FINAL TRANSCRIPT

Copper Mountain Mining Corporation

First Quarter Results

Event Date/Time: May 15, 2013 — 10:30 a.m. E.T.

Length: 57 minutes

CORPORATE PARTICIPANTS

Rod Shier
Copper Mountain Mining Corporation — Chief Financial Officer

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

CONFERENCE CALL PARTICIPANTS

Aleem Ladak
PI Financial Corporation — Analyst

Mark Turner
Scotiabank — Analyst

Stefan Ioannou
Haywood Securities — Analyst

Matt Murphy
UPS — Analyst

Steve Parsons
National Bank Financial — Analyst

John Hayes
BMO Capital Markets — Analyst

Adam Low
Raymond James — Analyst

Garnet Salmon
Jennings Capital — Analyst

Chris Chang
Laurentian Bank — Analyst

John Hayes
BMO Capital Markets — Analyst

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Copper Mountain Mining Corporation's 2013 First Quarter 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 Wednesday, May the 15th, 2013.

I would now like to turn the conference over to Mr. Rod Shier, Chief Financial Officer. Please go ahead.

Rod Shier — Chief Financial Officer, Copper Mountain Mining Corporation

Thank you, Malik (phon). After opening remarks by management in which we will review the business and operating results for Q1 2013, we'll open the lines to participants, as Malik has noted.

Please note that all 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 the actual outcomes. Please refer to the bottom of our latest news release for more information.

I'll now turn the call over to Jim O'Rourke, Chief Executive Officer, 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 first quarter results, as Rod mentioned, and the operation of the Copper Mountain Mine. I'll briefly review the financial results and provide an update of various activities, after which Rod will provide the financial details for the 2013 first quarter.

The Company completed three shipments of copper concentrate during the quarter, generating $55.1 million in revenue net of provisional pricing adjustments. The mine produced a total of 14.2 million pounds of copper, 5,300 ounces of gold, and 64,200 ounces of silver. Gross profit for the quarter was 8.1 million.

For the first quarter of 2013, total cash cost per pound of copper sold net of precious metal credits was US $2.18. Site cash costs per pound of copper produced net of precious metal credits was US $1.62 for the period.

Mining is progressing in both Pit 3 and Pit 2 during the quarter. Mine operations were steady at an average rate of about 172,000 tonnes per day moved. In total, the 15.5 million tonnes moved in the quarter included 4.3 million tonnes of ore, 10.2 million tonnes of waste, and 700,000 tonnes from the ore stockpile. The average strip ratio was 2.4:1 as compared to the average 2.1 strip ratio projected in the current life of mine plan.

We faced many challenges during 2012, and most of these issues were resolved last year and in January of this year. Mill availability was low at 80 percent in January, but averaged 85.9 percent for the first quarter of 2013.

The majority of the mill downtime during the quarter was scheduled as part of the maintenance program. Going forward, management are confident they will achieve our targeted 92 percent operating time.

During the quarter, the concentrator treated 2.2 million tonnes of ore with a head grade of 0.35 percent copper. The average recovery was 82.6 percent copper, which is slightly above plan.

Copper production during the quarter at 14.2 million pounds copper was about 29 percent below the annual guidance provided at the start of the year. Of this total shortfall, 23.9 percent is attributable to the mill throughput. Mill operating time accounted for 6.6 percent of the shortage. Increasing the mill throughput remains our key focus and a priority in order to consistently achieve or exceed our 35,000 tonne per day designed tonnage when treating Pit 3 ore.

At our conference call on March 18th of last year—or sorry, this year, we discussed the effect of pre-crushing feed to the SAG mill. The camera we installed on the SAG mill feed conveyor provides a measure of the size of the ore head to the SAG mill. The relationship of the minus 1-inch ore in the feed to the SAG mill correlates very closely with the mill throughput.

Based on this information and plant tests in March, we have accelerated programs to test additional explosives to increase fragmentation of the ore in the pit, and we have contracted to increase the portable crusher capacity to 10,000 tonne per day range. A notable increase in mill tonnage has been attained when the minus 1-inch content exceeds 35 percent.

Looking forward to the second quarter, we continue to see improvements in all aspects of the operation. Increasing mill throughput remains our key focus in order to achieve our targeted throughput.

In the short term, plans are to continue to utilize high energy blasting, and to continue with the contractor to crush ore to minus 2-inch. Our long-term plan is to continue to work out the details in order to proceed with a secondary crusher in the second half of this year. The capital costs for the crusher facility is estimated at $35 million. We intend to finance this out of our internal cash flow.

Along with other recent changes at the mine, effective April 1st, Mr. Don Strickland has joined our team as Vice President and General Manager at the mine site. Don has a successful mine management track record, and is a dynamic leader. He also has a strong technical background as a process engineer in mill operations.

I'll answer specific questions in the question-and-answer period for those wishing more details. At this time, I'd like to turn the call over to Rod to discuss financial details. Thank you.

