

# Copper Mountain Mining Corp. (CUM-T, \$2.83)

August 26, 2010

## *Inevitable Producer Status Provides Investment Opportunity*

**INITIATING COVERAGE:** Rating: **SECTOR OUTPERFORM**  
 Target Price: \$4.25 Risk: **SPECULATIVE**

Copper Mountain continues to advance its 75% owned Copper Mountain copper-gold-silver project in south-central British Columbia. Construction at the 'brown fields' project is well underway, with full-scale production targeted for June 2011. An August 2009 feasibility study provides a robust base case, headlined by 108 Mlb of annual copper production (in concentrate) over the first 5 years of the \$438 million project's 17-year open-pit mine life. Total copper cash costs are expected to average US\$0.94 per pound of payable copper net of credits. **We believe the Company's current market valuation provides a compelling investment opportunity ahead of an inevitable 'producer status' driven market revaluation.**

 **Relatively low execution risk with full project financing in hand and construction well underway** – Unlike many of Copper Mountain's peers, the Company is well positioned to achieve timely producer status with permits and project financing in hand—in our opinion, significantly decreasing execution risk. In August 2009, Mitsubishi Materials Corporation formally purchased a 25% interest in the Copper Mountain project from the Company for \$28.75 million. Mitsubishi agreed to purchase 100% of the project's copper concentrate production (at 'market' terms) and has arranged a US\$322 million loan for project development. This strategic agreement paved the way for accelerated development at Copper Mountain. Construction is well underway with more than \$330 million spent or committed to date.

 **Compelling investment opportunity ahead of an inevitable 'producer status' driven market revaluation** – Copper Mountain's fully financed after-tax corporate NAV<sub>10%</sub> of \$4.22 per share in our model sets the stage for a compelling investment opportunity (50% implied return based on a 1.0x multiple to corporate NAV—a valuation metric we typically use for development-stage base metals companies). However, with full project financing in hand and construction well underway, Copper Mountain is poised to make the transition from developer to producer. We note that comparable established base metals producers in Haywood's coverage universe currently trade at +5.0x annualized CFPS. Our model includes +US\$1.00 in average annualized CFPS during the project's first 3 years of full production. That said, we are also cognizant that the Copper Mountain project could significantly enhance the profile of a number of other mid-tier base metal producers. Hence, we look to 'corporate activity' as a potential 'wildcard' catalyst.

**Valuation** – We base our formal valuation on a 1.0x multiple to a fully financed after-tax corporate NAV<sub>10%</sub> of US\$398 million, or \$4.22 per fully diluted share at a long-term forecast copper price of US\$2.75 per pound.



Source: Copper Mountain Mining Corp.

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## EXECUTIVE SUMMARY

<b>Rating</b>	<b>SECTOR OUTPERFORM</b>
<b>Target Price</b>	<b>\$4.25</b>
Current Price	\$2.83
Return	50%
52-Week High / Low	\$3.58 / \$1.22
Share Capital	89.8 million (O/S)
	97.3 million (F/D)
	97.3 million (F/D; fully financed model)

Market Capitalization	US\$246.0 million
Working Capital	US\$113.8 million
Long-term Debt	US\$126.6 million
Enterprise Value	US\$258.7 million
Daily Volume	647,577
(100-day average)	
President and CEO	James C. O'Rourke
Company Website	<a href="http://www.cumtn.com">www.cumtn.com</a>

All figures in C\$ unless stated otherwise

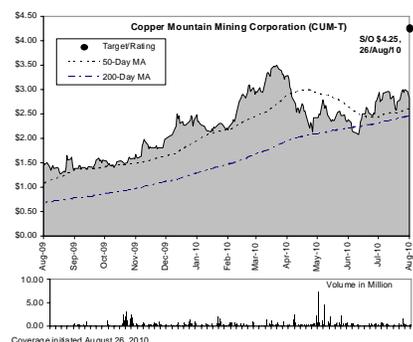
Initiated Coverage August 26, 2010

<b>Risk Profile</b>	<b>SPECULATIVE</b>
Financial Risk	Moderate
Forecast Risk	Moderate
Political Risk	Moderate to Low
Valuation Risk	Moderate

**Industry** – Mining (base metals)

**Company Profile** – Copper Mountain continues to advance its 75% owned Copper Mountain open-pit copper project in south-central British Columbia with full-scale production targeted for June 2011. Annual copper production from the US\$438 million operation is expected to average +100 million pounds (in concentrate) over a 17-year open-pit mine life. Our formal valuation includes a life-of-mine average total copper cash cost of US\$1.25 per pound net of by-product gold and silver credits. Project risk is mitigated through the use of standard ‘off-the-shelf’ froth-flotation technology, coupled with a proven management team.

