



## The Copper Mountain Mine – anything is possible

When you think of everything that goes into creating a mine, it is certainly a long and complex process. From raising money, acquiring a property, settling land claims, permitting, drilling, metallurgy, feasibility, establishing resources, roads, power, water, employees, engineering, construction, equipment, crushing, waste, concentrate, shipping, managing, reclamation, and hopefully, some profits.

Every step is crucial to the final outcome. Then one needs to consider the volatility of metal prices and currencies, market uncertainty and shareholder sentiment. It's no wonder that it's a rare occurrence to see a junior mining company graduate to full scale producer. But sometimes the stars align just right and what appears impossible is achieved.

Princeton, British Columbia is a picturesque town of nearly 3,000 people just east of the Cascade Mountains a three hours drive east of Vancouver. The town was largely established from the 1.7 billion pounds of copper that was mined from 1927 until 1996 by Granby Mining, Newmont Mining and later, Princeton Mining. The mine, just 20 km from Princeton, shut down in 1996 as a result of low copper prices, rising production costs and necessary capital expenditures. Since then, the town has depended largely on the forest industry for its survival but with the pine-beetle infestation and other forestry setbacks, the town has struggled.

In early 2010, rumors began swirling around Princeton that the mine was re-opening. It had been over a decade and some of the miners still lived in town, long retired. For some, that was about to change. That year, 71-year-old Frank Armitage, who had worked in human resources for 40 years, got the call asking if he could put a crew together. Within a year he had hired 270 workers. It was a return to a way



The Copper Mountain Mine near Princeton, southwest British Columbia. Photo courtesy Copper Mountain Mining Corp.

of life for many who had reluctantly left it behind. Today, the Copper Mountain Mine has over 400 employees and is the third largest copper mine in Canada utilizing some of the most modern equipment available. In Princeton, baby strollers are a common sight along Bridge Street as new homes spring up and businesses flourish.

In December 2006, Chairman and CEO, Jim O'Rourke and Chief Financial Officer, Rod Shier, purchased the property that is now Copper Mountain through the acquisition of Similco Mines at a time when copper prices were just coming off their lows.

In June 2007, **Copper Mountain Mining Corp.** [CUM-TSX; CPPMF-OTC] closed their initial public offering, raising \$7 million that started them out on one of the most extensive exploration programs in British Columbia's history. The subsequent drilling of 107,000 metres confirmed the economic viability of creating a "super pit" by merging the three existing pits into one deeper and wider pit. By 2009, the indicated resource was at 5 billion pounds of copper, nearly 500,000 ounces of gold and 4.5 million ounces of silver.

Canadian Mining Hall of Fame recipient, Jim O'Rourke, held an unwavering

focus on building a mine even in the face of the financial meltdown. He had also gained the respect of Mitsubishi Materials Corp. through their successful partnership at Huckleberry, one of six other British Columbia mines O'Rourke contributed to the building of over the past 50 years. It was largely this established relationship that brought Mitsubishi in for a 25% stake in the Copper Mountain Mine and helped secure the required debt financing from Japanese banks and JBIC, the governmental credit agency for overseas investments to the tune of US \$322 million at a time when conventional bank debt was not available.

Not only was the Mitsubishi agreement tremendously important in terms of size and timing, it also demonstrated confidence in Copper Mountain's management who led the seemingly impossible task of completing the mine on time and on budget. Production commenced in July 2011 and by September that same year the company had shipped its first concentrate. As well as a partner, Mitsubishi Materials purchases 100% of the copper produced for its smelters back home in Japan. Copper Mountain has already repaid US \$80 million on the two debt facilities, both

of which carry favorable repayment terms and allow for minimal dilution.

2014 marked the successful completion of all the company's major capital projects required to meet and exceed mill design capacity. A \$40 million secondary crushing facility was constructed on budget that has increased mill ore processing to an average 37,500 tonnes per day. The secondary crusher has made a significant improvement on the operational performance of the concentrator by delivering a consistent feed size of ore to the SAG mill.

The result was a record production in 2014 of 81 million pounds of copper, 22,600 ounces of gold and 443,800 ounces of silver and record revenue of \$265 million for the year. In Q1 of this year, the company was able to produce 18.4 million pounds of copper, 7,800 ounces of gold and 80,300 ounces of silver. Revenue for the quarter was \$71.5 million with total operating costs of \$1.77/lb (net). In Q2 2015, the mine produced 19.5 million pounds of copper, 7,800 ounces of gold

and 71,100 ounces of silver. This brings the first half 2015 total production to 37.8 million pounds of copper, 15,600 ounces of gold and 151,400 ounces of silver.

Going forward, the company's long term goal is to establish a reserve base sufficient to sustain milling operations for 25+ years from their existing 7,300-hectare land package. In addition, the company plans to explore and convert inferred resources, located at depth, to the measured and indicated categories.

O'Rourke is quick to credit the team that helped bring the Copper Mountain Mine to prosperity. The team, he says, represents many top mining people in British Columbia. "We needed experienced hands – people who know what to do, how to do it and are committed to getting it done." ■

*The above article was written by Barry Muir who is a registered Investment Adviser with Haywood Securities Inc. a Canadian based independent, full service investment firm and member of the Canadian Investor Protection*

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