Rod Shier

Thanks, Jim. During the first quarter of 2013, the Company recognized revenue of 55 million net of pricing adjustments and smelter charges, based on an average provisional copper price of 3.56 per pound of copper, as compared with 71 million net of pricing adjustments at an average provisional copper price of 3.73 per pound for the three months ended March 31, 2012. This reduction in revenue is a result of quarter-end pricing adjustments on provisionally priced shipments, as well as lower metal prices received during the quarter as compared to the same period last year.

The mine shipped and sold a total of 15 million pounds of copper, 5,800 ounces of gold, and 69,000 ounces of silver for the three months ended March 31, 2013. This compares to a total of 15.7 million pounds of copper, 5,900 ounces of gold, and 124,500 ounces of silver during the three months ended March 31, 2012.

Cost of sales for the first quarter were 47 million, which resulted in a gross profit of 8.1 million compared to cost of sales of 41.9 million, which resulted in a gross profit of 29.2 million for the three months ended March 31, 2012. The increase in costs during the quarter is a result of the increased size of the mine operating fleet over the prior period, as well as the increase in operating time in the concentrator, which increased consumable consumption compared to the three months ended March 31, 2012.

General and administrative expenses for the three months ended March 31, 2013, were 1.7 million compared to 1.2 million for the prior period. Noncash share-based compensation reflected an expense of 58,000 for the three months ended March 31, 2013, compared to an expense of 258,000 for the three-month period ended March 31, 2012. The decrease in noncash share-based compensation was a result of vesting of provisions of stock options in prior periods.

During the first quarter of 2013, the Company reported finance income of 100,000, and finance expense of 2.1 million, which primarily consists of interest on loans and the amortization of loan-related financing fees. This compares with finance income of 200,000, and finance expense of 1.8 million for the three months ended March 31, 2012.

For the three months ended March 31, 2013, the Company recognized a noncash unrealized foreign exchange loss of 6.3 million related to the Company's US denominated debt. This compares with a noncash unrealized foreign exchange gain of 5.3 million for the three months ended March 31, 2012.

During the quarter, the Company recognized a noncash unrealized gain on the interest rate swap of approximately $290,000 as compared with nil for the same period last year. The noncash unrealized gain on the interest rate swap for the quarter was a result of the revaluation of the interest rate swap entered into by the Company as part of the project loan, which was required by the project lenders. It should be noted that these adjustments to income are required under IFRS, and are of a noncash nature, as outlined in the Company's statement of cash flows.

For the quarter, the Company reported current resource tax expense of about 297,000 as compared with an expense of 674,000 for the three months ended March 30, 2012. During the first quarter of 2013, the Company recognized a deferred income tax expense of 314,000 as compared with nil for the same period in the previous year. This all resulted in net loss attributable to shareholders for the first quarter of 2013 of 2.3 million or $0.02 per share as compared to net income of 22.6 million or $0.23 per share for the three months ended March 31, 2012.

If we take all the accounting noncash items out, the Company reported an adjusted earnings of 7.8 million or about $0.08 per share for the three months ended March 31, 2013, compared with adjusted earnings of 19.2 million or $0.20 per share for the three months ended March 31, 2012.

At March 31, 2013, the Company had cash on hand of approximately 8.7 million, but after taking into account the concentrate receivable received for the last shipment of the quarter, which occurred on March 31, 2013, cash on hand would be increased to about 23.3 million.

The Company had working capital of approximately 10.1 million as it compares to working capital of 10.7 million at the end of the last quarter. On the hedging front, I'd like to remind everyone on the line today that we have no commodity hedging in place, and our extremely attractive debt financing as well.

In addition, during the period the Company was required to adopt new accounting policy referred to as IFRIC 20, stripping costs in the production phase of surface mine. IFRIC 20 was applied in accordance with the transitional provisions outlined for stripping costs incurred after January 1, 2012, and resulted in an increase in the capitalization of stripping costs on the balance sheet of 3.1

million for the first quarter of 2013, and a corresponding increase in profit on the income statement.

I would like to direct people to Note 3 of the financial statements for the three months ended March 31, 2013, for additional information.

I'd now like to open the lines up for questions that people may have.

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-toned 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 keys. One moment, please, for your first question.

Your first question comes from Aleem Ladak from PI Financial Corporation. Please go ahead.

Aleem Ladak — PI Financial Corporation

Hi. Good morning, everybody. Am I reading it right when you say that the capacity of both the contractor material and also the new drilling blasting pattern can only produce around 10,000 tonnes of material per day?

Jim O'Rourke

No. That's not quite true. With regard to the blasting, we're blasting all of the ore fed to the mill now, but in addition to that we're also producing about 10,000 tonne a day of pre-crushed ore feeding the SAG mill. So we're combining both to try and get a blend that would be about 35 to 40 percent minus 1-inch material.