#### Price Performance



Source: Capital IQ and Haywood Securities

### Inevitable Producer Status Provides Investment Opportunity

Copper Mountain continues to advance its 75% owned Copper Mountain copper-gold-silver project in south-central British Columbia. Construction at the ‘brown fields’ project is well underway, with full-scale production targeted for June 2011. An August 2009 feasibility study provides a robust base case, headlined by 108 Mlb of annual copper production (in concentrate) over the first 5 years of the \$438M project’s 17-year open-pit mine life. Total copper cash costs are expected to average US\$0.94/lb of payable copper net of credits. **We believe the Company’s current market valuation provides a compelling investment opportunity ahead of an inevitable ‘producer status’ driven market revaluation.**

- Relatively low execution risk with full project financing in hand and construction well underway** – Unlike many of Copper Mountain’s peers, the Company is well positioned to achieve timely producer status with permits and financing in hand, and construction underway at the project—in our opinion, significantly decreasing execution risk. In August 2009, Mitsubishi Materials Corporation formally purchased a 25% interest in the Copper Mountain project from the Company for \$28.75M. Mitsubishi agreed to purchase 100% of the project’s copper concentrate production (at ‘market’ terms) and has arranged a US\$322M loan for project development. This strategic agreement paved the way for accelerated development at Copper Mountain. Construction is well underway with more than \$330M spent or committed to date. Copper Mountain is targeting pre-production mining start-up in mid-October 2010, construction completion by April 2011, and ramp-up to full-scale production (35,000 tpd mill throughput) by June 2011 (early 2012 in Haywood model). Project risk is further mitigated through the use of standard off-the-shelf froth-flotation technology, a strong management team that boasts a track record of successful project development, and proximity to key infrastructure in an established mining region.
- Compelling investment opportunity ahead of an inevitable ‘producer status’ driven market revaluation** – Copper Mountain’s fully financed after-tax corporate NAV<sub>10%</sub> of \$4.22 per share in our model sets the stage for a compelling investment opportunity (50% implied return based on a 1.0x multiple to corporate NAV—a valuation metric we typically use for development-stage base metals companies). However, with full project financing in hand and construction well underway, Copper Mountain is poised to make the transition from developer to producer. We note that comparable established base metals producers in Haywood’s coverage universe currently trade at +5.0x annualized CFPS—a multiple that suggests Copper Mountain will command a premium valuation to corporate NAV as production start-up approaches given that our model includes +US\$1.00 in average annualized CFPS during the project’s first 3 years of full production. That said, we are also cognizant that the Copper Mountain project could significantly enhance the profile of a number of other mid-tier base metals producers. Hence, we look to ‘corporate activity’ as a potential (near-term) ‘wildcard’ catalyst. We also note that Copper Mountain is a relatively low-grade deposit (reserve grade of 0.4% copper and 0.1 g/t gold), which translates into a leveraged financial profile—a change of US\$0.25/lb (7%) in forecast copper price alters our 2012E CFPS by about US\$0.15 (12%). Hence, the Company is arguably best suited for investors with a ‘stronger for longer’ metal price outlook.

**Valuation** – We base our formal valuation on a 1.0x multiple to a fully financed after-tax corporate NAV<sub>10%</sub> of US\$398M or \$4.22 per fully diluted share at a long-term forecast copper price of US\$2.75/lb.



# Copper Mountain Mining Corporation (CUM-T)

**Copper Mountain Mining Corp. (CUM-T)**  
**Rating: SECTOR OUTPERFORM**  
**Target Price: C\$4.25**  
 Target Price Metric: 1.0x Corporate NAV

Target Price, C\$	\$4.25	Shares O/S, million	89.8
Current Price, C\$	\$2.83	Shares F/D, million	97.3
Return, %	50%	Market Capitalization, US\$M	\$246.0
52-Week High / Low, C\$	\$3.58 / \$1.22	Company CEO	Jim O'Rourke
Daily Volume (100-day avg)	647,577	Company Web Site	www.cumtm.com

