

Copper Mountain Mining Corp. (CUM-T, \$1.46)

Recommendation: Strong Buy

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All values in C\$ unless otherwise noted.

Current Price	\$1.46
Target Price (12-Month)	\$3.50
Target Return	140%

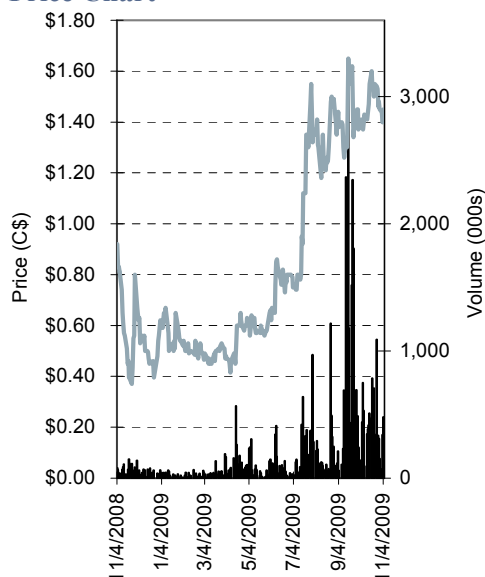
Changes

	Old	New
Rating	Strong Buy	Unchanged
Target	\$3.50	Unchanged
NAV estimate	\$4.68	Unchanged

Company Profile

Copper Mountain Mining Corp. is a Canadian-listed exploration and development company focused on advancing the 75%-owned Copper Mountain copper-porphyry deposit in south-central British Columbia. The large, bulk-tonnage deposit remains open laterally and at depth. We expect commissioning in H2/11, followed by commercial production in 2012. www.cumtn.com

Price Chart



Source: Thomson ONE

Trucking along to Production - Copper Mountain Signs Fleet Agreement

- As expected - \$70mm term-sheet for two shovels & 13 trucks.**
 Capital lease signed for two 42 m³ electric shovels, 13 Komatsu trucks, 1 front-end loader, and 2 dozers, with delivery over next 18 months.
- Fully funded on September \$50mm equity raise; timeline intact.**
 Fleet order helps keep project on timeline for pre-production mining in June 2010, followed by commercial production in 2012.
- Remains cheap relative to peers on a P/NAV basis (0.3x NAV_{8%}).**
 Especially so considering CUM is among the most advanced near-term development projects with financing, permitting and offtake deals set.
- Reiterate Strong Buy rating and \$3.50 target.**
 Our target is based on 0.75x multiple of our 8% NAV estimate of \$4.68/sh. Take-out potential enhanced on Taseko's proposed bid.

Financial Summary

Shares, basic (mm)	31.6	52-Week Range	\$0.31 - \$2.03
Shares, f.d. (mm)	35.3	Avg Weekly Volume	837,467
Shares, f.d., f.f (mm)	80.7	Fiscal Year End	Dec-31
Market Cap, basic (mm)	\$46.1	NAV/Share, f.d.	\$4.68
Working Capital (mm) (1)	\$6.8	P/NAV	0.3 x
	FY08A	FY09E	FY10E
Copper Price (US\$/lb)	3.50	2.12	3.00
Attributable Cu Sales (mm lbs)	0.00	0.00	0.00
Total Cash Costs (US\$/lb) (2)	0.00	0.00	0.00
EPS	0.04	-0.10	-0.04
P/E	36.5 x	nm	nm
CFPS, before W/C Adj.	-0.04	-0.08	-0.04
P/CF	nm	nm	nm

Key Management:

Jim O'Rourke President and CEO
 Rod Shier CFO

Key Shareholders:

Insiders and Management (14%)

(1) Includes \$28.75mm earn-in from Mitsubishi Materials Corp.

(2) Net of by-product gold and silver credits.

Source: WWCM Estimates, Company Reports

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Appendix: P/NAV Comparison of Copper Development Companies

Company	Symbol	Share Price	NAV Est. (f.f., f.d.)	P/NAV
		\$	\$/share	
Augusta Resource Corp	AZC-T	2.61	5.91	0.44x
Candente Resource Corp	DNT-T	0.45	0.92	0.49x
Copper Mountain Mining Corp	CUM-T	1.46	4.68	0.31x
Duluth Metals Ltd	DM-T	1.65	4.28	0.39x
Franconia Minerals Corp	FRA-T	0.38	2.07	0.18x
PolyMet Mining Corp	POM-T	2.69	4.42	0.61x
Nov. 5/09 intraday prices			Average	0.40x
			Avg. excl DM & FRA	0.46x

* Substantial permitting & financing risk associated with most stories (excluding CUM)

Source: WWCMM Estimates, ThomsonOne

Appendix: Summary Cash Flow Statement

	Units	FY08A	FY09E	FY10E	FY11E	FY12E
Realized Cu price est.	US\$/lb	3.50	2.12	3.00	3.25	3.00
US\$/C\$	US\$/C\$	1.00	0.89	0.90	0.90	0.90
Copper Mountain						
Payable Cu sales	mm lbs	0.0	0.0	0.0	37.2	78.0
Total cash costs (1)	US\$/lb	0.00	0.00	0.00	1.19	1.07
Development capex	US\$, mm	0.0	10.2	2.0	243.9	153.0
Sustaining capex	US\$, mm	0.0	0.0	0.0	0.0	5.0
Net Income	\$, mm	-7.0	-7.9	-3.3	45.8	93.1
Depreciation	\$, mm	0.0	0.0	0.0	12.1	25.4
Deferred income tax	\$, mm	0.0	0.0	0.0	14.7	30.8
Other	\$, mm	1.0	1.1	0.0	0.0	0.0
Operating Cash Flow	\$, mm	-6.0	-6.7	-3.3	72.7	149.4
EPS, f.d.	\$/sh	0.04	-0.10	-0.04	0.57	1.15
CFPS, f.d.	\$/sh	-0.04	-0.08	-0.04	0.90	1.85
P/E		36.5x	nm	nm	2.6x	1.3x
P/CF		nm	nm	nm	1.6x	0.8x
Target P/E		75.0x	(30.7x)	(72.6x)	5.3x	2.6x
Target P/CF		(75.0x)	(35.8x)	(72.6x)	3.3x	1.6x
Shares Outstanding, f.d.	mm	31.8	80.4	80.7	80.7	80.7

(1) After by-product gold and silver credits.

Source: WWCMM Estimates, Company Reports

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