Aleem Ladak

Okay. So on a daily basis, how much material are you feeding the SAG mill from the contractor crushed ore and the new drilling blasting pattern?

Jim O'Rourke

Whatever the mill will take. Thirty-five thousand tonne a day is our target.

Aleem Ladak

Okay. And also could you remind me what work index are you incurring when processing just Pit 3 ore without the new crushed side versus when you're processing contractor crushed ore and the new drilling blasting pattern ore?

Jim O'Rourke

Approximately 23.

Aleem Ladak

For both materials?

Jim O'Rourke

Well, it doesn't matter. They're all the same material. What we do, just so you understand it, in the mine we mine both Pit 3 and Pit 2, and wherever we encounter ore, we increase our powder factor, and we're using up to 0.6 kilograms per tonne at the present time. So we're doing a high energy blast, okay, on all ore.

Part of that ore goes directly to the primary crusher, and also part of it goes to a stockpile where it's taken and put through the contract crusher to crush it down to minus 2-inch. That portion of it goes also through the primary crusher, so that we feed a combination of ore directly from the mine and 10,000 tonne a day from the contract crusher.

Aleem Ladak

Okay. Thanks a lot. That's it for me.

Jim O'Rourke

Thank you.

Operator

Your next question comes from Mark Turner from Scotiabank. Please go ahead.

Mark Turner — Scotiabank

Yeah. Thanks, guys. Firstly on the plants with the secondary crusher, it sounds like you're already there. Just wondering is the joint venture partner Mitsubishi, are they sort of already there as well? And is there any sort of details you can give us around that? Just it seems like that the details around the timing for the financing to be able to finance it from cash flow or from other sources as opposed to necessarily the actual decision to put it in?

Jim O'Rourke

I guess to answer the question in terms of the details, yes, we've had the feasibilities done by an engineering firm, and then we had the capital costs reviewed by the people who were our construction managers during the construction of the facility. But also we went and visited the Osisko mine where—in Malartic—where they've installed the Raptor 2000 pre-crush facilities and we've, I think, got to the point where we're very comfortable with the design. We're very comfortable with all those aspects of it. And we've got detailed quotes on all the equipment, and so we're doing the preliminary work and working out all the details at this time, and we're looking at a decision sometime mid-year.

With regard to our partner, yes, they're on side with it. We've gone through it. They've sent technical people from Japan to go through the process and what's required. So technically I think we're all on side with it, and as you mentioned too, is the question is to work out all the financial details with low equity.

Mark Turner

Great. Thanks. Thanks for that detail. Just a question back relating to the previous question. Can you sort of remind me what's the extra costs that you think is going to be incurred for the high intensity blasting and the crushing at the 10,000 tonnes either sort of on a per pound or even the aggregate of what you think's going to happen over the next sort of month and quarter?

Jim O'Rourke

Yeah. The costs are probably in the order of a few hundred thousand a month. So if we get the extra tonnage it really doesn't affect our cost per tonne milled…

Mark Turner

Right. Right. Bring down the cash cost.

Jim O'Rourke

Pardon?

Mark Turner

Sorry, so it would bring, obviously then bring down the cash cost as you get the production?

Jim O'Rourke

That's true.

Mark Turner

And then sorry, just I guess my final set of questions with respect to the cash costs. I mean last year you had provided guidance I guess on the net cash cost on site of $1.25 to $1.30. Just wondering one with respect to the deferred stripping now. Was that considered in that cash cost or not? And then on an equivalent basis, so that would expect to be lowered? And then just what's your thoughts on that guidance now, given that you are doing the extra blasting, crushing, and what you've achieved in Q1?

Jim O'Rourke

I'll answer part of that, and I'll let Rod answer the tough part that relates to the accounting aspects. With regard to our costs at the site, our costs appear to be very steady, and I think for the quarter we're within 1.6 percent of our plan. That's in total property costs. So the costs don't vary (phon) that significantly, although last month or last quarter we did have a failure of the final drive of one of our shovels, but even at that for the quarter, as I say, we were within 1.6 percent of our plan.

So I'll let Rod answer the tough question.

Rod Shier

Hi, Mark. Yeah. When we gave our guidance, that did not take into account IFIRC 20, and so you would see a slight reduction in your total costs on site on a per pound basis. And if you look at what that magnitude was for this quarter, I think if you back calculate it out, it was about $0.20 per pound if you take a look at the 3.1 million that was put to stripping.

Mark Turner

Yeah. I got to a similar number, like $0.23-odd. And then just the final one question for me, I guess, would probably be better offline, but are you or do you plan on giving guidance on maybe the portion of waste material of the stripping that will be capitalized under this as opposed to what will actually go through the P&L and is associated with just sort of the period?

Rod Shier

I guess if you look at the strip ratio for the quarter, it turned out to be about 2.4:1.

Mark Turner

Right.

