

# Canada's newest major copper producer delivers results, sees more upside



**Jim O'Rourke** PRESIDENT & CEO

In the mining world, Jim O'Rourke's track record speaks for itself. He has been involved in the startup of seven major mines on three continents during his 47-year career, among them premier projects in British Columbia, which helped earn him the prestigious Order of BC Award from the BC Government. The latest of these projects is the Copper Mountain mine, located near Princeton, BC, and host to a five-billion-lb copper resource, scheduled to produce approximately 100 million lbs of copper annually, plus significant gold and silver byproducts. In early September 2011 Copper Mountain made its first shipment of concentrate to Japan, just 16 months after receiving permits to build the project. While timing and luck may have played a role in the process, no one could dispute that good leadership has a lot to do with the company's success. In this interview, the CEO is quick to give credit to his team. He also discusses the company's core project and its journey towards further growth and value-creation.



**Resource Intelligence:** 2011 was a landmark year for Copper Mountain. What milestones did you reach last year?

**Jim O'Rourke:** It was a very interesting year for us in the sense that it was a transition year for the company. We managed to go through construction and pre-production and right into operating, and by the end of the year, sustained the designed production capacity rate on several occasions. The year involved securing all our operations personnel and we managed to put together a very good team of about 300 people and also getting all port and ocean freight agreements. By the end of the year, we were shipping our concentrate to Japan. So last year we transformed from a development company to a mid tier copper producer, and with cash flows from operation, we are building the foundation required to take the company to the next level.

**RI:** Indeed I read how it only took 16 months from the time you were issued permits to the time you made your first shipment of concentrate to Japan. To what would you attribute this impressive progress?

**JO:** Number one was we had extremely good people, good contractors and good suppliers. The government was also very cooperative in terms of helping us move the project forward. For a junior company like Copper Mountain, what was really helpful in the earlier period was our association with Mitsubishi Materials Corporation. They helped with the project debt financing requirements to build the mine.

**RI:** You also have an off-take agreement with them?

**JO:** Yes we do. They take 100% of our concentrate. Our concentrate is an extremely clean concentrate, it is very favorable for blending in smelters. They've treated it before when the mine operated until 1996 so they were familiar with the concentrate and also it fits well to their smelters and helps them to sustain their environmental regulatory standards.

**RI:** Copper Mountain is projected to produce on average 100 million lbs of copper annually during the first 12 years. Where does this position the company among players in the field?

**JO:** In Canada it is very significant, and I think the current rate would put us as the third-largest copper producer in Canada. The opening of the mine will create significant wealth and economic benefits to the local area and the province of British Columbia.

**RI:** What makes Copper Mountain an attractive project aside from the high-grade concentrate and the excellent team?

**JO:** I think most important is that we started out as a junior company in 2007 with a \$438-million project and we financed it to production, we built it on schedule and got it up and running in June according to plan and we were within budget.

We've got a large resource for a long-term mine of about 5 billion lbs of copper and an ideal share structure in the sense that we were able to keep the number of our shares down to only 100 million issued and outstanding and significant exploration upside remains on our property. Plus we have a

strong management team and I think that's proven through the performance.

**RI:** Over the past year, your share price went as high as \$8.13 a share (on May 31, 2011) and now it hovers around \$6.

**JO:** We're a basically a copper producer but we do have significant gold and silver credits. Our share price follows the copper and metal prices so if shareholders are bulls on copper then we have an excellent vehicle in the sense that our production, in terms of pounds of copper per share, is probably one of the higher ones in our peer group.

**RI:** How do you plan on showing continued shareholder value?

**JO:** In the long term, we intend to maximize our free cash flow and grow the assets either through exploration and mergers or acquisitions. In the short term, we plan to optimize the operations at the Copper Mountain mine and meet all the production targets.

**RI:** Give three reasons why investors should give Copper Mountain a closer look.

**JO:** To date we've had an impressive track record in meeting or exceeding our goals over the past four years. The company is positioned to achieve our objectives and to demonstrate performance and profitability. Secondly, our capital structure is key to investment value. If you are a copper or precious metal bull, then you will receive a very competitive exposure to the copper per share through owning Copper Mountain shares. And lastly, we have an extremely good management team, good suppliers, good contractors, and the accomplishments are really due to overall team effort and this will continue. ■

## Investor Highlights

- Average annual copper production of approximately 100 million pounds plus gold and silver credits
- Large resource (5 billion lbs of copper)
- Low market capitalization relative to asset value
- Significant exploration upside on the property