unrealized foreign exchange gain of $10.5 million for the six month period ended June 30, 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, transportation and treatment costs. The cost of sales for the six month period ended June 30, 2018, was $135.2 million compared to $121.7 million for the six month period ended June 30, 2017.

General and administration expenses for the six months ended June 30, 2018, was $6.1 million compared to $4.3 million for the six months ended June 30, 2017. Non-cash share based compensation reflected an expense of $0.9

million for the six months ended June 30, 2018, compared to an expense $0.8 million for the six month period ended June 30, 2017.

Other items recorded include finance income of $0.3 million, finance expense of $7.4 million, deferred income and resource tax expense of $1.7 million and a resource tax expense of $0.7 million for the six months ended June 30, 2018, compared to finance income of $0.4 million, finance expense of $6.7 million, and resource tax expense of $0.5 million for the six months ended June 30, 2017. Finance expense primarily consists of interest on loans and the amortization of loan related financing fees.

Exploration – Mine Site

During the quarter exploration work commenced on the Phase 2 drilling program which is following up on the 2017 program, which was successful in validating and confirming the historical data. The 2017 program also confirmed the significant gold mineralization at New Ingerbelle (see February 1, 2018 press release). The objectives of the Phase 2 drilling program are to continue to expand the New Ingerbelle resource area and to convert Inferred Mineral Resources to the Measured and Indicated status.

A total of 30 holes are planned within a budget of $1.6 million. Complete drill results from this program followed by an updated Mineral Resource estimate is planned in Q3 2018. The initial drill results for the first seven phase 2 drill holes were released on July 23, 2018 (see July 23, 2018 press release).

Exploration - Australia

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's 2018 exploration campaign includes drilling at the Companion and Veiled prospects and will aim to extend previously encountered mineralization and begin towards definition of an NI 43-101/JORC Code compliant Mineral Resource. Additional drilling is planned for the as yet untested Matchbox prospect, located approximately 10 kilometers north of the Companion prospect. The Company's regional drilling objectives will aim to evaluate prospects which remain untested by drilling.

Ground based Induced Polarity (IP) geophysical surveys will also be deployed to guide future drilling at the Reaper, Brolga and Harvest prospects. Systematic regional and detailed soil geochemistry will be executed across regional tenure to develop a new pipeline of targets.

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 which are 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 $
June 30, 2018	84,204	3,638	2,189	40,121	0.01	0.01
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)

Cash flow from operations and Net Income (Loss) and Profit (Loss) attributable to the shareholders varies from period to period primarily as a result of operational performance discussed in the overview section above, and non-cash items such as; changes in foreign exchange rates, share based compensation charges, inventory write-downs 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 of the financial statements if just looking at net income only. Management believe that readers of the financial statements should look to adjusted EBITDA, Adjusted Earnings and Adjusted Earnings per share as an alternative 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 which are reported under IFRS applicable to interim financial reporting.

Quarter	Revenue[6] $	Adjusted EBITDA $	Cash Flow from Operations before working capital changes $	Adjusted Earnings $	Adjusted Earnings (Loss) per Share Basic $
June 30, 2018	84,204	21,830	27,754	2,916	0.02
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)

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

Liquidity

The Company ended the quarter with $72.1 million in cash and cash equivalents, an increase of $27.0 million from the start of the year. As at June 30, 2018, the Company had working capital of $64.8 million (excluding the $56.5 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 June 30, 2018 other than $7.9 in capital expenditures budgeted for the 2018 year at the Copper Mountain Mine, of which $5.9 million has been incurred and $5 million in exploration expenditures for the Cloncurry project, of which 0.9 million has been incurred.

US denominated commodity prices have an impact on the Company's operating results. For the six months ended June 30, 2018 the Company recorded income from operations of $20.0 million as compared to $14.4 million for the six months ended June 30, 2017 and recorded cash from operating activities (after working capital changes) of $42.2 million as compared to $28.7 million for the six months ended June 30, 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.

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, United States or Australian banks.

