FINAL TRANSCRIPT

Copper Mountain Mining Corporation

Year-End Results

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CORPORATE PARTICIPANTS

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CONFERENCE CALL PARTICIPANTS

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Peter Campbell
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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Copper Mountain Mining Corporation 2013 Year-End Results Conference Call.

At this time, all lines are in listen-only mode. Following the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for a question. If anyone has any difficulties hearing the conference, please press *, 0, for Operator assistance at any time.

I would now like to remind everyone that this call is being recorded on February 21, 2014.

I would now like to turn the conference over to Mr. Rodney Shier. Please go ahead.

Rodney Shier — Chief Financial Officer, Copper Mountain Mining Corporation

Thank you, Elizabeth (phon). After opening remarks by management, in which we will review the business and operational results for the fiscal year-end, 2013, we'll open the lines to participants, as noted by Elizabeth, for questions.

Please note that comments made today that are not of a historical factual nature may contain forward-looking statements. This information by its nature is subject to risks and uncertainties that may cause the stated outcome to differ materially from actual outcome. Please refer to the bottom of our latest news release for more information.

I'll now turn the call over to Jim O'Rourke for his remarks.

Jim O'Rourke — Chief Executive Officer, Copper Mountain Mining Corporation

Thank you, Rod. Good morning, everyone, and thank you for joining us. Today we'll discuss the year-end results of the operation for Copper Mountain Mine. I'll briefly summarize the financial results and provide an update on the various activities, after which Rod will provide financial details for the 2013 fiscal year.

2013 was a turnaround year for the Company. By year-end, mill operating time increased 10.5 percent to budget level. And the mill tonnage was up 31.6 percent from the first quarter. Copper production was up by the same 31 percent by year-end.

Early in the year we confirmed the key issues that had to be overcome to meet our mill throughput and resulting copper production targets. Plant production tests confirmed that sufficient pre-crushing of our mill operates above the designed capacity of 35,000 tonne a day.

Short-term pre-crushing measures were implemented during the year, resulting in increased mill throughput, and provided the confidence for us to proceed with the $40 million permanent secondary crusher as our long-term solution.

During the 2013 fiscal year, the Company completed a total of 12 shipments of copper concentrate, generating 233.1 million in revenue after provisional pricing adjustments. The mine produced a total of 66.2 million pounds of copper, 21,600 ounces of gold, and 320,400 ounces of silver.

Gross profit for the year was $31 million. The total cash costs per pound sold net of precious metal credits was US $2.22. Site costs per pound of copper produced net of precious metal credits was US $1.70 for the period.

Copper production was about 17 percent below our initial guidance, the largest negative variance due to the hard ore and resulting low mill throughput. During the year, the mine faced two instances of grinding mill motor transformer failures.

During the repair period, the mill continued to operate at a rate in excess of 20,000 tonnes per day, with only one of our two ball mills operating. Although the transformer outage was a disappointing event for the operation, it demonstrated that the ball mill circuit is capable of processing at a rate in the 40,000 tonne per day range.

Short-term initiatives of pre-crushing ore in December resulted in the mill achieving an average of 32,800 tonnes per day. The additional operating costs associated with the extra blasting and three temporary portable crushers in December totalled about $1.3 million.

Mining activities progressed well during the year from both Pit 2 and Pit 3 areas, and averaged about 166,000 tonnes per day mined for the year. A total of 57 million tonnes were mined during the year, which included 16.6 million tonnes of ore and 40.1 million tonnes of waste. The average strip ratio was 2.4:1 as compared with the average 2.1 strip ratio projected for the current life of mine plan.

Mine operating costs averaged $1.69 per tonne mined, which includes the extra temporary disposal costs for improved fragmentations to assist the mill throughput.

For the year ending December 31, the average head grade was 0.35 percent copper, which was on track with our guidance. Looking at 2014, about 65 percent of the ore is scheduled from Pit 3 area to provide an average grade for the year in the range of 0.375 percent copper.

The concentrator milled a total of 10.1 million tonnes of ore as compared to 9.4 million tonnes of ore in 2012. Copper recovery and mill operating time were from the previous periods—compared to the previous period averaged 85.3 percent and 87.9 percent, respectively, as compared to 79.5 percent and 82.1 percent for the year-end at December 31, 2012.