	US\$M	US\$ / O/S Share	C\$M	C\$ / O/S Share
Market Capitalization	\$246.0	\$2.74	\$254.1	\$2.83
Current Cash	\$117.1	\$1.30	\$121.0	\$1.35
F/D Cash Adds	\$10.2	\$0.11	\$10.5	\$0.12
Working Capital	\$113.8	\$1.27	\$117.6	\$1.31
Copper Hedge Position	\$0.0	\$0.00	\$0.0	\$0.00
Long-term Debt	(\$126.6)	(\$1.41)	(\$130.8)	(\$1.46)
Book Value	\$109.9	\$1.22	\$113.6	\$1.26
Enterprise Value (EV)	\$258.7	\$2.88	\$267.3	\$2.98

EV = Market Capitalization - Working Capital + Long-term Debt  
 C\$/US\$ FX Rate: 1.03

	Number	Price	Proceeds	Expiry
Warrants	2.0M	C\$1.69	US\$3.3M	July 3, 1905
Options	5.5M	C\$1.29	US\$6.9M	2012-2015
Warrants + Options	7.5M	C\$1.39	US\$10.2M	

C\$/US\$ FX Rate: 1.03

April 26, 2010 - \$34.5M bought deal financing (9.85M common shares @ \$3.05 per share + over-allotment of 1.5M shares)
September 23, 2009 - \$52.5M financing (43.5M common shares @ \$1.15 per share)
June 29, 2008 - \$20.0M flow-through financing (9.5M units @ \$2.10: 1 unit = 1 share + 0.5 warrant exercisable at \$2.50 for 1 year)
December 17, 2007 - \$5.2M flow through private placement (1.2M + 0.9M @ \$2.50 per share)
June 28, 2007 - \$7.0M IPO - 3.45M units @ \$1.45/unit (1 unit = 1 share + 0.5 warrant exerc. at \$2.00 for 1.5 year) + 1.15 flow through shares @ \$1.75/share

	2010	2011	2012	2013	2014	2015
Forecast Copper Price, US\$/lb	\$3.25	\$3.50	\$3.25	\$3.00	\$2.75	\$2.75
Realized Copper Price, US\$/lb	-	-	\$3.25	\$3.00	\$2.75	\$2.75
Forecast Gold Price, US\$/oz	\$1,200	\$1,250	\$1,150	\$1,050	\$900	\$900
Realized Gold Price, US\$/oz	-	-	\$1,150	\$1,050	\$900	\$900
Forecast Silver Price, US\$/oz	\$18.50	\$19.25	\$17.75	\$16.15	\$14.00	\$14.00
Realized Silver Price, US\$/oz	-	-	\$17.75	\$16.15	\$14.00	\$14.00
C\$/US\$ FX Rate	\$1.03	\$1.03	\$1.06	\$1.08	\$1.06	\$1.06
Shares O/S, millions	86	90	90	90	90	90
Attributable Gross Sales Revenue, US\$M	\$0	\$0	\$293	\$267	\$246	\$207
Attributable Net Revenue, US\$M	\$0	\$0	\$263	\$238	\$217	\$182
Attributable Cost of Sales, US\$M	\$0	\$0	(\$98)	(\$93)	(\$94)	(\$94)
Corporate G&A, US\$M	(\$3)	(\$3)	(\$5)	(\$5)	(\$5)	(\$5)
EBITDA, US\$M	(\$3)	(\$3)	\$160	\$140	\$118	\$83
EV / EBITDA	-	-	1.6x	1.9x	2.2x	3.1x
DD&A, US\$M	\$0	\$0	(\$23)	(\$23)	(\$24)	(\$25)
Gain on Derivative Instruments, US\$M	\$0	\$0	\$0	\$0	\$0	\$0
Earnings, US\$M	(\$2)	(\$9)	\$86	\$74	\$62	\$39
EPS, US\$	(\$0.03)	(\$0.10)	\$0.96	\$0.83	\$0.69	\$0.44
Current Price / EPS	-	-	2.8x	3.2x	3.9x	6.1x
Target Price / EPS	-	-	4.2x	4.8x	5.8x	9.2x
Cash Flow Before WC Changes, US\$M	(\$2)	(\$9)	\$108	\$98	\$86	\$64
CFPS, US\$	(\$0.03)	(\$0.10)	\$1.21	\$1.09	\$0.95	\$0.71
Current Price / CFPS	-	-	2.2x	2.4x	2.8x	3.7x
Target Price / CFPS	-	-	0.0x	0.0x	3.3x	3.6x
Copper Price CFPS Sensitivity, US\$	\$0.00	\$0.00	\$0.15	\$0.15	\$0.15	\$0.15
CAPEX (incl. capitalized exploration), US\$M	(\$127)	(\$221)	(\$4)	(\$4)	(\$4)	(\$3)
Proceeds from Equity Financing, US\$M	\$34	\$0	\$0	\$0	\$0	\$0
Proceeds from Debt Financing, US\$M	\$251	\$0	\$0	\$0	\$0	\$0
Debt Repayment, US\$M	\$0	(\$7)	(\$9)	(\$10)	(\$10)	(\$12)
Free Cash Flow, US\$M	\$155	(\$237)	\$95	\$83	\$71	\$49
FCPS, US\$	\$0.76	\$1.80	(\$2.64)	\$1.06	\$0.93	\$0.79

