

COPPER ONE INC.

Condensed Consolidated Interim Financial Statements

Second Quarter Ended June 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed consolidated interim financial statements of Copper One Inc. for the six months ended June 30, 2011 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indication that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the condensed consolidated interim financial statements by an entity's auditor.

Copper One Inc.

(Expressed in Canadian dollars)

Condensed Consolidated Interim Statements of Financial Position

	Notes	June 30, 2011 \$	December 31, 2010 \$	January 1, 2010 \$
			Note 13	Note 13
ASSETS				
Current assets				
Cash and cash equivalents		8,210,678	3,018,766	6,180,734
Receivables		51,714	41,722	57,239
Prepaid expenses and deposits		97,653	55,404	29,338
Total current assets		8,360,045	3,115,892	6,267,311
Non-current assets				
Exploration and evaluation deposits		90,207	95,267	31,001
Exploration and evaluation assets	4	4,517,436	3,816,214	1,949,252
Property and equipment	3	1,917	1,285	-
Total non-current assets		4,609,560	3,912,766	1,980,253
Total assets		12,969,605	7,028,658	8,247,564
LIABILITIES				
Current liabilities				
Payables and accruals		82,934	212,856	131,016
Total current liabilities		82,934	212,856	131,016
EQUITY				
Share capital	5	16,161,527	9,017,877	8,958,199
Reserves		3,877,465	3,573,693	2,937,393
Accumulated deficit		(7,152,321)	(5,775,768)	(3,779,044)
Total equity		12,886,671	6,815,802	8,116,548
Total equity and liabilities		12,969,605	7,028,658	8,247,564
Commitments	9			
Events after the reporting period	14			

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on August 26, 2011. They are signed on the Company's behalf by:

"Alan Edwards", Director
Alan Edwards

"Francois Perron", Director
Francois Perron

(The accompanying notes are an integral part of these condensed consolidated interim financial statements.)

Copper One Inc.

(Expressed in Canadian dollars)

Condensed Consolidated Interim Statements of Comprehensive Loss

	Notes	Three months ended June 30,		Six months ended June 30,	
		2011	2010	2011	2010
		\$	\$	\$	\$
General and administrative expenses					
Amortization	3	236	149	413	198
Consulting services		35,428	68,520	209,933	171,715
Directors' fees		27,319	-	52,391	-
Foreign exchange loss		5,471	(16,872)	15,788	6,307
Investor relations		19,774	31,452	42,705	75,311
Management services	6	26,669	56,478	63,177	99,803
Office		14,456	20,948	37,641	40,745
Professional fees		16,176	5,939	10,599	7,560
Property investigations		(27)	298,747	2,745	301,630
Regulatory and shareholder services		11,577	12,366	20,738	22,319
Rent		11,395	12,944	22,835	22,917
Share-based payments	5	843,394	96,145	881,410	421,832
Travel		1,857	11,893	28,382	29,344
		1,013,725	598,709	1,388,757	1,199,681
Loss before undernoted income (expenses)		(1,013,725)	(598,709)	(1,388,757)	(1,199,681)
Interest and miscellaneous income		5,042	14,489	12,204	18,612
		5,042	14,489	12,204	18,612
Net loss and comprehensive loss for the period		(1,008,683)	(584,220)	(1,376,553)	(1,181,069)
Loss per share, basic and diluted	7	(0.02)	(0.01)	(0.03)	(0.03)
Weighted average common shares outstanding		55,911,021	41,671,042	49,190,118	41,663,911

(The accompanying notes are an integral part of these condensed consolidated interim financial statements.)

Copper One Inc.

(Expressed in Canadian dollars)

Condensed Consolidated Interim Statements of Cash Flows

	Notes	Three months ended June 30,		Six months ended June 30,	
		2011	2010	2011	2010
		\$	\$	\$	\$
Cash provided by (used in):					
Operating activities					
Net loss for the period		(1,008,683)	(584,220)	(1,376,553)	(1,181,069)
Items not involving cash:					
Amortization		236	149	413	198
Share-based compensation		843,394	96,145	881,410	421,832
Foreign exchange		-	(894)	-	-
Changes in non-cash operating working capital:					
Amounts receivable		6,553	(10,586)	(9,992)	25,196
Prepaid expenses		(33,102)	(13,742)	(42,249)	(48,836)
Accounts payable and accrued liabilities		(16,952)	(3,985)	(60,138)	(65,367)
		(208,554)	(517,133)	(607,109)	(848,046)
Investing activities					
Mineral property interests:					
Reclamation deposits		3,520	(72,973)	5,060	(72,973)
Exploration expenditures		(305,063)	(359,148)	(593,816)	(1,303,796)
Acquisition costs		-	-	(65,629)	(52,073)
Purchase of equipment		-	-	(1,044)	(1,779)
		(301,543)	(432,121)	(655,429)	(1,430,621)
Financing activities					
Proceeds from shares issued		6,248,900	9,000	6,486,900	9,000
Share issuance costs		(32,450)	-	(32,450)	-
		6,216,450	9,000	6,454,450	9,000
Net change in cash		5,706,353	(940,254)	5,191,912	(2,269,667)
Cash and cash equivalents, beginning of period		2,504,325	4,851,321	3,018,766	6,180,734
Cash and cash equivalents, end of period		8,210,678	3,911,067	8,210,678	3,911,067
Cash and cash equivalents comprises:					
Cash		2,059,577	718,824	2,059,577	718,824
Cashable guaranteed investment certificates		6,151,101	3,192,243	6,151,101	3,192,243
		8,210,678	3,911,067	8,210,678	3,911,067