Although 2013 was still a challenging year, significant gains were achieved during the year, and we ended the year on a positive note. Copper production increased 31 percent from 14.2 million pounds in Q1 to 18.6 million pounds in Q4.

Operational results improved quarter over quarter in production throughput and mill availability. The overall improvement in the mill was a direct result of the resolution of a number of supplier-related equipment issues that saw plant availability improve from a low of 86 in early 2013 to a high of 95 percent for the month of December 2013.

However, the main reason for the increased SAG throughput and mill production is a result of the temporary crushing measures taken by the Company during the year. At the start of the year, the Company increased the powder factor in blasting of ore to increase the fragmentation and create more fines in the feed to the SAG mill.

By year-end, the Company had added three independent portable crushing plants ahead of the SAG mill at a cost of approximately $1.3 million per month. By year-end, these facilities, collectively were able to crush approximately 10,000 tonne per day of ore to minus 2-inch size range for the SAG mill feed, and resulted in increased mill throughput and copper production for the year.

Copper production increased from 14.2 million pounds of copper in the first quarter to 18.6 million pounds in the fourth quarter. During the 2013 fiscal year, it became clear that a secondary crusher was required to achieve our target design capacity of 35,000 tonnes per day on a consistent basis.

The mine had tried all possible low-cost fixes, but simply put: the mill was still underperforming and we needed to finance $30 million to arrange our portion of the $40 million capital necessary for the installation of a permanent secondary crusher.

An engineering study was completed to verify the options of adding a permanent secondary crusher, and a full-scale production test which was conducted during the year further confirmed that a SAG mill size was critical to achieving our target throughput levels on a consistent basis.

Currently, construction of the secondary crusher is well underway, the foundations are progressing on schedule, and the component pieces are scheduled to arrive at the mine for assembly in the first quarter of 2014. The project is on track to be completed by mid-summer.

The Company has ordered virtually all of the equipment, and has engaged the same construction managers and general contractor that we used to build the original facilities that came into completion on time and on budget.

Looking forward to 2014, we are focused on maximizing our production at the mine and meeting our guidance of 80 million to 90 million pounds of copper, which represents a 29 percent increase above our 2013 levels.

For the month of January, the mine produced 7.1 million pounds of copper with the short-term crushing strategies. The portable crushers produce about 30 percent of the mill feed or about 10,000 tonnes per day to the minus 2-inch level.

With the installation of the secondary crusher, 100 percent of the SAG mill feed will be crushed to 80 percent passing 1.5-inch material. Our estimates indicate that the pre-crushing will allow us to operate in the plus 35,000 tonne per day range on a consistent basis. This will be a major improvement and will strengthen our financial position from the increased production.

I'll answer any specific questions at the end of the period for those wishing more details.

I'd like now to turn it over to Rod to discuss the financial results.

Rodney Shier

Thank you, Jim. For the year ended December 31, 2013, the Company recognized net revenue after pricing adjustments and smelter charges of 233 million based on an average realized copper price of 3.25 per pound. This compares to net revenues after pricing adjustments and smelter charges of 229 million based on an average provisional copper price of US 3.61 per pound for the year ended December 31, 2012.

The mine shipped and sold a total of 64.8 million pounds of copper, 24,000 ounces of gold, and 301,000 ounces of silver for the year ended December 31st compared to a total of 59.2 million pounds of copper, 20,000 ounces of gold, and 402,000 ounces of silver during the year ended December 31, 2012.

Increase in sales volume is a result of the mill processing more ore and overall improved efficiencies in the mill that were implemented during the year that Jim touched on.

Costs of sales for the year ended December 31, 2013, was 202 million, which resulted in a gross profit of 31 million. This compares to cost of sales of 174 million and a gross profit of 56 million for the prior year.

The increase in costs during the year is a result of the Company processing more ore, the introduction of high energy blasting in the mine, and additional temporary crushing measures added throughout the year.

General and administrative expenses for the year ended December 31, 2013, were 5.5 million compared to 4.2 million for the year ended December 31, 2012.

Noncash share-based compensation reflected an expense of 0.4 million for the year ended December 31, 2013, as compared to an expense of 2.4 million for the year ended December 31, 2012. The decrease in noncash share-based compensation was a result of the full vesting of stock options insured in prior periods.