Rod Shier

And life of mine strip ratio is 2:1. So you can see that it really didn't have that big of an effect on us this quarter, and all mining companies are going to be faced with this, and companies that have a significantly higher strip in a particular period are going to have to adjust it to their life of mine average.

Mark Turner

Right. So really it's just that I guess that this quarter it would have been that 0.4, adjusting it down to the life of mine...

Rod Shier

That down to 0.2. That's right. Approximately. Yeah. Yeah. That's right.

Mark Turner

Great. Thanks, guys.

Jim O'Rourke

Okay. Thanks, Mark.

Operator

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

Stefan Ioannou — Haywood Securities

Great. Thanks very much, guys. Just wondering if you can maybe comment on sort of maybe where the mill availability and utilization is at since sort of call it Q2 to date.

Jim O'Rourke

Q2 to date?

Stefan Ioannou

Yeah.

Jim O'Rourke

April. Yeah. I think April we had—yeah. April was about the same as our average, just a little bit lower, 84, 85.

Stefan Ioannou

Okay.

Jim O'Rourke

Yeah.

Stefan Ioannou

Okay.

Jim O'Rourke

And I think we've started our planning now. At least one thing is that what's happening, Stefan, is that I would say last year probably 75 percent of our downtime was unplanned. This year so far or since the end of January anyway, about 75 percent of our downtime is planned. So we are planning our shutdowns, and we're getting most of our work done, so very little breakdown.

Stefan Ioannou

Okay. And when you are actually—on the day that the mill's actually turning, is the utilization number pretty high? Or is it—I know in Q1 it sort of—it was suggested that it may have been a bit lower?

Jim O'Rourke

The what number? Sorry?

Stefan Ioannou

Just in terms of utilization as opposed to availability. So on a day that you are running, are you running close to 35,000 tonne a day? Or are you sort of backing off right now?

Jim O'Rourke

Well, it varies substantially, depending on what the feed is. And it will vary from typically 1,200 tonne an hour to 1,700 tonne an hour, depending on the amount of minus 1-inch material in the feed to the SAG mill. The mill itself handles it well at 38,000, 40,000 tonne a day, but the SAG mill is really the bottleneck, and this is the need for the pre-crushing.

Stefan Ioannou

Gotcha. Okay. Perfect. And just, I guess, one last question. Just going back to sort of the guidance that you provided back in December, and I mean right now we're sort of sitting there with the formal guidance number at 80 million pounds of copper this year. Is that something you're sort of at least for now comfortable with still? Or do you think we'll see a revision to that at some point?

Jim O'Rourke

That's still our plan.

Stefan Ioannou

Okay.

Jim O'Rourke

We don't see any reason to change the guidance at this time, but we recognize that we do have some makeup, and we've gone over that in detail with people at the mines. And our belief still is that if this crushing works out as well as we think it will there's a potential for catch-up.

Stefan Ioannou

Okay. Great. Thanks very much, guys.

Operator

Your next question comes from Matt Murphy from UPS. Please go ahead.

Matt Murphy — UPS

Hi. Was just wondering if you could put a bit more colour around your thinking on the secondary crushing implementation? When you call it a long-term plan, what kind of time line are you thinking when you differentiate long term and near term?

Jim O'Rourke

Well, I think what we recognize is that we can't get our tonnage without a finer feed to the SAG mill, so we've done the test in March where we did a 70,000 tonne sample that was crushed to minus 2-inch, and that worked very well. It went through the mill with no problem at all at well above our design capacity of 35,000 tonne a day.

After we finished that we then did a test with some high energy blast material from Pit 3, and that also worked well and allowed us to achieve our capacity. So what we've done is we've implemented for the short term to do both, so we are using the high energy blast to get to fine, but also we upped our capacity for the pre-crushed from 5,000 to 10,000.

We had a contractor or we have the same contractor in there, and they had facility to do about 5,000 tonnes a day of pre-crushed, and he's brought in a bigger secondary crusher, and he can now do 10,000 tonne a day. So this we're expecting will help, and when I say that the 10,000 tonne a day crushing just started really about a week ago, so this is our short-term plan.

When I talk about long-term plan, I think it's pretty obvious to us that for the long term we have to have more security in the supply of a finer product. And for that we're looking at this secondary crusher, and we're looking at that, a decision sometime mid-year on that. And that would take us approximately 12 months to install.

Matt Murphy

Right. Okay. So the—sorry, go on.

Jim O'Rourke

But in the meantime, we'll continue to use high-energy blasting and the contract crusher to get us through until we have some secondary crushers.

Matt Murphy

The go-forward decision then, I guess, would include how you're going to finance it?

Jim O'Rourke

Correct.

Matt Murphy

Okay. Okay. And then, I guess, just on the comment where with the measures you have in place in the short term, the MD&A says you can achieve over 35,000 tonnes per day. I'm just wondering, do you expect to see those kinds of numbers on a sustained basis at all? Or is that more an instantaneous measure that you can get there for brief periods of time?