Supplementary cash flow information (note 8)

(The accompanying notes are an integral part of these condensed consolidated interim financial statements.)

Copper One Inc.

(Expressed in Canadian dollars)

Condensed Consolidated Interim Statements of Changes in Equity

	Number of Shares	Common Shares \$	Reserves \$	Deficit \$	Shareholders' Equity \$
Balance - January 1, 2010	41,656,701	8,958,199	2,937,393	(3,779,044)	8,116,548
Issuance pursuant to warrants exercised	45,000	9,000	-	-	9,000
Issuance pursuant to stock options exercised	-	-	-	-	-
Fair value of stock options exercised	-	-	-	-	-
Share-based payments	-	-	421,832	-	421,832
Loss for the year	-	-	-	(1,181,069)	(1,181,069)
Balance - June 30, 2010	41,701,701	8,967,199	3,359,225	(4,960,113)	7,366,311

	Number of Shares	Common Shares \$	Reserves \$	Deficit \$	Shareholders' Equity \$
Balance - January 1, 2011	41,834,201	9,017,877	3,573,693	(5,775,768)	6,815,802
Issuance pursuant to warrants exercised	7,182,600	1,480,900	-	-	1,480,900
Fair value of agent warrants exercised	-	201,171	(201,171)	-	-
Issuance pursuant to finder's fee agreement	265,625	111,562	-	-	111,562
Issuance pursuant to stock options exercised	1,880,000	506,000	-	-	506,000
Fair value of stock options exercised	-	376,467	(376,467)	-	-
Private placement, non-flow-through shares, net of issuance costs of \$32,450	8,571,428	2,967,550	-	-	2,967,550
Private placement, flow-through shares	3,750,000	1,500,000	-	-	1,500,000
Share-based payments	-	-	881,410	-	881,410
Loss for the period	-	-	-	(1,376,553)	(1,376,553)
Balance - June 30, 2011	63,483,854	16,161,527	3,877,465	(7,152,321)	12,886,671

(The accompanying notes are an integral part of these condensed consolidated interim financial statements.)

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

1. Nature of operations and continuance of operations

Copper One Inc. (the "Company") was incorporated on November 8, 2005 pursuant to the British Columbia Business Corporations Act and continued under the Alberta Business Corporations Act on January 12, 2006. On August 18, 2008, the Company continued under the British Columbia Business Corporations Act. On October 9, 2009, the Company changed its name from Continent Resources Inc. to Copper One Inc. under the Canada Business Corporations Act. On June 20, 2008, the Company incorporated its wholly-owned subsidiary, Continent Resources (USA) Inc. which then changed its name to Copper One USA, Inc. on September 23, 2009, under the laws of the state of Nevada. The Company's common shares commenced trading on the TSX Venture Exchange on November 16, 2009 under the symbol "CUO" and prior to that on the Canadian National Stock Exchange from July 11, 2007 to November 18, 2009 when it elected to delist.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations, and the recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations.

The financial information is presented in Canadian Dollars ("CDN"), which is the functional currency of the Company.

The head office and principal address of the Company are located at Suite 1980, 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

2. Significant accounting policies

Conversion to International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on or after January 1, 2011, with the option available to early adopt IFRS from periods beginning on or after January 1, 2009 upon receipt of approval from the Canadian Securities regulatory authorities.

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's second IFRS condensed consolidated interim financial statements for part of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011. Previously, the Company prepared its consolidated annual and consolidated interim financial statements in accordance with GAAP.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

2. Significant accounting policies (continued)

Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available on December 31, 2011, the Company's first annual reporting date.

The standards that will be effective or available for voluntary early adoptions in the annual financial statements for the year ending December 31, 2011 are subject to change and may be affected by additional interpretation(s). Accordingly, the accounting policies for the annual period that are relevant to these condensed consolidated interim financial statements will be determined only when the first IFRS financial statements are prepared for the year ending December 31, 2011.

The preparation of these condensed consolidated interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at January 1, 2010 for the purposes of the transition to IFRS, as required by IFRS 1, *First Time Adoption of International Reporting Standards (IFRS 1)*. The impact of the transition from GAAP to IFRS is explained in Note 13.