For the 2013 year-ended, the Company recorded finance income of 0.4 million and finance expense of 8.8 million as compared with finance income of 1.6 million and finance expense of 8.4 million for the year ended December 31, 2012. Finance expense primarily consists of interest on loans and the amortization of financing fees.

For the year ended December 31, 2013, the Company recognized a noncash unrealized foreign exchange loss of 19.1 million compared with a noncash unrealized foreign exchange loss of 3.7 million for the year ended December 31, 2012, which primarily relates to the Company's debt that is denominated in US dollars.

During the year, the Company recognized a noncash unrealized gain on the interest rate swap of 2.2 million as compared with a noncash unrealized gain on the interest rate swap of 4.8 million for the prior year. This relates to the revaluation of the interest rate swap liability required on the Company under the Company's loan agreements.

It should be noted that these adjustments to income are required under IFRS and are noncash in nature, as outlined in the Company's statement of cash flows.

For the 2013 fiscal year, the Company recorded a deferred income and resource tax expense of 3.6 million as compared to a deferred income and resource tax expense of 2.8 million for the prior year.

This all resulted in a net loss attributable to shareholders for the year ended December 31, 2013, of 3.4 million per share as compared to net income of 40.4 million or $0.30 per share for the prior year.

If we take out all the accounting noncash items, the Company reported adjusted earnings for the year ended December 31, 2013, of 14.5 million or about $0.15 per share. This compares with adjusted earnings of 41 million or $0.42 per share for the prior year.

As at December 31, 2013, the Company had cash on hand of about 42.3 million and had a working capital of about 42.6 million. In additional to the cash and cash equivalents at year-end, the Company had 10.6 million from receivables from concentrate sales under accounts receivable, as stated in Note 5 to the notes to the financial statements.

It should also be noted that Mitsubishi Materials had not yet contributed their share of the secondary crusher capital at December 31, 2013, which would add an additional 10 million to the year-end cash balances.

On the hedging front, I'd like to remind everyone on the line today that we have no commodity hedging in place and an extremely attractive debt financing package.

In conclusion, 2013 was a turnaround year for the Company because we addressed our throughput issues and have delivered operational results quarter over quarter. With the addition of the secondary crusher, we are confident that our production targets will be met.

I'd now like to open up the lines for questions that people may have. Okay, Elizabeth, we can open the line for questions.

Q&A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press the *, followed by the 1 on your touch-tone phone. You will hear a three-tone prompt acknowledging your request, and your questions will be polled in the order they are received. Should you wish to decline from the polling process, please press the *, followed by the 2.

If you are using a speakerphone, please lift the handset before pressing any key. One moment, please, for your first question.

Your first question comes from Mark Turner at Scotiabank. Please go ahead.

Mark Turner — Scotiabank

Hey. Good morning, guys, and congrats on the 7.1 million pounds in January. Just I guess my first question, on the 10 million that Mitsubishi didn't or hadn't, I guess, contributed at the year-end, do you have that now? Is that part of the—or in the JV?

Jim O'Rourke

Yeah. They had their board meeting I think it was January 28th or something, and they approved it at that time.

Mark Turner

Okay. And then so that cash is now in sort of the operating sub for use as working capital for you guys?

Jim O'Rourke

Yeah. It will be. It’s we're just tidying up some agreements.

Mark Turner

Okay. And then just, I guess, questions more in the shorter term before you get the secondary crusher in. January's production number, I guess, sort of leads me to think that the throughput is still above the 32,800 achieved in December. Just wondering if in the next sort of, I guess, really month here if there's going to be sort of significant planned downtime that may impact that calendar per day throughput.

Jim O'Rourke

No. I think we've given guidance of 32,000 tonne a day for the first six months of the year until the permanent crusher's in place and then 35,000 tonne a day thereafter. With regard to the operating time, the operating time has been doing very well. We have an excellent crew on site now, we've really strengthened our management team, and we're in about our fifth month where we're close to our 92 percent operating time.

We now schedule—we have all our liner changes, everything scheduled for the year, and everything seems to be running very smoothly. It's all...

Mark Turner

Perfect. Okay. And then just the last sort of question, I know in that 40 million for the secondary you have some capital set aside for, I guess, new grates for the mill and discharge screens. Is there anything else sort of further in the back half of the plant that you've contemplated changing or that needs sort of any, I guess, tweaks with new capital?