Copper price CFPS sensitivity is based on a US\$0.25/lb change in forecast copper price.

	O/S (millions)	O/S (%)	F/D (millions)	F/D (%)
RBC	7.8	9%	7.8	8%
Carmignac Gestion	5.6	6%	5.6	6%
CIBC	3.1	3%	3.1	3%
Compliance Energy	1.3	1%	2.5	3%
Elliot & Page	2.5	3%	1.6	2%
Franklin Resources	1.6	2%	1.4	1%
First Canadian	1.4	2%	1.3	1%
Management and Directors	4.8	5%	4.8	5%
Total	89.8	31%	97.3	29%

	Haywood Model	\$1.00	\$2.00	\$3.00	\$4.00	\$3.21
Forecast Copper Price, US\$/lb	\$400	\$800	\$1,200	\$1,600	\$1,240	\$1,240
Forecast Gold Price, US\$/oz	\$6.00	\$13.00	\$20.00	\$27.00	\$18.84	\$18.84
Forecast Silver Price, US\$/oz	\$0	\$0	\$0	\$0	\$0	\$0
Forecast C\$/US\$ FX Rate	1.03	1.30	1.20	1.10	1.00	1.06
Corporate Adjustments, US\$M	(\$166)	(\$166)	(\$166)	(\$166)	(\$166)	(\$166)
Attrib. Copper Mountain Alter-Tax Project NAV(10%), US\$M	\$564	(\$125)	\$311	\$673	\$1,025	\$731
Additional Exploration Credit, US\$M	\$0	\$0	\$0	\$0	\$0	\$0
Corporate NAV, US\$M	\$398	(\$291)	\$145	\$506	\$859	\$565
Corporate Adjustments, C\$ / F/D share	(\$1.76)	(\$2.22)	(\$2.05)	(\$1.88)	(\$1.71)	(\$1.81)
Attrib. Copper Mountain Alter-Tax Project NAV(10%), C\$ / F/D share	\$5.99	(\$1.66)	\$3.84	\$7.60	\$10.53	\$7.98
Additional Exploration Credit, C\$ / F/D share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Corporate NAV, C\$ / F/D share	\$4.22	(\$3.88)	\$1.79	\$5.73	\$8.83	\$6.17
Current Price / Corporate NAV	0.7x	-	1.6x	0.5x	0.3x	0.5x
Target Price / Corporate NAV	1.0x	-	2.4x	0.7x	0.5x	0.7x
2012E CFPS, US\$	\$1.21	(\$0.37)	\$0.42	\$1.08	\$1.74	\$1.20
2013E CFPS, US\$	\$1.09	(\$0.35)	\$0.44	\$1.13	\$1.80	\$1.24

Model shares F/D (fully financed): 97M

	Tonnes (000's)	Cu Grade (%)	CuEq Grade (%)	Copper (Mlb)	CuEq (Mlb)	EV/IB CuEq (US\$/lb)
Copper Mountain Model Mineable (100%)	211,189	0.4%	0.4%	1,676	1,951	-
Copper Mountain Model Payable (100%)	-	-	-	1,435	1,596	-
Copper Mountain Proven and Probable Reserve (100%)	211,171	0.36%	0.42%	1,676	1,951	-
Copper Mountain Measured & Indicated Resource (100%)	134,616	0.38%	0.38%	1,140	1,140	-
Copper Mountain Inferred Resource (100%)	169,380	0.29%	0.29%	1,083	1,083	-
Total Reserve and Resource (100%)	515,167	0.34%	0.37%	3,899	4,174	\$0.62

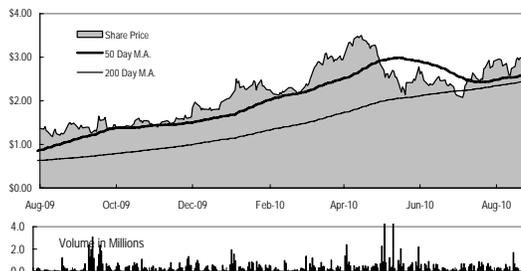
Measured & indicated resource is additional to proven and probable reserve.