Basis of consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and its controlled wholly-owned subsidiary Copper One USA, Inc. ("Copper USA"). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the condensed consolidated statements of operations, deficit and comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

2. Significant accounting policies (continued)

Interest income

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

Foreign currencies

The Company's reporting and functional currency is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. The functional currency of Copper USA is the Canadian dollar as Copper USA is considered an extension of the operations of the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange in effect at the end of each reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financing costs

The costs related to equity transactions are deferred until the closing of the equity transactions. These costs are accounted for as a deduction from equity. Transaction costs of abandoned equity transactions are expensed in the statement of operations.

Property and equipment

Equipment is recorded at cost less accumulated depreciation. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location, and condition necessary for its intended use. At each reporting period, the Company evaluates the estimated lives of its property and equipment and changes in circumstances indicating that the carrying value may not be recoverable.

Depreciation is calculated on a straight-line basis over the estimated useful life of 3 years.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of comprehensive income.

Exploration and evaluation assets

The Company's exploration and evaluation assets are intangible assets relating to mineral rights acquired and exploration and evaluation expenditure capitalized in respect of projects that are at the exploration/pre-development stage.

No depreciation charge is recognized in respect of exploration and evaluation assets. These assets are transferred to mine development assets upon the commencement of mine development.

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Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

2. Significant accounting policies (continued)

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditure related to an area of interest where the Company has tenure are capitalized as intangible assets and are recorded at cost less impairment.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

All capitalized exploration and evaluation expenditure is assessed for impairment for each reporting period and is impaired if facts and circumstances indicate that impairment may exist. In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

Decommissioning and rehabilitation liabilities

The Company recognizes the fair value of a decommissioning and restoration liability the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the decommissioning and restoration liability due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

The Company did not have any significant decommissioning and restoration obligations at June 30, 2011.

Share-based payments

The share option plan allows Company employees (including directors and senior executives) and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

2. Significant accounting policies (continued)

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve. No expense is recognized for awards that do not ultimately vest.

At the time when the share options are exercised, the amount previously recognized in share option reserve is transferred to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share option expense is transferred to accumulated losses.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common share and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned nil value and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for agency fee or other transactions costs are accounted for as share-based payments.

Comprehensive loss

Comprehensive loss is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale. The Company does not have any items representing comprehensive income or loss.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

2. Significant accounting policies (continued)

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

Taxation

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period.

(b) Deferred income tax

Deferred income tax is provided using the liability method on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit of loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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Notes to the Condensed Consolidated Interim Financial Statements

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2. Significant accounting policies (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Flow-through instruments

Canadian tax legislation permits a company to issue flow-through instruments whereby the deduction for tax purposes relating to qualified resource expenditures could be claimed by the investors rather than the company.

A flow-through instrument comprises transfer of tax deductions and common shares. Proceeds from an issuance of a flow-through instrument are allocated to liability and equity components in proportion, according to their respective fair values at the date of issuance. Upon renunciation of the flow-through expenditures for Canadian income tax purposes, the related flow-through liability recognized in previous periods in the consolidated statement of financial position will be reversed and recorded as deferred tax liabilities.

Financial instruments – recognition and measurement

All financial assets and financial liabilities are initially recorded at fair value and designated upon inception into one of the following categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Held-to-maturity instruments, loans and receivables and financial liabilities not at fair value but through profit and loss are measured at amortized cost using the effective interest rate method.

The Company has implemented the following classifications for its financial instruments:

- a) Cash and trade receivables have been classified as loans and receivables.
- b) Payables and accruals have been classified as financial liabilities not at fair value through profit and loss.

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Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

2. Significant accounting policies (continued)

Impairment of financial assets

The Company assesses at the end of each reporting period whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade and other receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Derecognition of financial assets and financial liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

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2. Significant accounting policies (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of operations.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, however the increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash. The cash and cash equivalents are mainly denominated in Canadian dollars.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the financial statements and are disclosed in the notes to the financial statements unless their occurrence is remote. Contingent assets are not recognized in the financial statements, but are disclosed in the notes to the financial statements if their recovery is deemed probable.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Significant accounting judgements and estimates

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

2. Significant accounting policies (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- (a) the estimated useful life and the fair value of property and equipment which are included in the consolidated statements of financial position and the related depreciation included in the consolidated statements of comprehensive loss.
- (b) the inputs used in accounting for share purchase option expense in the consolidated statements of comprehensive loss.
- (c) the provision for income taxes which is included in the consolidated statements of comprehensive loss and composition and quantification of deferred income tax assets and liabilities included in the consolidated statement of financial position.
- (d) the recoverability of exploration and evaluation assets in the consolidated statements of financial position.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the June 30, 2011 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