Jim O'Rourke

Not really; nothing of substance. I think as I mentioned, unfortunately we had those transformer failures, but we have run well over 40,000 tonne a day with no extra equipment needed. And having said that, though, we are strengthening or expanding our expert system.

We're putting additional cameras on float cells and things like that, upgrading various things. With regard to grates you mentioned and that type of thing, those are directly operating costs. Those are definitely not capital.

Mark Turner

Okay. Okay. All right. Thank you very much. I'll get to the back of the queue.

Jim O'Rourke

Thanks.

Operator

Thank you. Your next question comes from Adam Low at Raymond James. Please go ahead.

Adam Low — Raymond James

Good morning, everyone.

Jim O'Rourke

Good morning, Adam.

Adam Low

Great production in January. Question on the portable crushers; so I think you guys have stated in the past that they have a potential throughput of about 12,000 tonnes per day. And I think in December they were operating about 10,000 tonnes per day, so not quite fully utilized. Do you see them getting to full utilization in the near future?

Jim O'Rourke

Yes. One of the problems with portable crushers, as you'll appreciate, these are little gravel pit crushers. And their operating time is typically about 50, 55 percent of the time, and the team at the mine are working on that to improve it.

But two of those little portable crushers are actually contract crushers, and our guys have been working with them to help them minimize their downtime and get a little more production from them. So our people at the site are quite optimistic they're going to get around 12,000 tonne a day total out of the portable crushing.

Adam Low

How soon do you think you could get to that mark?

Jim O'Rourke

I think they're there now virtually.

Adam Low

Okay. And I saw in the press release today you guys included some photos of the site prep for the secondary crusher. Just wondered how you guys feel about the site prep right now in terms of the schedule? And where you are right now versus where you need to be?

Jim O'Rourke

There's no question we have a tight schedule. The construction itself is going very well. The one area where we are a little tight is with regard to all the conveyor deliveries and changes to the conveyor system.

But the crusher—I think we put out photos—it's arrived in Halifax. It's been loaded on the train, it's scheduled to be here next month. So everything in that regard is going smoothly. The foundations will be ready by the time the crusher gets there for its setting on the foundations. So we don't...

Adam Low

All right. Thank you very much.

Jim O'Rourke

(unintelligible) difficult there.

Adam Low

Much appreciated. Thanks.

Jim O'Rourke

Okay.

Operator

Thank you. Your next question comes from Stefan Ioannou from Haywood. Please go ahead.

Stefan Ioannou — Haywood Securities

Great. Great. Thanks, guys; again, yeah, good to see the production up in January as well. Just most of my questions have been answered, but just wondering in terms of looking at this year as a whole, do you see the grade bouncing around much coming out of the pits? Or is it sort of a flat-line number that we should be assuming? Or how does that head grade look?

Jim O'Rourke

Well, we are moving—more of the ore will be coming from Pit 3, I think I said about 65 percent, and it's just part of our mining schedule. It should be averaging in the average range of about 0.375, but there's no question month by month there will be ups and downs.

Stefan Ioannou

Okay. And is that sort of 65 percent from Pit 3, is that over the course of the year sort of blended together? Or is there a part of the year that's going to be focused on Pit 3 versus Pit 2?

Jim O'Rourke

No. It'll be pretty steady.

Stefan Ioannou

Okay.

Jim O'Rourke

Yeah. It'll be pretty steady.

Stefan Ioannou

Okay. Okay. Great. Thanks very much, guys.

Jim O'Rourke

Okay.

Operator

Thank you. Your next question comes from Peter Campbell at Jennings Capital. Please go ahead.

Peter Campbell — Jennings Capital

Thank you, and good morning, everybody. Thanks so much for taking my phone call. Just a couple of questions; Jim, I believe you said that the mining cost per tonne was $1.69. Did you give the milling cost?

Jim O'Rourke

No, we didn't.

Peter Campbell

Are you able to?

Jim O'Rourke

It'll be in the sort of plus—overall milling for the total site…

Peter Campbell

Yeah.

Jim O'Rourke

Will be in the sort of 16-plus range.

Peter Campbell

Okay. And of course that would be expected to come down over the course of 2014?

Jim O'Rourke

Well, that's correct. I mean it's directly dependent on the denominator, which is the tonnes milled.

Peter Campbell

Yeah. So in that case, what would your expectation be not average for the year, but exiting 2014? What do you think would be your target to be able to hit as a milling cost?