	Analysts	Mean EPS	High / Low	Haywood vs. Cons.	Mean CFPS	High / Low	Haywood vs. Cons.
2010 Consensus Estimate	15	US\$0.34	US\$0.31 / US\$0.23	(8%)	(Capability needed)	-	-
2011 Consensus Estimate	14	US\$0.43	US\$0.75 / US\$0.29	(6%)	(Capability needed)	-	-
Consensus Valuation	15	10	5	-	US\$3.77	US\$4.51 / US\$3.19	113%

	Price	Corp NAV	Price / NAV	2010 CFPS	Price / CFPS	2011 CFPS	Price / CFPS
Copper Mountain Mining Corp. (CUM-T)	C\$2.83	US\$4.09	0.7x	(US\$0.03)	-	(US\$0.10)	-
Anvil Mining Ltd. (AVM-T)	C\$2.87	US\$5.74	0.5x	US\$0.08	-	US\$0.75	3.7x
Capstone Mining Corp. (CS-T)	C\$2.47	US\$3.48	0.7x	US\$0.42	5.7x	US\$0.57	4.2x
Coro Mining Corp. (COP-T)	C\$0.36	US\$0.82	0.4x	(US\$0.03)	-	(US\$0.05)	-
Creston Moly Corp. (CMS-V)	C\$0.19	US\$0.61	0.3x	(US\$0.01)	-	(US\$0.01)	-
Farallon Mining Ltd. (FAN-T)	C\$0.37	US\$0.56	0.6x	US\$0.08	4.6x	US\$0.18	1.9x
First Quantum Minerals Ltd. (FM-T)	C\$58.45	US\$75.92	0.7x	US\$13.90	4.1x	US\$16.20	3.5x
GlobeStar Mining Ltd. (GMI-T)	C\$0.97	US\$1.25	0.8x	US\$0.23	4.1x	US\$0.32	2.9x
Inca Pacific Resources Inc. (IPR-V)	C\$0.22	US\$0.19	1.1x	(US\$0.04)	-	(US\$0.04)	-
Lundin Mining Corp. (LUN-T)	C\$4.22	US\$7.56	0.5x	US\$0.55	7.4x	US\$1.10	3.7x
Mercator Minerals Ltd. (ML-T)	C\$1.84	US\$5.39	0.3x	US\$0.04	40.7x	US\$0.60	3.0x
Nevsun Resources Ltd. (NSU-T)	C\$4.77	US\$4.77	1.0x	(US\$0.04)	-	US\$0.30	15.4x
Terrace Metals Corp. (TRX-V)	C\$1.35	US\$1.28	1.0x	(US\$0.02)	-	(US\$0.11)	-
Peer-Group Average (producers)			0.6x		5.2x		3.3x
Peer-Group Average (all)			0.7x		11.1x		4.8x

2010E C\$/US\$ FX Rate: 1.03  
 2011E C\$/US\$ FX Rate: 1.03

	2010	2011	2012	2013	2014	RLOM
Forward Copper Sales, Mlb	-	-	-	-	-	-
Forward Copper Sales Price, US\$/lb	-	-	-	-	-	-



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Source: Haywood Securities, Copper Mountain Mining Corp., CapitalIQ



<b>Copper Mountain Mining Corp. (CUM-T)</b>	Current Price, C\$	\$2.83	Market Capitalization, US\$M	\$246.0
	Return, %	50%	Current Cash, US\$M	\$117.1
Rating: SECTOR OUTPERFORM	52-Week High / Low, C\$	\$3.58 / \$1.22	Working Capital, US\$M	\$113.8
Target Price: C\$4.25	Shares O/S, million	90	Long-term Debt, US\$M	(\$126.6)
Target Price Metric: 1.0x Corporate NAV	Shares F/D, million	97	Enterprise Value (EV), US\$M	\$258.7