(a) IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”) in its entirety with IFRS 9, *Financial Instruments* (“IFRS 9”) in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. In November 2009 and October 2010, phase 1 of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. The IASB has issued exposure drafts addressing impairment of financial instruments, hedge accounting and the offsetting of financial assets and liabilities, with comments due in March and April of 2011. The complete IFRS 9 is anticipated to be issued during the second half of 2011. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

(b) IFRS 10, Consolidated Financial Statements

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 39, *Financial Instruments: Recognition and Measurement*. The Company has not early adopted the standard and is currently assessing the impact it will have on the condensed consolidated financial statements.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

2. Significant accounting policies (continued)

(c) IFRS 11, Joint Arrangements

IFRS 11 establishes principles for the financial reporting by parties to a joint arrangement. IFRS 11 supersedes current IAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, and is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently evaluating the impact of this standard on its condensed consolidated financial statements.

(d) IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

(e) IFRS 13, Fair Value Measurements

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring value and requires disclosures about fair value measurements. The IFRS 13 applies to IFRSs that require or permit fair value measurements or disclosures about fair value measurements, except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted. The Company is currently assessing the impact of the standards on its condensed consolidated financial statements.

The Company anticipates that the application of these standards, amendments and interpretations will have no material impact on the results and financial position of the Company.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

3. Property and equipment

	Computer equipment \$
Cost	
At December 31, 2009	-
Additions	<u>1,779</u>
At December 31, 2010	1,779
Additions	<u>1,044</u>
At June 30, 2011	<u>2,823</u>
Accumulated Amortization	
At December 31, 2009	-
Charge for the period	<u>493</u>
At December 31, 2010	493
Charge for the period	<u>413</u>
At June 30, 2011	<u>906</u>
Net book value	
At December 31, 2009	-
At December 31, 2010	1,286
At June 30, 2011	<u>1,917</u>

4. Exploration and evaluation assets

The exploration and evaluation assets of the Company are comprised as follows:

	Mineral Properties Canada \$	Mineral Properties USA \$	Total \$
Balance December 31, 2009	-	1,949,252	1,949,252
Additions	-	1,866,962	1,866,962
Balance December 31, 2010	-	3,816,214	3,816,214
Additions	481,949	219,273	701,222
Balance June 30, 2011	481,949	4,035,487	4,517,436

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

4. Exploration and evaluation assets (continued)

(a) Riviere Dore

<u>Canada</u>	<u>Riviere Dore</u>
	\$
Balance December 31, 2010	-
Additions	
Acquisition	127,892
Surveying, geological, geochemical and geophysical	306,320
Exploratory drilling	-
Land maintenance	15,417
Sampling	23,277
Assessing technical feasibility and commercial viability	9,043
Balance June 30, 2011	481,949

In January 2011, the Company entered into an option agreement to acquire up to a 75% equity interest in the Riviere Dore Copper Nickel property ("Riviere") located southeast of the town Val D'Or, Quebec.

Under the terms of the agreement, the Company has the right to earn a 51% interest in Riviere by funding \$5,000,000 of exploration expenditures, paying \$250,000 cash, and issuing 350,000 common shares to Cartier by December 31, 2015. The Company can earn an additional 24% in Riviere, for an aggregate total interest of 75%, by completing a definitive feasibility study or by making further exploration expenditures of \$20,000,000.

In connection with this agreement, the Company paid a finder's fee consisting of 265,625 common shares at a deemed value of \$0.42 per share. If the Company exercises the initial option, the Company agrees to pay an additional 135,625 common shares at a deemed value of \$0.42 per share.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

4. Exploration and evaluation assets (continued)

<u>United States</u>	Lone Mountain	Lone Mountain (LT Ranch)	Mimbres	Teague Springs	Twin Peaks	West Jerome	West Safford	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2009	896,833	111,951	162,679	169,779	179,112	172,490	256,408	1,949,252
Exploration expenditures								-
Acquisition	52,073	104,001	-	-	-	-	-	156,074
Surveying, geological, geochemical and geophysical	448,310	30,560	12,784	920	78,794	95,652	6,539	673,559
Exploratory drilling	639,926	3,277	-	-	161,378	-	-	804,581
Land maintenance	36,341	-	11,426	14,997	10,148	8,605	26,519	108,036
Sampling	2,119	-	-	-	2,912	-	-	5,031
Assessing technical feasibility and commercial viability	80,492	21,167	-	-	18,022	-	-	119,681
Balance, December 31, 2010	2,156,094	270,956	186,889	185,696	450,366	276,747	289,466	3,816,214
Exploration expenditures								-
Acquisition	49,300	-	-	-	-	-	-	49,300
Surveying, geological, geochemical and geophysical	49,456	15,704	277	828	9,534	21,670	2,883	100,352
Exploratory drilling	-	-	-	-	-	-	-	-
Land maintenance	-	-	-	-	-	18,623	-	18,623
Sampling	-	-	-	-	2,131	-	-	2,131
Assessing technical feasibility and commercial viability	48,163	-	-	-	704	-	-	48,867
Balance, June 30, 2011	2,303,013	286,660	187,166	186,524	462,735	317,040	292,349	4,035,487

(b) Southwest Exploration Group ("SEG") Properties

On August 12, 2008, the Company signed an agreement of purchase and sale with SEG to acquire an undivided 100% interest in six properties in Arizona and New Mexico in exchange for US\$450,000, comprised of US\$150,000 on August 12, 2008 (paid), US\$150,000 on completion of the private placement offering (paid), and US\$150,000 on August 12, 2009 (paid).