As at June 30, 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 June 30, 2018, the Company had the following consolidated contractual obligations:

	Contractual Obligation (thousands of CDN$)			
Annual repayments due from June 30,	Long term debt	Lease obligations	Decommissioning & restoration provision	Trade Accounts payable
2018	43,193	4,139	-	30,946
2019	52,582	4,410	-	-
2020	53,648	258	-	-
2021	83,514	271	-	-
2022	41,543	117	-	-
2023 and later	13,261	-	6,376	-
Total	**287,741**	**9,195**	**6,376**	**30,946**

Cash to meet the Company's future cash commitments will come from existing cash on hand and from cash flow from operations. Despite the higher copper price being realized for the first half of 2018, the Company continues to review its near term operating plans and take steps to reduce costs and maximize cash flow from operations, while maintaining copper output levels. The Company manages liquidity by continuously monitoring and forecasting cash flows.

Capital Resources

As at June 30, 2018, the Company had $72.1 million in cash and cash equivalents on hand and $13.2 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 six months ended June, 2018 the Company sold copper concentrates to MMC with revenues totalling $162,150 (2017 – $141,242) including pricing adjustments.

- During the six months ended June 30, 2018 the Company accrued interest on the subordinated loan with MMC totalling $232 (2017 - $232).

- As at June 30, 2018 the Company accrued to MMC a guarantee fee related to the Term Loan of $156 (2017 - $177). The Company has also received aggregate funding advances from MMC totalling $56,483 (2017 - $26,265). These advances bear interest at rates of 2.88% to 4.80% with total interest during the six months ended June 30, 2018 of $410 (2017 - $367).

- 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 Company completed the purchase of the land for a total of $1.72 million inclusive of interest and out of pocket expenses during the period ended June 30, 2018.

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

	Three months ended June 30,		**Six months ended June 30,**	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Salaries and short-term employee benefits	1,408	377	2,514	1,714
Share based compensation	258	147	731	584
	1,666	**524**	**3,245**	**2,298**

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 June 30, 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. The impact of adoption of these new standards is discussed in the interim financial statements for the three months ended March 31, 2018.

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 June 30,**		**Six months ended June 30,**	
	2018	**2017**	**2018**	**2017**
Cost of Sales	**63,532**	**58,825**	**135,166**	**121,710**
Add: Treatment & refining charges	5,933	5,736	12,692	11,869
Less: non-cash items:				
Depreciation	(12,008)	(11,893)	(27,464)	(23,928)
Cash costs of sales	**57,457**	**52,668**	**120,394**	**109,651**
Average foreign exchange rate (CDN$ to US$)	0.7747	0.7435	0.7745	0.7495
Cash costs of sales (US$)	**44,512**	**39,161**	**93,249**	**82,179**
Less: Precious metal credits (US$):	(8,763)	(8,545)	(17,327)	(16,325)
Net cash costs of sales (US$)	**35,749**	**30,616**	**75,922**	**65,854**
Total pounds of contained copper sold (000's)	**19,900**	**17,600**	**41,600**	**36,600**
Total ounces of gold sold	6,300	6,300	12,800	12,300
Total ounces of silver sold	70,000	62,700	150,600	126,700
Cash Cost per pound of copper sold net of precious metal credits (US$)	**$1.80**	**$1.74**	**$1.83**	**$1.80**

Site Cash Cost Per Pound of Copper Produced	**Three months ended June 30,**		**Six months ended June 30,**	
	2018	**2017**	**2018**	**2017**
Cash Cost of Sales	57,457	52,668	120,394	109,650
Net change in concentrate inventory	836	(995)	(2,661)	(3,371)
	58,293	**51,673**	**117,733**	**106,279**
Less: Off-site related costs				
Treatment & refining charges	(5,933)	(5,736)	(12,692)	(11,868)
Transportation costs	(3,444)	(2,989)	(6,958)	(7,178)
Trucking charges	(1,516)	(1,137)	(3,123)	(2,482)
Total Site Cash Costs of Production	**47,400**	**41,811**	**94,960**	**84,751**
Average foreign exchange rate (CDN$ to US$)	0.7747	0.7435	0.7745	0.7495
Total Site Cash Costs of Production (US$)	**36,721**	**31,089**	**73,550**	**63,517**
Less precious metal credits (US$)	(8,763)	(8,545)	(17,327)	(16,325)
	27,957	**22,544**	**56,222**	**47,192**
Total pounds of copper produced	**20,000**	**17,200**	**39,900**	**35,300**
Total ounces of gold produced	6,500	5,900	12,600	11,800
Total ounces of silver produced	68,400	63,200	146,300	127,500
Site cash costs per pound net precious metal credits (US$)	**$1.40**	**$1.31**	**$1.41**	**$1.35**