Jim O'Rourke

Well, I guess number one, we are dependent on the contractor and his performance, but we are also getting into build-up of stockpile of the finer material so that we can get a consistent feed to the mill.

If we go with a contractor just directly then we do run into some difficulties in terms of ups and downs. But with the stockpile we think we can have the buffer there that will give us a steady feed.

Matt Murphy

Okay. Thanks, Jim.

Jim O'Rourke

Okay.

Operator

Your next question comes from the line of Steve Parsons from National Bank Financial. Please go ahead.

Steve Parsons — National Bank Financial

Yeah. Good morning. Thanks. Most of my questions have been asked, but just one question back to the crusher, not so much the crusher decision, but the crusher timing decision and on financing. You'd indicated you would like to do with obviously internal cash flow. What cash balance would you like to see before you make the development decision on the crusher? I mean mid-year decision? Just curious to know where you'd like to be on the working capital and cash balance?

Jim O'Rourke

I'm going to let Rod answer that one.

Rod Shier

Thanks, Steve. Well, I guess one of the things Jim talked about in the study where we looked at was a burn rate of build-up similar to how we did when we built the mine. So you don't need the whole 35 million right at the start. You'd find that the majority of your money you're going to need probably four months out or five months out into the build.

So I think we'd be comfortable with right now we've got about 25 million. If we can get that up to in the 35 million, 40 million, I think we'd be comfortable starting the program.

Jim O'Rourke

I guess I can add to that too, Steve. So far we haven't met our 20 million pounds a month—or per quarter, and at the 20 million pounds per quarter we see us having the cash to do that.

Steve Parsons

Got it. All right. So, Jim, you'd indicated you're still seeing sort of a 1,200 tonne per hour to 1,700 tonne per hour variability in throughput rates. Obviously at the 1,700 tonne an hour that's going to get you to the sort of 35,000 tonne a day with availabilities that you're seeing. Looks like it's a real push to get to that guidance for the year based on that. Are you expecting the 10,000 tonne a day pre-crush to really give you the boost to 1,700 on a pretty stable basis, subject to…

Jim O'Rourke

I guess definitely that's our target is the 1,700 tonne an hour, and with 10,000 tonne a day feed and also getting to our 92 percent operating time.

Steve Parsons

Right. All right. That's actually it for me, guys. Thanks a lot.

Operator

Your next question comes from John Hayes from BMO Capital Markets. Please go ahead.

John Hayes — BMO Capital Markets

Good morning, gentlemen. Just have a couple of questions on cost breakdown. Could you provide us with a cost breakdown on your mining costs on a per tonne basis for mining, milling, and G&A?

Jim O'Rourke

Cost per ton mining, John, for the quarter was about $1.59 per tonne mined, and that was about 8 percent higher than planned. And one of the reasons there is that we were planning in the order of about 175,000 tonne a day, we averaged about 172,000 tonne a day, so the denominator was a little low, which resulted in a little higher cost.

And also I think I mentioned earlier that the final drive on our number one shovel had to be rebuilt, and that was a bit of a slug for us for the quarter. But anyway, to answer your question, $1.59.

John Hayes

What about the milling costs per tonne?

Jim O'Rourke

That's per tonne mined.

John Hayes

Yeah. No. But actually the tonnes through the mill, how much was it to process? Process costs per tonne?

Jim O'Rourke

Are you talking about the mining or...

John Hayes

The milling.

Jim O'Rourke

The milling? Milling was up. It was about $6.80 per ton milled, which was up about the same proportion as the decrease in tonnes milled.

John Hayes

Okay. So that's just the scaling factors again. And just to finish that off...

Jim O'Rourke

Dollars per month are on. It's just a question of the unit costs.

John Hayes

And then the G&A, just to close that off, would be?

Jim O'Rourke

Yeah. I think I mentioned earlier, John, that the total site cost in the 43 million range for the quarter were 1.6 percent within budget.

John Hayes

Okay. Very good. Now just want to talk about the deferred strip thing because from my understanding of it it’s got to do with the amount—it’s not just about being life of mine, but moving tonnes of waste that actually provide access to future ore. So it's more closely matched to the production effort. I was wondering if your—what do you expect to be capitalizing over the course of 2013? Is there a number, dollar figure for that? Or...

Rod Shier

I don't have it. I don't have a dollar figure for that right now, John, but because ours is closely—it's considered essentially one segment, and I think what you're referring to is some mines will divide their pit into a number of different segments and say okay, moving this ore material, moving this waste material releases this ore over here, so we're going to match that up with this ore.

John Hayes

Yeah.

Rod Shier

We've taken a little bit easier approach where it's very closely matched to our life of mine strip because we're doing a series of push-backs everywhere. So we have a bit of an advantage there, and we've already got a lot of it moved, right?