Jim O'Rourke

Well, I guess it should be proportionate to the tonnage.

Peter Campbell

Yes...

Jim O'Rourke

Our milling cost in terms of dollars per month are pretty steady…

Peter Campbell

Okay.

Jim O'Rourke

And so the cost per tonne is just about directly proportionate to the tonnes going through.

Peter Campbell

Okay. And so your milling cost per month being constant is on what order of magnitude?

Jim O'Rourke

I don't think we've gone into a lot of detail on that…

Peter Campbell

Okay.

Jim O'Rourke

Peter.

Peter Campbell

Okay. No problem, Jim. Thank you very much. Just a couple of questions that I should probably know, but I can't lay my hands on right now. What are the terms of the provisional pricing?

Rodney Shier

Hi, Peter. Provisional pricing, we get 90 percent advance three days after loading.

Peter Campbell

Yeah.

Rodney Shier

And then you have, each year they get to elect either one mma or three mma for final pricing.

Peter Campbell

Thanks.

Rodney Shier

So we get—so how it's working now, it's a three mma, and so we get 90 percent after three days. It takes about three weeks to get to Japan, and then it's considered an invoice at that time, and then you have final pricing three months later.

Peter Campbell

Three months after that?

Rodney Shier

Yeah. That's for copper. Precious metals are one month after.

Peter Campbell

Yeah. Okay. One month. And then I know that you don't hedge your production, but in the event you're seeing movements in the copper price, would you ever consider hedging your provisional pricing?

Jim O'Rourke

It's been discussed.

Rodney Shier

Yeah. It's been discussed, but certainly we're a copper company and our investors like the leverage to copper, and right now we've taken the position not to hedge.

Peter Campbell

Yeah. Yeah. I was just thinking in terms of hedging, though, the provisionally priced portion, basically.

Rodney Shier

Yeah. It's been discussed. At this point in time we're not in a position to be doing that hedging.

Peter Campbell

Okay. Yeah. No, absolutely not. Not with copper prices being rather constant here. And then—go ahead?

Jim O'Rourke

I was going to say, Peter, I mean right now I think it's in backwardation, so…

Peter Campbell

Yeah.

Jim O’Rourke

We'd be fixing a price lower than the current price.

Peter Campbell

Absolutely. I was just thinking about if anything should develop in the copper market if you guys were open to like such a strategy. But again, I'm only talking about the provisionally priced portion, not your overall production.

Jim O’Rourke

Sure.

Peter Campbell

And then my final question is, you've given 2014 guidance on almost everything. What is the current TC/RC benchmark that you're being like priced against?

Jim O'Rourke

Generally 80 and 8.

Peter Campbell

Okay. Perfect. That's all that I have today. Thank you very much.

Operator

Thank you. Your next question comes from Gary Lampard at Canaccord Genuity. Please go ahead. Thank you.

Gary Lampard — Canaccord Genuity

Good morning, everyone. Could you please remind me what the status is at the moment of the mine plan? I thought that work was being done on the mine plan towards the end of last year which could support a revised reserve number. Is that true? And how is that work progressing if it is true?

Jim O'Rourke

Yeah. We—well, every year we do our mine plan. Usually what we do, we do the one-year plan on a month-to-month basis, five-year plan on a quarter-by-quarter basis, and the 10-year plan on a year-by-year basis.

There's no question we did do the complete optimization of the total pit; we redid everything. Previous to this we were pretty well working off a feasibility study, but this year we did it. We have our own in-house life of mine plan. It's not substantially different from the feasibility study, so we really haven't done anything with it.

Gary Lampard

So I'm sure there must be some differences. Can we assume then that when the AIF comes out, I guess at the end of March, that that work will be reflected in the reserve statement at that time?

Rodney Shier

Yeah. That was our target, Gary, and as Jim said, if we can get that work done before then, it will be reflected.

Gary Lampard

Okay. Thanks very much. That's all I've got.

Operator

Ladies and gentlemen, as a reminder, should you have a question, please press the *, followed by the 1.

Hello, Mr. Shier? There are no further questions at this time. Please proceed.

Rodney Shier

Okay. Well, I'd just like to thank everyone on the line today for listening in to our 2013 conference call, and we look forward to a very prosperous 2014.

Thank you very much. Bye.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.

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