

Copper Mountain Corporation to Re-Open Copper Mine by Mid 2011



These are the three developed pits that will form the Super Pit

By Cecilia Jamasmie

To return a major copper and precious metal mining project to production is in itself a daunting mission. To do it under the [current economic downturn](#) adds an extra layer of complexity. But to combine the two factors mentioned above while setting as a goal the production of mainly [copper](#), a metal that recently hit its lowest price since 2002, makes the task seem almost impossible.

Executives at [Copper Mountain Corporation](#), a Canadian resource company, are not worried, partly due to the fact that they are led by Jim O'Rourke, who is a veteran in the mining business and who has done this before, and partly due to the fact that the Company has signed a memorandum of understanding with Mitsubishi Materials Corporation that would see Mitsubishi purchase a 25% stake in the mine for \$28.75 million, and act as big brother. However, despite the odds, the company is going ahead with the development plans at its [Copper Mountain project](#) located about 15 km from the town of [Princeton, British Columbia](#).

"If anything, the only detail that has changed in our plans is the deadline to start producing, which we have moved from late 2010 to mid 2011," says Chief Financial Officer, Rodney Shier. According to this executive, this extension will give the company an opportunity to re-price certain aspects of the development, since [steel and cement prices](#) have recently gone down and since Copper Mountain is in the early pre-construction phase

of the project, and this could result in big cost savings.

The mine, which has been closed since 1996, has a [lengthy history](#). The first exploration of the site took place in 1884. In 1923, [Granby Consolidated Mining](#), a smelting and power company, acquired the property and built a milling facility that pulled 31.5 million metric tons of ore (with a grade of 1.08% copper) from underground excavations below two pits between 1927 and 1957. It then closed because of low market demand and high transportation charges enforced by the then owners of the rail line.

In 1972, one of the largest mining corporations in the world, [Newmont Mining](#) (NYSE: NEM), purchased the property and recommenced production along with the installation of a primary crusher and conveyer system. In 1988, Princeton Mining, led by Jim O'Rourke, the current CEO of Copper Mountain, purchased the site and continued operations until 1996. That year it halted production because of copper prices (70 cents a pound), a lack of low strip ratio reserves, rising production costs and necessary capital expenditures.

In the almost 70 years before closure, about two billion pounds of copper were extracted from the site. Today, at 0.15% copper cut-off grade, Copper Mountain is home to 5 Billion pounds of copper.

The mine not only has copper; [precious metals](#) have also been found. Historically, about 12% of revenue has been from gold and silver. Over the life of this project, Copper Mountain is expected to generate over 450,000 ounces of gold, 4 million ounces of silver and 1.5 billion pounds of copper.

Towards the Super Pit

The area owned by Copper Mountain Corporation currently has [three developed pits](#) surrounded and divided by a saddle zone. An extensive [drill exploration program](#) was initiated in January 2007 to update the reported historical resource of the pits and other targeted areas within and around them in an effort to combine the entire zone into one large super pit. The program grew to include 44,000 meters (144,400 feet) of drilling in 2007 and 63,000 meters (206,700 feet) in 2008, which made it one of the largest exploration drill programs in B.C. that year. The goal of the program was to test and possibly expand the reported resources between the three pits to identify a new super pit that would allow for deeper access to additional mineralization. This goal – and more – was achieved with the completion of a

bankable feasibility study in the fall of last year by Hatch Ltd.

The Copper Mountain Project stands to produce 100 million pounds per year of copper with gold and silver credits, according to the feasibility study completed by Hatch.

By mid 2011, the mine is [expected to produce](#) approximately 30,000 ounces of gold and 350,000 ounces of silver in addition to 100 million pounds of copper. The development plan is to combine the three existing pits into one large super pit, utilizing the present mine maintenance shop, which was recently expanded and renovated. A brand new concentrator and a primary crusher will also be built. Site work has already commenced with the clearing of the new concentrator site in preparation for construction activities to commence in earnest in early 2010.

Because Copper Mountain Corporation is building upon [existing infrastructure](#), it counts on some basic elements that are already in place, such as water and power. The water license is ample to support a 35,000–tons-per-day operation and the 138-kilovolt power line is adequate to service the existing facility.