John Hayes

So it doesn't change much from pit to pit as well? That's what I'm inferring from that.

Rod Shier

Well, your—it will. It depends on what's happening in what pit and when you start—for example, when we go to start our next stage push back in Pit 3 on the west side, you've got a bit of waste to go through before you get down there. So that will—you'll see an increase in strip ratio when we enter that area, and so there'll be a little bit higher adjustment as a result of this IFIRC 20 that we're forced to do.

John Hayes

Okay. That—sorry?

Jim O'Rourke

John, just one other thing I'll add. The numbers I gave you were not accounting numbers. They're cash numbers from the site.

John Hayes

They're cash numbers per tonne from the site and—okay. That's fair enough. So yeah. Okay. That's per tonne moved. That's fair enough.

Rod Shier

Yeah. But Jim's point, I think his other point he made I think is significant is for the quarter our total costs for the quarter were about 1.6 percent over budget. So very, very close. Like our monthly costs are very, very predictable, and it's just the denominator and the unit getting through that you see the variation.

John Hayes

Okay. So now my final question, and it's a biggie. If you're going to put this crusher in, you're throughput's going to go up, your whole feasibility mine plan is completely out the door. So I was just wondering, are you going to give us a broad-ranging update with new feasibility, new mine plan? Is that something we can expect before you make this final decision?

Jim O'Rourke

Well, I think you're aware, John, I mean the whole thing is a dynamic program. And we've recently been reviewing both our resource and reserves in terms of the block models and trying to get the best reconciliation we can with regard to the predictions and what we're mining in. And so we're working on it continuously.

As to whether or not we're going to do another feasibility study, I don't think so. I think our goal now is to maximize our tonnage and get as much copper out as we can.

John Hayes

So...

Jim O'Rourke

It'll be a year-to-year basis.

John Hayes

So are we—are you going to do a reserve update at some point?

Jim O'Rourke

I guess we'll have to at some point, but for right now, John, we have a five-year plan, we have a 10-year plan, and we're doing exploration continuously. Like last year we did a fair amount of drilling, which really outlined a lot of material outside our super pit. So I think as long as things are fairly dynamic, we're probably not going to put out an awful lot on it.

John Hayes

So I could interpret from that you'll be kind of mining 0.35 percent copper for the next two years or so?

Jim O'Rourke

Yeah. I'd say 0.35 to 0.4.

John Hayes

Okay. Thank you. That's all for me.

Operator

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

Adam Low — Raymond James

Good morning, everyone.

Jim O'Rourke

Good morning.

Adam Low

My first couple questions are really just to clarify some earlier statements. Just wanted to make sure I understood the timing on a couple things. First of all, you mentioned a shovel being down for a period of time, and I think you'd said it was in April, but it sounded also at another point like it might have been during 1Q. Just wanted to be sure I had the timing right on that?

Rod Shier

Yeah. The shovel final drive was rebuilt in March, Adam.

Adam Low

Okay.

Rod Shier

So that's a March cost to us, and that was one of the reasons you saw—there was two reasons why your mining costs were up. It was—in total dollars I'm talking; there's a little bit on the extra high-energy blasting that we started late March and your final drive.

Adam Low

And I noticed that the tonnes mined, in addition when I add in the stockpile movements, it looked like they were down about 6 percent quarter over quarter. Is that due to that shovel outage late in the quarter as well?

Jim O'Rourke

Probably, if anything, it's due to we've had a number of people off on short-term disability not related to mine accidents, but related to snowmobile accidents. And so we've had a bit of a shortfall on truck drivers recently during the winter months.

Adam Low

Regrettable.

Jim O'Rourke

That—pardon?

Adam Low

A regrettable thing. The other thing I wanted to inquire about on the timing was the pre-crushing. You said that you've gone from 5,000 tonnes per day to 10,000 tonnes per day with the contractor pre-crushing it, and that was in May that you've done that? And then just…

Jim O'Rourke

Yeah.

Adam Low

So for the full month of April you were doing it at about 5,000 tonnes per day?

Jim O'Rourke

Correct. And actually there was an interruption there also because they were rebuilding their portable crusher and putting in the new crusher to take it up to the 10,000 tonne per day range.

Adam Low

Okay. And that's sort of leads into my next question. I mean you guys have given pretty good disclosure about the variation in the throughput during 1Q, but I'm very curious to know what the throughput's been like during the month of April and the first two weeks of May here? You guys did give us a little bit of clarity about the availability, but I was curious about the throughput?

Jim O'Rourke

Throughput particularly in May has suffered. And the reason it suffered is we didn't have the pre-crushed material for the full month. As I said, they had the 5,000 tonne a day crusher down while they converted it to 10,000 tonne a day for the last couple of weeks. So it's really just got up the last week and been performing. The production in April, the capacity was about 34,000 tonne a day per operating day versus 38,000 planned.