On August 12, 2008, the Company issued 9,000,000 stock options (the "SEG options") to three SEG principals at an exercise price of \$0.25 per share which would expire on August 11, 2018. The SEG options vest at a rate of 25% on the grant date, 25% on October 12, 2009, 25% on December 12, 2010, and 25% on February 12, 2012. The fair value of the SEG options, using the Black-Scholes option pricing model, was \$2,161,077. Of this amount, the Company recognized \$2,026,747 for the vested portion which was recorded within share option reserve and charged to operations.

On October 13, 2009, the SEG Purchase Agreement was amended. Upon the Company's common shares listing on the TSX Venture Exchange, the expiration of the SEG options was amended to November 16, 2014 (Note 5). All other provisions of the agreement remain unchanged. The modification of the SEG options resulted in no incremental compensation costs.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

4. Mineral Property Interests (continued)

SEG is entitled to a royalty equal to 2% of the net smelter returns (“NSR”). The Company has the option to purchase an additional 0.5% of the NSR from SEG for each of the individual properties in exchange for \$1,000,000 for each property.

As part of the agreement, the Company was assigned an access and purchase agreement that was previously in place relating to surface title to part of the Lone Mountain property, which gives the Company the rights to access to explore the northern part of the property in return for the following payments:

	\$	
February 16, 2007	50,000	(paid by previous group)
February 16, 2008	50,000	(paid by previous group)
February 16, 2009	50,000	(paid)
February 16, 2010	50,000	(paid)
February 16, 2011	50,000	(paid)
February 16, 2012	50,000	
February 16, 2013	<u>4,500,000</u>	
	<u>4,800,000</u>	

The final payment of \$4,500,000 is the purchase price for the surface title to part of the property and the Company has the right to exercise the option to purchase at any time within the option period. Once the purchase payment is made, the Company is not obligated to any further payments.

(c) LT Ranch Property

On October 1, 2009, the Company entered into an exploration and purchase option agreement with LT Ranch LLC, located at the southern portion of the Lone Mountain property. In return for paying US\$100,000, the Company was granted the exclusive right to access and conduct exploration activities on the property for a period of one year, with five annual renewal periods (Year 2 paid) which is granted upon payment of an annual fee to be agreed upon between the Company and the property owner. During the annual exploration period, the Company may exercise an option to purchase the surface title to this portion of the property in return for US\$3,000,000.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

5. Capital and reserves

Preferred Shares

Authorized: unlimited, without par value
Issued and outstanding: nil preferred shares

Common Shares

Authorized: unlimited, without par value

Issued Share Capital

At June 30, 2011 there were 63,483,854 common shares issued and outstanding (December 31, 2010 – 41,834,201 common shares).

Common Shares

- a) During the six months ended June 30, 2011, 7,182,600 warrants were exercised for gross proceeds of \$1,480,900.
- b) During the six months ended June 30, 2011, 1,880,000 stock options were exercised for gross proceeds of \$506,000.
- c) On April 28, 2011, the Company closed a non-brokered private placement raising gross proceeds of \$4,500,000. The private placement consisted of 3,750,000 flow-through units at a price of \$0.40 per unit for gross proceeds of \$1,500,000 and 8,571,428 non-flow-through units at a price of \$0.35 per unit for gross proceeds of \$3,000,000. Each flow-through unit consists of one common share and one non-flow-through warrant where each warrant entitles the holder to purchase one additional common share at a price of \$0.60 for a period of two years. Each non-flow-through unit consists of one common share and one share warrant which entitles the holder to purchase one additional common share of the Company at a price of \$0.50 per share for a period of two years.
- d) In connection with the Riviere Dore agreement, the Company paid a finder's fee consisting of 265,625 common shares at a deemed value of \$0.42 per share.
- e) During the year ended December 31, 2010, the Company issued 67,500 common shares upon the exercise of share purchase warrants for proceeds of \$13,500.
- f) In December 2010, the Company issued 110,000 common shares upon the exercise of stock options for proceeds of \$27,500.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

5. Capital and reserves (continued)

Escrowed shares

As at June 30, 2011, the Company had 247,950 common shares (December 31, 2010 – 535,850) in escrow. Under the terms of the Company's escrow agreements, the remaining escrowed shares will be released as follows:

	Number of Shares
2011	82,650
2012	165,300
	<u>247,950</u>

Warrants

The continuity of warrants for the period ended June 30, 2011 is as follows:

	June 30, 2011		December 31, 2010	
	Number	Weighted Avg. Exercise Price \$	Number	Weighted Avg. Exercise Price \$
Warrants outstanding, beginning of period	14,767,350	0.50	22,912,850	0.44
Issued	12,321,428	0.53	-	-
Expired	(437,500)	0.20	(8,078,000)	0.35
Exercised	(7,182,600)	0.21	(67,500)	0.20
Warrants outstanding, end of period	<u>19,468,678</u>	0.63	<u>14,767,350</u>	0.50

Full share equivalent warrants outstanding and exercisable at June 30, 2011 are as follows:

Expiry Date	Price Per Share	Warrants Outstanding
August 26, 2011	\$ 0.80	6,000,000 (*)
August 26, 2011	\$ 0.80	310,750
August 26, 2011	\$ 0.85	836,500
April 28, 2013	\$ 0.60	3,750,000
April 28, 2013	\$ 0.50	8,571,428
		<u>19,468,678</u>

(*) Subsequent to quarter-end, the expiry date was extended to August 26, 2012.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

5. Capital and reserves (continued)

At June 30, 2011, the Company had 245,250 share purchase warrants (December 31, 2010 – 2,032,250) held in escrow. The share purchase warrants are governed by the October 30, 2009 escrow agreement. The escrowed warrants will be released as follows:

	Number of Shares
2011	81,750
2012	163,500
	<u>245,250</u>

Share purchase option compensation plan

The Company has adopted a Stock Option Plan (the “Plan”) pursuant to which options may be granted to directors, officers, employees and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding common shares at the time of the grant, and the exercise price of each option is equal to or above the market price of the common shares on the grant date. Options granted under the Plan are determined by, and at the discretion of, the Board of Directors.

The continuity of stock options for the period ended June 30, 2011 is as follows:

	June 30, 2011		December 31, 2010	
	Number	Weighted Avg. Exercise Price \$	Number	Weighted Avg. Exercise Price \$
Options outstanding, beginning of period	12,290,000	0.30	11,500,000	0.36
Granted	1,500,000	0.73	900,000	0.49
Exercised	(1,880,000)	0.27	(110,000)	0.25
Options outstanding, end of period	<u>11,910,000</u>	0.36	<u>12,290,000</u>	0.30
Options exercisable, end of period	<u>10,660,000</u>	0.37	<u>10,040,000</u>	0.31

The options outstanding and exercisable at June 30, 2011 are as follows:

Range of Exercise Prices	Outstanding Options			Exercisable Options	
	Number Outstanding	Weighted Average Exercise Price \$	Weighted Average Remaining Contractual Life (Years)	Number Exercisable	Weighted Average Exercise Price \$
\$0.20-\$0.30	8,210,000	0.25	1.46	7,565,000	0.25
\$0.34-\$0.35	700,000	0.35	1.93	975,000	0.35
\$0.36-\$0.64	3,000,000	0.66	4.09	1,500,000	0.60
	<u>11,910,000</u>	0.30	2.88	<u>10,040,000</u>	0.31

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

5. Capital and reserves (continued)

In April 2011, the Company granted 500,000 stock options to a director of the Company at an exercise price of \$0.59 for a period of five years.

In June 2011, the Company granted 1,000,000 stock options to an officer of the Company at an exercise price of \$0.80 for a period of five years.

The fair value of share options awarded to officers, directors and consultants was estimated on the dates of award using the Black-Scholes option pricing model with the following assumptions:

	2011	2010
Risk-free interest rate	2.32%	2.27%
Estimated volatility	103.72%	129%
Expected life	5 years	5 years

The average fair value of share options awarded during the six months ended June 30, 2011 was \$0.73 (December 31, 2010 - \$0.31) estimated using the Black-Scholes option pricing model.

The Black-Scholes option pricing model was developed for use in estimating the fair value of share options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. The Company uses expected volatility rates which are based upon historical volatility rates. Changes in the underlying assumptions can materially affect the fair value estimates.

