

Copper Mountain mine overcomes “startup pains”



By Jenny Wagler Tue Aug 21, 2012 12:01am PST

A year into production at its Copper Mountain mine, Vancouver-based Copper Mountain Mining Corp. (TSX:CUM) is still ironing out mill equipment kinks to achieve full operating capacity.

Company CEO Jim O'Rourke told Business in Vancouver the mine has shipped approximately \$150 million in copper, gold and silver over the past year and has approximately 350 employees at its mine site.

But he added that the mine has been going through “startup pains.”

Chief among those challenges, O'Rourke said, has been faulty mill equipment.

O'Rourke said at mine startup last June, the mill was processing only about 14,000 tonnes a day, which was about half the design capacity of the equipment the company had ordered from its supplier.

In tackling that, he said the company has faced long delivery times for key mill parts such as a grinding mill grate.

He said the mill is now hitting its design throughput rate and the company is monitoring whether the mill can do that consistently.

O'Rourke added that operating time has proved a second challenge at the mill.

He said the company plans for 92% operating time to allow for delays for equipment maintenance. But he said while Copper Mountain was achieving that in April, the rate has since been hit by everything from thunderstorms to mill grate problems.

However, O'Rourke spoke optimistically about the mine's outlook.

“We've gone through the growing pains or the startup pains, and I think we've pretty well licked them. The key now is just to optimize the process and maximize our production.”

He added that the falling price of copper has yet to be a serious concern. O'Rourke said that while the company's costs per pound of copper rose to \$2.15 for the second quarter from \$1.71 in the first, those costs are still well below the ore's per-pound selling price of approximately \$3.35.

“We still have a fair amount of room.”

Haywood Securities mining analyst Stefan Ioannou said the project has generally been well received by the market.

How does he assess its first-year success?

“The mine's up and running obviously, and they're making money, so that's job No. 1 done.”

Ioannou added that the ramp-up has taken longer than expected but noted that the company has been addressing the problems as they've come up.

“Within the last month or so I think they've really turned the corner. But we're probably going to need to see one more quarter of production results out of the company to really have some comfort level in saying that for sure.”