Adam Low

Okay. That's helpful. Moving on, I was also curious about the G&A expense during the quarter. It was about 1.7 million. It's about double what it was in the previous quarter, and about 45 percent over and above what you guys typically have. Just wondered if there's some special items included in the G&A this quarter? And what it might be going forward?

Rod Shier

Yeah. It was a little bit higher this quarter. There were some salary additions this quarter, as well as some yearly bonuses paid out this quarter. So that's sort of a little one-off item.

Adam Low

So what would you expect it to be on a go-forward basis on a quarterly run rate?

Rod Shier

Quarterly run would be fairly similar to what you saw annualized last year, and we just don't see a lot of change there. And if you look at our annualized G&A from the December financials, Adam, they were—it was running about 4.2 million a year.

Adam Low

Okay. And I actually remembered I did have one more question regarding throughput. Taking a look back at 1Q, the throughput—so your availability improved quarter over quarter, but the throughput was down about 15 percent from 34,000 tonnes per day to 29,000 tonnes per day on the days you actually were operating. Was that just due to encountering more hard ore or higher Pit 3 blend in the quarter versus 4Q?

Jim O'Rourke

The question—I'm sorry. I didn't quite understand that.

Adam Low

Yeah. I'm just wondering why the throughput decreased? On the days you were up and running, why the throughput was lower by about 15 percent quarter over quarter in 1Q?

Jim O'Rourke

I think in the—you're talking about the fourth quarter, right, last year?

Adam Low

Yeah. I'm talking—so in 1Q your tonnes per day milled was 29,000, and in 4Q I think it was about 34,000. Now your availability was higher in 1Q, but the throughput was down.

Jim O'Rourke

Right. Right. Right. Yeah. And the latter part of last year, actually starting in August we went into Pit 2, if you remember. And when we did go into Pit 2, we were in the upper zones and we were getting some excellent tonnage through there. And then as we went deeper into Pit 2 it's got harder and harder, and I think that probably is one of the reasons for it.

Also I think in Q1 we did a little more work in Pit 3, whereas in Q4 of last year, the latter part of last year, I would say 75 to 80 percent of our material was coming from Pit 2. And then this year we're probably closer to maybe 60 percent, and also we were down quite a few benches in Pit 2.

Adam Low

How are you expecting the proportion of the blend from Pit 2 versus Pit 3 to vary throughout the remainder of the year relative to say what you've done in the first quarter?

Jim O'Rourke

I think it's going to be about 60 percent Pit 2, and it's going to vary from time to time. On Pit 3, we're doing a push back, and so as—the end of the year, latter part of the year we'll be more into Pit 3 and the higher-grade material as we go deeper. But Pit 2 material will continue also, but it'll be a little more from Pit 3 at the latter part of the year.

Adam Low

All right. One last question for me. Sorry about that. So if Pit 2 ore has gotten harder as you've been going deeper, what kind of change in the grinding index have you seen as you've gone from the higher benches to the lower ones?

Jim O'Rourke

I don't know if it's the work index as much as the amount of fines. When we were in the upper zones of Pit 2, it was—we did encounter some oxidation, and so the ore broke up very easily. Then it's a little more complicated in the sense that there are areas in Pit 2 and Pit 3 where we have a lot of albite and hornfel in pockets. And when we hit those pockets, the ore is—the work index doesn't change substantially, but the ore is much tougher and it doesn't break.

And so in the SAG mill, the SAG mill becomes ineffective, to sum it up. I mean you have to break the sort of 4 or 5-inch particles with a crusher to get them down. And when we get in those areas and we don't have any pre-crush or a high-energy blast, the tonnage just goes down.

Adam Low

All right. Thanks. That's it for me.

Operator

Your next question comes from Garnet Salmon from Jennings Capital. Please go ahead.

Garnet Salmon — Jennings Capital

Good morning, gentlemen. Solid quarter from you guys. Just most of my questions have already been answered. Just a couple things here. In terms of assuming the secondary crusher is approved in terms of early benefits, would you foresee it seems like the benefits you'll start achieving from second quarter 2014? Is that correct?

Jim O'Rourke

Yes. Yes.

Garnet Salmon

Okay. And in terms of the IFRIC changes, accounting changes, what's the—is there going to be a revision to the cash cost guidance of 1.80 to $2 per pound with this change?

Rod Shier

No. We hadn't considered that at this stage, Garnet. We're looking at because our—as I said in the first quarter here, our strip ratio is very close to our life of mine average. It didn't have that significant of an effect on it.

Garnet Salmon

All right.

Rod Shier

But we certainly will look at that in the future.

Garnet Salmon

Okay. And then I guess lastly in terms of the financing of the secondary crusher, if it's approved, would there be consideration to and is there flexibility to some debt deferral in terms of your current repayment schedule, particularly the 50 percent cash sweep?