6. Related party transactions and balances

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

Services provided by:	Notes	Six months ended June 30, 2011	Six months ended June 30, 2010
AE Consulting LLC	(a)	\$ 87,916	\$ 93,131
Baron Global Financial Canada Ltd.	(b)	39,000	39,000
Benoit Moreau	(c)	6,000	-
Compensation benefits to key management	(d)	883,677	168,433
Buena Tierra Developments Ltd.	(e)	-	24,000
Lawrence A. Dick Consulting Ltd.	(f)	-	31,360
Southbranch Resources LLC	(g)	-	68,296

- (a) AE Consulting LLC is a privately-held corporation controlled by a director and former Chief Executive Officer, which provides management and geological services to the Company.
- (b) Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

6. Related party transactions and balances

- (c) Benoit Moreau is the President and Chief Executive Officer, who provides management and geological services to the Company.
- (d) Compensation benefits to key management personnel consist of a former director being paid under a consulting arrangement which totalled \$22,185 (2010 - \$ 46,566), Vice President of Exploration being paid under a consulting arrangement (\$44,935 (2010 – nil), and directors' fees to two directors of \$48,000 (2010 – nil). The total share-based payment is \$883,677 (2010 – \$165,000).
- (e) Buena Tierra Developments Ltd. is a privately-held corporation controlled by a director, which provides geological services to the Company.
- (f) Lawrence A. Dick Consulting Ltd. is a privately-held corporation controlled by a former director, which provides geological services to the Company.
- (g) Southbranch Resources LLC is a privately-held corporation controlled by a former officer and director, which provides geological services to the Company.

Related party payables:

	At June 30, 2011	At December 31, 2010
	\$	\$
Herrick Lau, CFO	-	255
AE Consulting LLC (a)	-	19,145
Thomas R. Kilbey, Vice-President of Exploration	-	22,897
	-	42,297

7. Loss per share

The calculation of the basic and diluted loss per share for the periods presented is based on the following data:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
	\$	\$	\$	\$
Net Loss	(1,008,683)	(584,220)	(1,376,553)	(1,181,069)
Weighted average number of common shares outstanding	55,911,021	41,671,042	49,190,118	41,663,911
	(0.02)	(0.01)	(0.03)	(0.03)

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

8. Supplemental cash flow information

Non-cash financing and investing activities included the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	\$	\$	\$	\$
Shares issued pursuant to exploration and evaluation agreement as finder's fee	-	-	111,562	-
Fair value of agent compensation options exercised	201,171	-	201,171	-
Fair value of share-based compensation options exercised	367,467	-	367,467	-
Mineral property expenditures included in accounts payable	82,069	-	69,785	13,318

9. Commitments

As of September 2009, the Company entered into a five-year consulting agreement whereby the Company agreed to pay a quarterly fee of \$25,000 in return for financial analysis and advice. The Company further agreed to pay a success fee of 1.5% of the total transaction value if: (i) 20% or more of the outstanding common shares of the Company are acquired by a third party; (ii) the Company acquires, merges or amalgamates with another entity; or (iii) all of the assets are acquired by a third party.

In March 2011, the Company terminated this agreement. In June 2011, the Company signed a new agreement with the same terms as the terminated agreement with quarterly fees starting in July 2011.

10. Financial instruments

Classification of Financial Instruments

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's balance sheet as at June 30, 2011 as follows:

	Fair Value Measurements Using			Balance, June 30, 2011 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash and cash equivalents	8,210,678	-	-	8,210,678

The fair values of other financial instruments, which include amounts receivable, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

10. Financial instruments (continued)

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company has certain exploration expenditures and acquisition costs that are denominated in US dollars, and other operating expenses that are in Canadian dollars. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and the US dollars.

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations.

At June 30, 2011 and December 31, 2010 the Company's US dollar denominated monetary assets and monetary liabilities are as follows:

	June 30, 2011	December 31, 2010
	\$	\$
Monetary assets		
Cash and cash equivalents	319,982	584,810
Prepaid expenses	26,400	6,600
	<u>346,382</u>	<u>591,410</u>
Monetary liabilities		
Accounts payable	(72,403)	(122,882)
	<u>(72,403)</u>	<u>(122,882)</u>

The following table discusses the Company's sensitivity to a 10% increase or decrease in the Canadian dollar against the US dollars denominated financial assets above. The sensitivity analysis measures the effect from recalculation of these items as at the balance sheet date by using adjusted foreign exchange rates.

	CDN appreciation by 10%	CDN depreciation by 10%
	\$	\$
June 30, 2011		
Increase (decrease) comprehensive loss	(26,420)	26,420
December 31, 2010		
Increase (decrease) comprehensive loss	(45,287)	45,287

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

10. Financial instruments (continued)

(d) Liquidity Risk

Liquidity risk is managed by ensuring sufficient financial resources are available to meet obligations associated with financial liabilities. The table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

Contractual maturity analysis is as follows:

June 30, 2011	Less than 3 months	3 - 12 months	1-5 years	Longer than 5 years	Total
	\$	\$	\$	\$	\$
Amounts receivable	19,844	31,870	-	-	51,714
Trade payables	82,934	-	-	-	82,934
<hr/>					
December 31, 2011					
Amounts receivable	32,897	8,825	-	-	41,722
Trade payables	212,856	-	-	-	212,856

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

(g) Interest Risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest-bearing assets in relation to cash at banks and GICs carried at floating interest rates with reference to the market. The Company's operating cash flows are substantially independent of changes in market interest rates. The Company has not used any financial instrument to hedge potential fluctuations in interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest bearing borrowings.