Cash Margin

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Average realized copper price for the period (US$ per pound)	$3.12	$2.58	$3.15	$2.62
Less:				
Total cash cost of sales net of precious metal credits(US$ per pound sold)	$1.80	$1.74	$1.83	$1.80
Cash margin (US$ per pound)	**$1.32**	**$0.84**	**$1.32**	**$0.82**

Adjusted Earnings (Loss)

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

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

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

EBITDA and Adjusted EBITDA

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

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

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

EBITDA and Adjusted EBITDA	Three months ended June 30, 2018	2017	Six months ended June 30, 2018	2017
Net income (loss)	3,638	10,111	(2,828)	17,228
Add (Deduct):				
Finance income	(206)	(211)	(342)	(356)
Finance expense	3,847	3,297	7,361	6,734
Depreciation	12,008	11,893	27,464	23,928
Current resource tax expense	322	96	667	471
Deferred income and resource tax expense	2,943	-	1,715	-
EBITDA	**22,552**	**25,186**	**34,037**	**48,005**
Add (Deduct):				
Pricing adjustments on concentrate and metal sales	(6,878)	781	2,887	(3,195)
Unrealized loss (gain) on interest rate swaps	(229)	416	(1,002)	774
Unrealized foreign exchange (gain) loss	6,385	(7,296)	14,461	(10,467)
Loss on sale of fixed asset	-	21	-	21
Adjusted EBITDA	**21,830**	**19,108**	**50,383**	**35,138**

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				188,103,692
Share purchase options	Feb. 20, 2019	1.92	3,100,000	
	Sep. 18, 2020	0.59	520,000	
	Jan. 26, 2021	0.39	1,926,802	
	June 30, 2021	0.50	66,667	
	Jan. 13, 2022	1.18	1,700,000	
	Apr. 24, 2022	0.93	35,000	
	Apr. 6, 2022	1.05	120,000	
	Feb. 22, 2023	1.28	2,040,000	
	Apr. 26, 2023	1.37	100,000	
	June 1, 2023	1.07	1,000,000	
	June 7, 2023	1.06	100,000	
	June 20, 2023	1.26	100,000	
			10,808,469	
Warrants	August 2, 2019	0.75	**4,906,750**	
Fully diluted shares outstanding				**203,818,911**

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 June 30, 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.

Copper Mountain Mining Corporation

Condensed Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2018
(Unaudited)

Copper Mountain Mining Corporation

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

	June 30, 2018 $	December 31, 2017 $
Assets		
Current assets		
Cash and cash equivalents	72,090	45,133
Accounts receivable and prepaid expenses (note 4)	15,849	29,314
Inventory (note 5)	56,757	68,135
	144,696	142,582
Deferred acquisition costs	-	1,121
Reclamation bonds (note 9)	8,356	8,228
Deferred tax assets	9,248	10,956
Property, plant and equipment (note 6)	454,232	414,041
Low grade stockpile (note 5)	103,619	91,021
	720,151	**667,949**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	30,946	42,122
Amounts payable to related parties	56,483	43,633
Current portion of long-term debt (note 8)	48,620	48,649
Current tax liability	368	1,285
	136,417	135,689
Provisions (note 9)	6,397	6,521
Interest rate swap liability (note 8)	827	2,081
Long-term debt (note 8)	248,315	258,373
	391,956	402,664
Equity		
Attributable to shareholders of the Company:		
Share capital	262,582	195,670
Contributed surplus	16,554	15,724
Accumulated other comprehensive loss	(535)	-
Accumulated deficit	(28,755)	(25,693)
	249,846	185,701
Non-controlling interest	78,349	79,584
Total equity	328,195	265,285
	720,151	**667,949**