Rod Shier

I mean any new capital expenditure of this magnitude we would need our bank's approval for, so they're going to be intimately involved in it. And they'll see the benefits of, as Jim has pointed out, the additional tonnage through and more copper production. So I think it's in everyone's interest to move it forward at the right time and as soon as we can. So with respect to what the bank may or may not do, that's speculation at this stage.

Garnet Salmon

Right. So is part of this business case an opportunity to actually fast track the processing of the low-grade ore being stockpiled as well with the new crush?

Rod Shier

It's more of mining question, but I would say no, it is not. I think it's more of a case that it allows you to process any ore on the site equally because it's going to be crushed down to minus 2-inch, and so I think it gives you more flexibility.

Garnet Salmon

Okay. Thank you.

Operator

Your next question comes from Chris Chang from Laurentian Bank. Please go ahead.

Chris Chang — Laurentian Bank

Hi, guys. Most of my questions have been answered, but I guess the last one I do have is on the deferred stripping costs again. Of that $0.20-odd that you guys had on the quarter on a per pound basis, how much of that would have been expensed in your cash costs on the old method?

Rod Shier

You'd have to say a majority of it, but it's a little more complicated than that, Chris. You actually have to run the numbers. Because we also have a low-grade stockpile some of those costs would have been captured in the low-grade stockpile, but what's happened now, we've had our low-grade stockpile costs go down a little bit in terms of dollars going there, and it goes to deferred stripping in a greater quantity. So I think not all of those costs will go over, but a majority of that $0.20 would have been there.

Chris Chang

Okay. Okay. And then in terms of your capital costs for the rest of 2013, can you just remind me what that number would have been?

Rod Shier

The capital costs that we gave guidance for this year was about 3.5 million for the year. And we haven't given updated guidance for the balance of the year, so that number is still a valid number. And as I pointed out in that earlier question, the secondary crusher expenditure of 35 million would be a non-budgeted item that we'd need everybody's approval on, including the bank's.

Chris Chang

Okay. Okay. Thanks.

Operator

Ladies and gentlemen, as reminder should you have a question, please press the *, followed by the 1, on your touch-tone phone.

And your next question comes from John Hayes from BMO Capital Markets. Please go ahead.

John Hayes — BMO Capital Markets

Sorry, gents, to get back into this. But I just had one question, just to make sure if I understand it. If you put this secondary crusher in, what do you expect will be the uptick on the throughput on that plant with secondary crushing fully in there and you're getting that 2-inch material? Are you just going to meet design? Or are you going to exceed 35?

Jim O'Rourke

Well, I guess, John, to answer that is when we did the test we were able to run quite comfortably at the 1,700, 1,800 tonne an hour range. And I believe FLSmidth would be giving us a warranty of 1,800.

John Hayes

So it would give you 1,800 tonnes an hour. Okay. Thanks for that.

Jim O'Rourke

And I think if you look at what happened at Osisko, they I think they reported something like a 36 percent increase in tonnage.

John Hayes

Okay. And so now the question I've got, I guess the crushing, so have you done any additional crushing? I mean you're using a different kind of crusher in the pit than you would be using in that FLSmidth column crusher. So have you done any further work on that? Are you comfortable that you'll get that rate out of that?

Jim O'Rourke

Yeah. We—when we did the engineering on this, the firm that did the engineering for us, they looked at a number of alternatives. And in fact, I guess Newmont at their Phoenix mine they've put in some Raptor 1100s. But we looked—we currently operate—our pebble crusher is a 900, Raptor 900, and we looked at the 1100, the 1300, and then the 2000. And it appears that we could get by with the 1300, but the price difference in going to the 2000 isn't that significant. And when you look at it for the long term, we feel that it's best to go with the bigger crusher. And that would be the same crushers that they've put in at Osisko.

John Hayes

Osisko at Canadian Malartic, so that would be unit, what, 3 or 4?

Jim O'Rourke

They put in—yeah. That's right. It would be number 3.

John Hayes

Number 3. Okay.

Jim O'Rourke

Although I hear they're looking at more.

John Hayes

No. So I was wondering like there's not too many—like they were some of the first installations on those crushers. So I guess would you still be fairly early in the installation of that particular unit?

Jim O'Rourke

Yeah. What we did, John, is we—Osisko were very, very helpful and accommodating, and we took maintenance, engineering, and our new Vice President and myself, we all visited there. And they were extremely helpful in going through some of the difficulties they saw with the crusher and some of the modifications that were made. And also FLSmidth were there, and they also advised us of the changes and what was required to get a reliable product. So we've done a fair amount of due diligence on that.

John Hayes

Perfect. Thank you.

Operator

There are no further questions at this time. Please go ahead.

Rod Shier

Well, thank you very much, everyone, for joining us for our 2013 first quarter earnings conference call. And as usual, Jim and I are always open, so if you have questions, you can call directly.

So thank you very much and good-bye.

Jim O'Rourke

Thank you. 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.

*****