The policies to manage interest rate risk have been followed by the Company during prior years and are considered to be effective.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

11. Management of capital risk

The Company manages its cash and cash equivalents, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares and, acquire or dispose of assets.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short term maturities, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period.

12. Segmented information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. Geographic information of the Company's capital assets comprising exploration properties and equipment is as follows:

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
Canada	\$ 481,949	\$ -
United States	4,037,404	265,076
	<u>\$ 4,519,353</u>	<u>\$ 265,076</u>

13. Transition to International Financial Reporting Standards

As stated in Note 2, these are the Company's second condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS.

Initial elections upon IFRS adoption

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

IFRS Exemption options

Share-based payments – IFRS 2 *Share-based payments* encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the transition date. The Company has chosen to apply the exemption under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by the transition date.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

13. Transition to International Financial Reporting Standards (continued)

IFRS Mandatory exceptions

Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any differences in accounting policies.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The Company's first time adoption of IFRS did not have an effect on the total operating, investing and financing cash flows. The following represents the reconciliations from Canadian GAAP to IFRS for the respective periods noted for equity and comprehensive

The accounting policies in Note 2 have been applied as follows:

- in preparing the condensed consolidated interim financial statements for the six months ended June 30, 2011;
- the comparative information for the six months ended June 30, 2010;
- the statement of financial position as at December 31, 2009; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, January 1, 2010.

In preparing the opening IFRS statement of financial position, comparative information for the six months ended June 30, 2011 and the consolidated financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in consolidated financial statements prepared in accordance with Canadian GAAP.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

13. Transition to International Financial Reporting Standards (continued)

Below is the Company's Consolidated Statement of Financial Position as at the transition date January 1, 2010 under IFRS.

	As at January 1, 2010
	\$
ASSETS	
Current assets	
Cash and cash equivalents	6,180,734
Receivables	57,239
Prepaid expenses and deposits	29,338
Total current assets	6,267,311
Non-current assets	
Exploration and evaluation deposits	31,001
Exploration and evaluation assets	1,949,252
Total non-current assets	1,980,253
Total assets	8,247,564
LIABILITIES	
Current liabilities	
Payables and accruals	131,016
Total current liabilities	131,016
EQUITY	
Share capital	8,958,199
Share option reserve	2,937,393
Accumulated deficit	(3,779,044)
Total equity	8,116,548
Total equity and liabilities	8,247,564

The consolidated financial information prepared under IFRS and that prepared under Canadian GAAP for periods beginning on January 1, 2010 have the following major differences:

- (i) Under IFRS, share-based payment transactions which are subject to graded vesting should have the separate tranches valued and amortized over the respective vesting periods separately as if each tranche was a separate award. Canadian GAAP allows the entire award to be valued together and to be amortized on a straight-line basis over the vesting time of the entire award.
- (ii) Under IFRS, there is no specific standard that applies to mineral resource activities before exploration and evaluation i.e. before the entity has obtained the legal right to explore a property. Such expenditures should be expensed, as there would be no basis for asserting such expenditures could generate a future cash flow without property rights. Canadian GAAP does not provide specific guidance on accounting for those costs incurred prior to the time of obtaining a legal right to explore a property. However it does state that the cost of an asset is the amount of consideration given up, including all directly attributable costs, to acquire, construct or develop an asset.

Copper One Inc.

(Expressed in Canadian dollars)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2011

13. Transition to International Financial Reporting Standards (continued)

	January 1, 2010 \$	December 31, 2010 \$
Total assets under Canadian GAAP	8,247,564	7,070,519
Adjustments for different accounting treatments:		
(i) Adjustment for share-based compensation	-	-
(ii) adjustment for exploration and evaluation assets	-	(41,861)
Total assets under IFRS	8,247,564	7,028,658
Total liabilities under Canadian GAAP	131,016	212,856
Adjustments for different accounting treatments:		
(i) Adjustment for share-based compensation	-	-
(ii) adjustment for exploration and evaluation assets	-	-
Total liabilities under IFRS	131,016	212,856
Total equity under Canadian GAAP	8,116,548	7,070,519
Adjustments for different accounting treatments:		
(i) Adjustment for share-based compensation	-	-
(ii) adjustment for exploration and evaluation assets	-	(41,861)
Total equity under IFRS	8,116,548	7,028,658
	January 1, 2010 \$	December 31, 2010 \$
Loss for the year under Canadian GAAP	(3,345,897)	(5,390,023)
Adjustments for different accounting treatments:		
(i) Adjustment for share-based compensation	(433,147)	(343,884)
(ii) adjustment for exploration and evaluation assets	-	(41,861)
Loss for the year under IFRS	(3,779,044)	(5,775,768)

14. Events after the reporting period

In August 2011, the Company extended the expiry date on 6,000,000 warrants from August 26, 2011 to August 26, 2012.