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Copper Mountain on track for June start-up, no effect from Japan quake

By: Liezel Hill

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TORONTO (miningweekly.com) – Copper Mountain Mining, which plans to start production at its flagship project in British Columbia in June, said on Thursday that concentrate sales will not be affected by the recent earthquake in Japan.

Japan's Mitsubishi Materials owns a 25% stake in the mine and has an offtake agreement for all of the concentrate produced from the Copper Mountain mine.

Although Mitsubishi has suspended operations and issued some force majeure notices for its Onahama smelter, the group operates another smelter in Japan, as well as a facility in Indonesia.

And while it's unclear when the Onahama smelter will restart, Mitsubishi's reduced capacity to process concentrates itself is not expected to affect the sales of concentrate from Copper Mountain, CEO **Jim O'Rourke** said in an interview on Thursday.

"Under the life-of-mine contract we have with Mitsubishi, they have the right to send (concentrate) to their smelters in Japan, or alternatively they also have the right to divert

it to other smelters around the world, depending on what their loads are like."

The Copper Mountain concentrate is exceptionally clean and easily blendable, "so it's very adaptable to virtually any copper smelter", he commented.

A press release issued by Copper Mountain earlier in the day, stating that Mitsubishi "will implement necessary actions to fulfill its obligations in good faith", was reviewed and approved by Mitsubishi, he said.

Meanwhile, construction at the Copper Mountain project will be completed on schedule by the end of April, followed by commissioning in May, O'Rourke said.

The company expects to complete the \$438-million project within budget, with full production of 100-million pounds of copper a year still expected by the end of June, he said.

O'Rourke said he is comfortable with the firm's operating cost estimate of \$1,30/lb, given that the number was calculated using assumptions from mid-2008, when prices for many inputs were at their peak.

Costs for materials and equipment fell sharply during the economic downturn, but have since rebounded and mining companies are starting to report upward pressure on operating costs.

"I think the costs we used in our feasibility study are probably fairly good, unless we see more increases," he commented.

ACQUISITIONS

O'Rourke said the company has started looking at potential acquisitions, but will want to see an improvement in its stock price before moving on any deals.

"Our main currency is our share price and we believe we are still substantially undervalued, so I think it's premature for us to make a move at this stage."

Once the company has started production from the plant, and is able to demonstrate its abilities as an operator, O'Rourke said he expects a material increase in the share price.

"And that would be the time that we would want to be seriously maybe moving on some acquisitions."

The firm is looking at development assets, typically similar to the Copper Mountain project itself, O'Rourke said.

Copper Mountain shares rose 6% on Thursday, to C\$6.42 apiece by 16:00 in Toronto.

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