Approved on behalf of the Board of Directors

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

Copper Mountain Mining Corporation

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
For the Three and Six Months Ended June 30,
(Unaudited in thousands of Canadian dollars, except for earnings per share)

	Three months ended June 30, 2018 $	2017 $	Six months ended June 30, 2018 $	2017 $
Revenue (note 11)	84,204	67,146	162,150	141,242
Cost of sales (note 12)	(63,532)	(58,825)	(135,166)	(121,710)
Gross profit	20,672	8,321	26,984	19,532
Other income and expenses				
General and administration (note 12)	(3,591)	(1,658)	(6,065)	(4,340)
Exploration and evaluation	-	-	-	(35)
Share based compensation (note 10)	(381)	(250)	(887)	(773)
Operating income	16,700	6,413	20,032	14,384
Finance income	206	211	342	356
Finance expense (note 13)	(3,847)	(3,298)	(7,361)	(6,734)
Unrealized gain (loss) on interest rate swap	229	(416)	1,002	(774)
Foreign exchange (loss) gain	(6,385)	7,297	(14,461)	10,467
Income (loss) before tax	**6,903**	**10,207**	**(446)**	**17,699**
Current resource tax expense	(322)	(96)	(667)	(471)
Deferred income and resource tax expense	(2,943)	-	(1,715)	-
Net income (loss)	**3,638**	**10,111**	**(2,828)**	**17,228**
Other comprehensive loss				
Foreign currency translation adjustment	(535)	-	(535)	-
Total comprehensive income (loss)	**3,103**	**10,111**	**(3,363)**	**17,228**
Net income (income) attributable to:				
Shareholders of the Company	2,189	7,223	(3,062)	11,946
Non-controlling interest	1,449	2,888	234	5,282
	3,638	**10,111**	**(2,828)**	**17,228**
Earnings (loss) per share:				
Basic	0.01	0.05	(0.02)	0.09
Diluted	0.01	0.05	(0.02)	0.09
Weighted average shares outstanding, basic (thousands)	177,440	133,087	156,116	132,953
Weighted average shares outstanding, diluted (thousands)	181,756	135,284	160,560	136,752
Shares outstanding at end of the period (thousands)	188,104	133,087	188,104	133,087

Copper Mountain Mining Corporation

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

	Three months ended June 30,		Six months ended June 30,	
	2018 **$**	**2017** **$**	**2018** **$**	**2017** **$**
Cash flows from operating activities				
Net income (loss) for the year	3,638	10,111	(2,828)	17,228
Adjustments for:				
Gain on disposal of fixed assets	-	-	-	(21)
Depreciation	12,008	11,893	27,464	23,928
Unrealized foreign exchange loss (gain)	5,118	(7,197)	12,526	(9,787)
Unrealized (gain) loss on interest rate swap	(229)	416	(1,002)	774
Deferred income and resource tax expense	2,991	-	1,708	-
Finance expense	3,847	3,297	7,361	6,734
Share based compensation	381	266	608	773
	27,754	18,786	45,837	39,629
Net changes in working capital items (note 15)	12,367	7,084	(3,698)	(10,909)
Net cash from operating activities	40,121	25,870	42,139	28,720
Cash flows from investing activities				
Cash acquired in acquisition of Altona	29,115	-	29,115	-
Transaction costs	(763)	-	(2,237)	-
Share issue costs	(364)		(364)	-
Deferred stripping activities	(12,463)	-	(12,463)	(1,485)
Purchase of property, plant and equipment	(10,532)	(1,055)	(11,871)	(1,692)
Refund of exploration bond	-	-	-	5
Proceeds on disposal of fixed assets	-	-	-	52
Net cash from (used in) investing activities	4,993	(1,055)	2,180	(3,120)
Cash flows from financing activities				
Proceeds on exercise of options and warrants	143	-	199	304
Advances from non-controlling interest	-	-	14,029	8,044
Payments made to non-controlling interest	(1,469)		(1,469)	-
Loan principal paid	(9,515)	(10,699)	(21,893)	(17,083)
Interest paid	(3,818)	(4,270)	(5,782)	(6,497)
Finance lease payments	(1,532)	(2,428)	(3,989)	(4,037)
Net cash used in financing activities	(16,191)	(17,397)	(18,905)	(19,269)
Effect of foreign exchange rate changes on cash and cash equivalents	599	(441)	1,543	(636)
Increase in cash and cash equivalents	29,522	6,977	26,957	5,695
Cash and cash equivalents - Beginning of period	42,568	30,127	45,133	31,409
Cash and cash equivalents - End of period	72,090	37,104	72,090	37,104