In addition, the pits are located in a privileged area of BC three and a half hours from Vancouver and accessible via a paved highway right to the mine gate. There are also no known environmental issues and the local communities are supportive of this project.

The Road Ahead

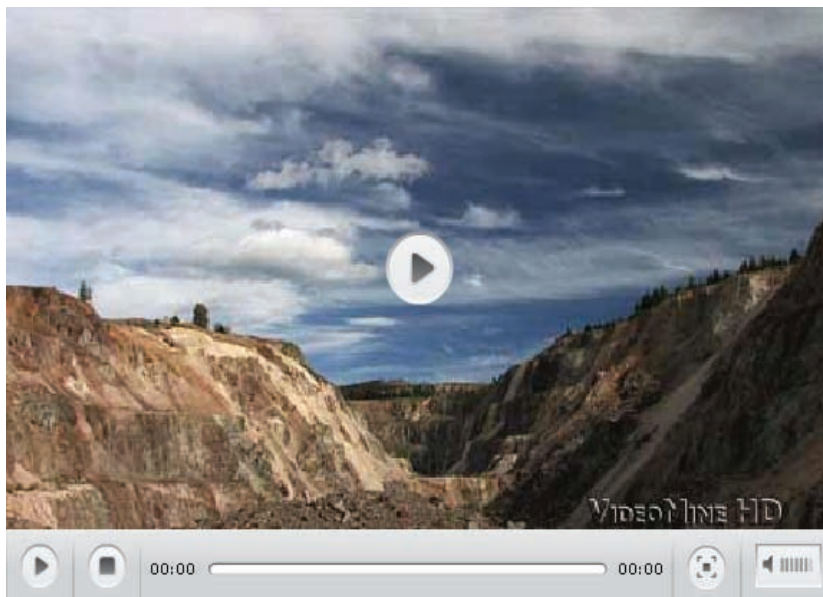
At the end of 2008, the company completed its exploration drilling program of 63,126 metres and signed the memorandum of understanding with [Mitsubishi Materials](#). Under the agreement, the Japanese conglomerate will acquire 25% of the project for \$28.75 million and it will also be responsible for arranging a \$250 million project loan. As part of the deal, Mitsubishi has committed to purchasing all of the copper concentrate from the mine, which is expected to average 150,000 dry metric tonnes per year for the first 10 years.

“The 2008 program was successful in extending known mineralized zones and in defining new areas of mineralization. This year the company will focus on clearing the mill site and building some foundations in order to continue with an aggressive construction work [schedule] during 2010,” says Shier.

Copper Mountain Corporation is currently focused on finalizing the business agreement with Mitsubishi Materials.

If copper prices fall under \$1.50 - \$1.80, as analysts are predicting, Shier says that the development plan will not change: “This is our only project; we can’t stop it.”

The feasibility study for this project was done based on a long term Copper price of \$1.80 per pound. Shier says, “At \$1.60 you still show positive economics for the project, but it does take longer to pay back in capital. We are building this project with a view to the future as we feel very strongly that copper prices



Learn about the Copper Mountain project in this video

will strengthen and that we will see a number of strong copper cycles over the life of the mine.”

Mitsubishi and Copper Mountain Corporation share a long-term view of copper prices and the project. With over 18,000 acres to explore for more copper, this mine could very well be around for a very long time. They also have good news for the locals: The operation will generate 257 new well-paying jobs in the community as soon as it reopens. ■

Links and References

- [British Columbia](#)
- [Copper Mountain Corporation](#)
- [Copper Mountain Project](#)
- [Copper Mountain 2008 Exploration Drill Program Final Results](#)
- [Current Exploration](#)
- [Copper Prices Will Drop Even Lower](#)
- [Current Economic Downturn](#)
- [Exploration Strategy](#)
- [Existing Infrastructure](#)
- [Granby Consolidated Mining](#)
- [Merritt Consultants International](#)
- [Mitsubishi Materials](#)
- [Newmont Mining](#)
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- [Property History](#)
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