



Copper Mountain Mining Corp. is scaling up operations at Copper Mountain east of Vancouver. The site has been a center of mining activity for more than 100 years.

GEARING UP!

COPPER MOUNTAIN MINING IS MAKING EXCELLENT PROGRESS IN BUILDING A NEW MINE AT AN OLD SITE IN SOUTHERN BRITISH COLUMBIA.

Copper Mountain, in southern British Columbia, is just a three-hour drive east of Vancouver and 15km south of the town of Princeton. The area is no stranger to mining, having nearly 100 years of copper, gold and silver production. What's changing is the scale of the operation.

In 1905, the British Columbia Copper Company made several attempts to get a mine running; but success wasn't achieved until Granby Mining took over in 1927. Over the next 30 years, Granby mined 30 million tons, by underground methods, at a head grade of about 1.3 percent copper. In the 1960s, Newmont Mining explored the area and discovered the Ingerbelle deposit immediately to the west of Granby's operation, but on the other side of the Similkameen River.

Newmont began open pit production on Ingerbelle in 1972 – initially at 16,000 tons/day, later expanding to 20,000t/day. In 1980, Newmont built a conveyor system across the river and established open pits on Copper Mountain. Newmont sold the property to Princeton Mining Corp., in 1988. Princeton expanded operations to 24,000t/day and falling copper prices and increasing stripping requirements resulted in the mine closing at the end of 1996.

■ COMPANY PROFILE

Copper Mountain Mining Corp.

www.cumtn.com

Headquarters: Vancouver, British Columbia

Employees: 36

Specialty: Mining and mine development

Peter Holbek, vice president of exploration: "There are not many sites around that have supported operations for over a 100 years."

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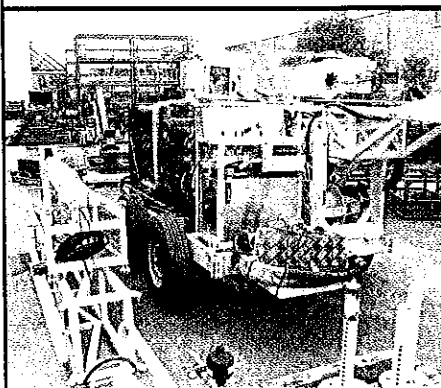
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A New Era

Fast forward to 2006; copper prices were soaring to new highs and Jim O'Rourke's Compliance Coal had an option to purchase the Copper Mountain property. The project was reviewed and a new company, Copper Mountain Mining Corp. was formed to explore, and if successful, ultimately mine the area.

The initial exploration work was successful and plans were laid for a new mining era at Copper Mountain.

A two and half year, +100,000m drilling program, guided by the results from a Quantec Titan24 geophysical survey was successful in expanding resources from around 100Mt to greater than 500Mt (in all categories).

The reserve pit contains 211Mt grading 0.36 percent copper, 0.11g/t gold and 1.6g/t silver, enough for 17 years of production at 35,000 t/day, although conversion of resources into reserves could allow for a longer mine life.

The pit is optimized to provide grades of 0.43 percent Cu for the first five years. Production will be more than 100 million pounds of copper, 27,000 oz Au, and 330,000 oz of Ag, in concentrate per year.

Full Speed Ahead

Production at Copper Mountain is scheduled for June of 2011, only four years after the company went public.

Construction is on track and on budget, with pre-production mining set to commence in late summer of this year.

"A number of factors were important in allowing the company to fast track the project," states Peter Holbek, vice president of exploration.

"First; management has familiarity with the project, as most of the group also operated Princeton Mining Corp. during the 1990s; second, the project is ideally located for year-round exploration or operations; third, with significant infrastructure already in place construction of mine facilities could fit into an aggressive schedule, and finally, Jim O'Rourke is an experienced mine builder, having built seven mines around the world."

The company did take some calculated risks by ordering the mills and other long-

lead items at the earliest possible date, in order to bring the mine into operation on a tight schedule. Much of the mining fleet has arrived at site and is currently being assembled to meet the pre-production mining schedule.

Powerful Partners

Financing a mine can be an intimidating task for a micro-cap junior, but financing this \$438 million project was made easier by partnering with Mitsubishi Materials Corp. (MMC).

MMC agreed to acquire a 25 percent interest in the project and a life of mine off-take agreement, through a \$29 million payment, 25 percent of project costs and arranging for project debt financing. MMC is arranging project debt financing through a consortium of Japanese commercial banks and the Export Credit Agency, the agreements for which are anticipated to close near the end of May.

Creating Value

The mine will create about 260 full-time jobs when it goes into operation next summer, fueling a new era of prosperity for the town of Princeton.

The mine will also benefit the local first nations and most levels of government, in addition to the normal spin-off jobs related to mining operations.

However, the shareholders stand to benefit, as well.

The relatively short time frame from company formation, through exploration to a production decision, coupled with efficient engineering and construction, has kept expenditures and thereby share dilution to a minimum.

"Initially, we were planning on being in production with a much lower number of shares but the financial crisis took its toll," states Holbek.

"However," he continues, "we currently have about 95 million shares fully diluted and therefore will produce approximately one pound of copper per share, per year, at a cost estimated in the order of \$1.20/lb, net of by-product credits and without debt repayment; so it is pretty easy to estimate the cash flow per share based on the copper price." ■