Supplementary cash flow disclosures (note 15)

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 $	Accumulated other comprehensive loss	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	70,766	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	-	-	792	-	-	792	-	792
Income for the period	-	-	-	-	11,946	11,946	5,282	17,228
Balance June 30, 2017	**133,086,693**	**194,588**	**15,489**	**-**	**(61,710)**	**148,367**	**65,490**	**213,857**
Balance January 1, 2018	134,285,192	195,670	15,724	-	(25,693)	185,701	79,584	265,285
Shares issued on acquisition of Altona	53,538,984	66,650	-	-	-	66,650	-	66,650
Shares issued on exercise of options	89,516	56	-	-	-	56	-	56
Shares issued on exercise of warrants	190,000	143	-	-	-	143	-	143
Fair value of options exercised	-	32	(32)	-	-	-	-	-
Fair value of warrants exercised	-	31	(31)	-	-	-	-	-
Share based compensation	-	-	893	-	-	893	-	893
Payments to non-controlling interests	-	-	-	-	-	-	(1,469)	(1,469)
Loss for the period	-	-	-	-	(3,062)	(3,062)	234	(2,828)
Foreign currency translation	-	-	-	(535)	-	(535)	-	(535)
Balance June 30, 2018	**188,103,692**	**262,582**	**16,554**	**(535)**	**(28,755)**	**249,846**	**78,349**	**328,195**

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 maintains its head office at Suite 1700 – 700 West Pender Street, Vancouver, British Columbia. The Company is engaged in the production and sale of metals at the Copper Mountain Mine through a subsidiary owned 75% by the Company and 25% by Mitsubishi Materials Corporation ("MMC"); while also being engaged in the exploration and development of mining properties located in British Columbia, Canada and Queensland, Australia.

As at June 30, 2018, the Company had working capital of $8.3 million compared to working capital of $6.9 million at December 31, 2017. Included in the working capital is $56.5 million due to MMC (Note 14 (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 material commitments for capital expenditures as of June 30, 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.

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, 2019 and although such extensions have been obtained in the past there are no guarantees they will continue to be obtained in the future.

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

2 Statement of compliance

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 as the Company's most recent annual audited consolidated financial statements , except for new IFRS pronoucements adopted on January 1, 2018 which were disclosed in the Company's interim financial statements for the three months ended March 31, 2018, 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 August 2, 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. Exchange differences on the translation of foreign currency entities are recorded in accumulated other comprehensive loss.

c. Principles of consolidation

These consolidated statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control over a subsidiary is defined to exist when the Company is exposed to variable returns from involvement with an investee and has the ability to affect the returns through power over the investee. All intercompany transactions and balances are eliminated on consolidation. Significant subsidiaries of the Company are as follows:

Subsidiary	Location	Ownership Interest	Status	Functional Currency
Copper Mountain Mine (BC) Ltd.	Canada	75%	Consolidated	Canadian dollar
Copper Mountain Operating Company	Canada	100%	Consolidated	Canadian dollar
Princeton GP Ltd.	Canada	75%	Consolidated	Canadian dollar
Similco Finance Ltd.	Canada	75%	Consolidated	US dollar
Copper Mountain (USA) Inc.	United States	100%	Consolidated	US dollar
Copper Mountain Mining Australia Pty Ltd.	Australia	100%	Consolidated	Australian dollar

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

3 Acquisition of Altona Mining Ltd.

On November 19, 2017 the Company announced the intent to acquire all of the issued and outstanding common shares of Altona Mining Limited ("Altona"), a company based in 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.

A preliminary allocation of the purchase, which is subject to final adjustments, is as follow:

	$
53,538,984 common shares of the Company at $1.25 per share	67,015
Transaction costs	3,358
	70,373
Net assets acquired:	
Cash and cash equivalents	29,115
Accounts receivables and prepaids	526
Reclamation bond	121
Property, plant and equipment	45
Exploration and evaluation assets	41,021
Current liabilities	(455)
	70,373

The transaction has been accounted for as an asset acquisition. For the purpose of these consolidated interim financial statements, the purchase consideration has been allocated on a preliminary basis to the fair value of assets acquired and liabilities assumed based on management's best estimates taking into account all available information at the time of acquisition as well as applicable information at the time these consolidated interim financial statements were prepared.

These consolidated interim financial statements include Altona's results from April 18, 2018 to June 30, 2018.

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

4 Accounts receivable and prepaid expenses

	June 30, 2018 $	December 31, 2017 $
Amounts due from concentrate sales	16,133	15,348
Pricing adjustments	(2,887)	10,691
GST and other receivables	1,648	1,890
Prepaid expenses	955	1,385
	15,849	**29,314**

5 Inventory

	June 30, 2018 $	December 31, 2017 $
Supplies	17,026	16,971
Ore stockpile	30,243	37,443
Crushed ore stockpile	1,995	2,415
Copper Concentrate	7,493	11,306
	56,757	**68,135**
Low grade stockpile[1]	**103,619**	**91,021**

Inventory expensed during the six months ended June 30, 2018 totaled $128,208 (2017 – $114,532).

During the six months ended June 30, 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	11,002	43,629	14,302	68,933
Restoration provision	-	-	(79)	(79)
Currency translation adjustment	(92)	(121)	-	(213)
As at June 30, 2018	**551,145**	**50,271**	**175,636**	**777,052**

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	(19,969)	-	(8,481)	(28,450)
As at June 30, 2018	**(231,149)**	**-**	**(91,671)**	**(322,820)**
Net book value				
As at December 31, 2017	329,056	6,763	78,223	414,041
As at June 30, 2018	**319,996**	**50,271**	**83,965**	**454,232**

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

7 Accounts payable and accrued liabilities

	June 30, 2018 $	December 31, 2017 $
Trade accounts payable	13,722	23,882
Accrued liabilities	16,154	16,635
Current portion of interest rate swap liability (note 8(b))	550	1,040
Deferred Share Units liability	220	291
Restricted Share Units liability	300	273
	30,946	**42,122**

8 Long-term debt

	June 30, 2018 $	December 31, 2017 $
Senior credit facility (b) in US$	95,588	102,624
Term loan (c) in US$	112,856	122,222
Total US$ long term debt in US$	208,444	224,846
Total US$ long term debt in CA$	274,479	282,067
Subordinated loan (a)	13,261	12,978
Leases (d)	9,195	11,977
Total	296,935	307,022
Less: current portion	(48,620)	(48,649)
	248,315	**258,373**

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 June 30, 2018 the Company has repaid a total of US$64.0 million in principal and US$23.9 million in interest on the SCF.

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

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 June 30, 2018 the SCF has a principal amount outstanding of $129,060 (US$98 million). The outstanding amount of $125,871 is net of issue costs of $3,189.

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 June 30	**US$ '000**
2018	14,580
2019	8,910
2020	9,720
2021 – 2023	64,800
	98,010

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$69 million of the principal. The interest rate swaps mature on December 15, 2020.

As at June 30, 2018 the swap had an unrealized fair value loss of $1,378 (2017 - $5,069). The current portion of $551 is included in accounts payable and accrued liabilities.

As at June 30, 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 June 30, 2018 the Term Loan has a principal amount outstanding of $151,695 (US$115 million). The outstanding amount of $148,609 is net of issue costs of $3,087. The Term Loan is guaranteed by MMC in exchange for a fee of 0.2% per annum.

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

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 June 30, 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 June 30	**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 June 30, 2018 the Company is in compliance with all covenants.

d) Leases

Gross finance lease liability and minimum lease payments	**June 30, 2018**	**December 31, 2017**
	$	**$**
Within one year	4,656	6,799
Between two and four years	5,106	5,863
	9,762	12,663
Future interest	(567)	(685)
Finance lease liability	**9,195**	**11,977**

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

9 Provisions

	Decomissioning and restoration provision $	Share-based payment obligations $	Total $
Balance, January 1, 2018	6,260	825	7,085
Share-based payment recovery	-	(5)	(5)
Changes in estimate costs and timing	(79)	-	(79)
Unwinding of discount on restoration provision	195	-	195
Payments during the period	-	(279)	(279)
Balance, June 30, 2018	**6,376**	**541**	**6,917**
Less: Current portion of share-based payment obligations included within accounts payable (Note 7)	-	(520)	(520)
Total provision – Non-current	**6,376**	**21**	**6,397**

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 June 30, 2018 the Company used an inflation rate of 1.30% (2017 – 0.90%) and a discount rate of 2.20% (2017 – 2.13%) 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)

10 Share based compensation

a. Stock options

The Company has a stock option plan whereby it can grant up to 17.8 million stock options exercisable for a period of up to ten years from the grant date. As at June 30, 2018, the Company had 10,808,469 options outstanding as follows:

	Number of shares	Weighted average exercise price $
Outstanding, December 31, 2017	7,964,235	1.23
Granted	3,390,000	1.22
Forfeited	(456,250)	1.33
Exercised	(89,516)	0.62
Outstanding, June 30, 2018	**10,808,469**	**1.23**

Date of stock option grant	Number of options	Exercise price $	Weighted average exercise price $	Expiry date
Feb. 20, 2014	3,100,000	1.92	1.92	Feb. 20, 2019
Sep. 18, 2015	520,000	0.59	0.59	Sep. 18, 2020
Jan. 26, 2016	1,926,802	0.39	0.39	Jan. 26, 2021
June 30, 2016	66,667	0.50	0.50	June 30, 2021
Jan. 25, 2017	1,700,000	1.18	1.18	Jan. 13, 2022
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	2,040,000	1.28	1.28	Feb. 22, 2023
April 26, 2018	100,000	1.37	1.37	April 26, 2023
June 1, 2018	1,000,000	1.07	1.07	June 1, 2023
June 7, 2018	100,000	1.26	1.26	June 7, 2023
June 20, 2018	100,000	1.26	1.26	June 20, 2023
	10,808,469		**1.23**	

As at June 30, 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	3,100,000	1.92	1.92	Feb. 20, 2019
Sep. 18, 2015	387,500	0.59	0.59	Sep. 18, 2020
Jan. 26, 2016	1,253,400	0.39	0.39	Jan. 26, 2021
June 30, 2016	33,334	0.50	0.50	June 20, 2021
Jan. 25, 2017	825,000	1.18	1.18	Jan. 13, 2022
Apr. 24, 2017	17,500	0.93	0.93	Apr. 24, 2022
Feb. 22, 2018	510,000	1.28	1.28	Feb. 22, 2023
April 26, 2018	25,000	1.37	1.37	April 26, 2023
June 7, 2018	25,000	1.26	1.26	June 7, 2023
June 20, 2018	25,000	1.26	1.26	June 20, 2023
	6,201,733		**1.36**	

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

During the period ended June 30, 2018, the total fair value of stock options vesting was $902 (2017 – $809) with a weighted average grant-date fair value of $0.51 (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.

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

	June 30, 2017	**June 30, 2018**
Risk free interest rate	1.15%	2.10%
Expected dividend yield	Nil	Nil
Expected share price volatility	65.7%	65.0%
Expected forfeiture rate	3.3%	3.3%
Expected life	4.8 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 9).

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
Expired	(925,000)	-
Forfeited	-	(10,000)
Settled	-	(195,000)
Outstanding, June 30, 2018	**3,686,985**	**322,500**

During the period ended June 30, 2018, the Company recorded share-based compensation recovery of $5 (2017 – expense of $20) related to DSUs and RSUs.

During the period ended June 30, 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 - $1.12) per unit.

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

11 Revenue

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Copper concentrate	78,825	60,885	152,699	129,582
Gold metal sales	9,961	10,707	19,434	20,595
Silver metal sales	1,351	1,290	2,709	2,934
Treatment and refining charges	(5,933)	(5,736)	(12,692)	(11,869)
	84,204	**67,146**	**162,150**	**141,242**

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.

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
	$	$	**$**	**$**
Copper in concentrate	5,830	(891)	(3,139)	2,278
Gold in concentrate	950	194	299	872
Silver in concentrate	98	(84)	(47)	45
	6,878	**(781)**	**(2,887)**	**3,195**

12 Expenses by nature

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Cost of sales				
Direct mining and milling costs	38,773	32,791	78,567	69,592
Employee compensation and benefits	9,307	11,152	22,177	21,012
Depreciation	12,008	11,893	27,464	23,928
Transportation costs	3,444	2,989	6,959	7,178
	63,532	**58,825**	**135,166**	**121,710**
General and administration				
Corporate employee compensation and benefits	1,571	658	3,108	2,177
Corporate administrative and office expenses	2,020	1,000	2,956	2,163
	3,591	1,658	6,065	4,340
	67,123	**60,483**	**141,232**	**126,050**

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

13 Finance expense

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Interest on loans	3,415	2,917	6,332	5,992
Amortization of financing fees	343	353	679	702
Loan guarantee fee	77	177	154	177
Unwinding of discount on restoration provision	12	(149)	196	(137)
	3,847	**3,298**	**7,361**	**6,734**

14 Related party transactions

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

a. During the six months ended June 30, 2018 the Company sold copper concentrates to MMC with revenues totalling $162,150 (2017 – $141,242) including pricing adjustments.

b. During the six months ended June 30, 2018 the Company accrued interest on the subordinated loan with MMC totalling $232 (2017 - $232).

c. As at June 30, 2018 the Company accrued to MMC a guarantee fee related to the Term Loan of $156 (2017 - $177). The Company has also received aggregate funding advances from MMC totalling $56,483 (2017 - $26,265). These advances bear interest at rates of 2.88% to 4.80% with total interest during the six months ended June 30, 2018 of $410 (2017 - $367).

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 Company completed the purchase of the land for a total of $1.72 million inclusive of interest and out of pocket expenses in the period ended June 30, 2018.

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

e. Compensation of key management:

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

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Salaries and short-term employee benefits	1,408	377	2,514	1,714
Share based compensation	258	147	731	584
	1,666	**524**	**3,245**	**2,298**

15 Supplementary cash flow disclosures

a. As at June 30, 2018, cash and cash equivalents consists of guaranteed investment certificates of $781 (2017 – $3,008) and $71,310 in cash (2017 - $34,907) held in bank accounts.

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

	Three months ended June 30,		Six months ended June 30,	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Change in accounts receivable and prepaid expenses	20,294	8,521	13,677	8,813
Change in inventory	3,321	(7,079)	(2,511)	(14,841)
Change in tax liability	(342)	-	(916)	(787)
Change in accounts payable and accrued liabilities	(10,906)	5,642	(13,948)	(4,094)
	12,367	**7,084**	**(3,698)**	**(10,909)**

16 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 June 30, 2018:

	Level 1 $	Level 2 $	Level 3 $	Total fair value $
Financial assets				
Pricing adjustments (note 4 and 11)	-	(2,887)	-	(2,887)
Financial liabilities				
Interest rate swap liability	-	1,378	-	1,378

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.