After-Tax Corporate NAV Sensitivity (C\$ per fully diluted share)

	Copper Price (US\$/lb)										
	\$0.50	\$1.00	\$1.50	\$2.00	\$2.50	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	
Gold Price (US\$/oz)	\$650	\$(6.83)	\$(4.10)	\$(1.38)	\$0.70	\$2.60	\$4.50	\$6.39	\$8.29	\$10.19	\$12.08
	\$750	\$(6.67)	\$(3.95)	\$(1.23)	\$0.81	\$2.71	\$4.60	\$6.50	\$8.40	\$10.29	\$12.19
	\$850	\$(6.52)	\$(3.79)	\$(1.07)	\$0.92	\$2.81	\$4.71	\$6.61	\$8.50	\$10.40	\$12.30
	\$950	\$(6.36)	\$(3.64)	\$(0.93)	\$1.03	\$2.92	\$4.82	\$6.72	\$8.61	\$10.51	\$12.41
	\$1,050	\$(6.21)	\$(3.49)	\$(0.80)	\$1.13	\$3.03	\$4.93	\$6.82	\$8.72	\$10.62	\$12.51
	\$1,150	\$(6.06)	\$(3.33)	\$(0.68)	\$1.24	\$3.14	\$5.03	\$6.93	\$8.83	\$10.72	\$12.62
	\$1,250	\$(5.90)	\$(3.18)	\$(0.56)	\$1.35	\$3.25	\$5.14	\$7.04	\$8.94	\$10.83	\$12.73
	\$1,350	\$(5.75)	\$(3.02)	\$(0.45)	\$1.46	\$3.35	\$5.25	\$7.15	\$9.04	\$10.94	\$12.84
	\$1,450	\$(5.59)	\$(2.87)	\$(0.34)	\$1.56	\$3.46	\$5.36	\$7.25	\$9.15	\$11.05	\$12.94
	\$2,000	\$(4.74)	\$(2.02)	\$0.26	\$2.16	\$4.05	\$5.95	\$7.85	\$9.74	\$11.64	\$13.54

After-Tax Copper Mountain Project NAV Sensitivity (C\$ per fully diluted share)

	Copper Price (US\$/lb)										
	\$0.50	\$1.00	\$1.50	\$2.00	\$2.50	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	
Gold Price (US\$/oz)	\$650	\$(5.07)	\$(2.34)	\$0.38	\$2.47	\$4.36	\$6.26	\$8.16	\$10.05	\$11.95	\$13.85
	\$750	\$(4.91)	\$(2.19)	\$0.54	\$2.57	\$4.47	\$6.37	\$8.26	\$10.16	\$12.06	\$13.95
	\$850	\$(4.76)	\$(2.03)	\$0.69	\$2.68	\$4.58	\$6.47	\$8.37	\$10.27	\$12.16	\$14.06
	\$950	\$(4.60)	\$(1.88)	\$0.83	\$2.79	\$4.68	\$6.58	\$8.48	\$10.38	\$12.27	\$14.17
	\$1,050	\$(4.45)	\$(1.72)	\$0.96	\$2.90	\$4.79	\$6.69	\$8.59	\$10.48	\$12.38	\$14.28
	\$1,150	\$(4.29)	\$(1.57)	\$1.08	\$3.00	\$4.90	\$6.80	\$8.69	\$10.59	\$12.49	\$14.38
	\$1,250	\$(4.14)	\$(1.41)	\$1.20	\$3.11	\$5.01	\$6.90	\$8.80	\$10.70	\$12.59	\$14.49
	\$1,350	\$(3.98)	\$(1.26)	\$1.31	\$3.22	\$5.12	\$7.01	\$8.91	\$10.81	\$12.70	\$14.60
	\$1,450	\$(3.83)	\$(1.10)	\$1.42	\$3.33	\$5.22	\$7.12	\$9.02	\$10.91	\$12.81	\$14.71
	\$2,000	\$(2.98)	\$(0.25)	\$2.02	\$3.92	\$5.82	\$7.71	\$9.61	\$11.51	\$13.40	\$15.30

2012E CFPS Sensitivity (US\$)

	Copper Price (US\$/lb)										
	\$0.50	\$1.00	\$1.50	\$2.00	\$2.50	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	
Gold Price (US\$/oz)	\$650	\$(0.95)	\$(0.49)	\$(0.03)	\$0.32	\$0.65	\$0.97	\$1.29	\$1.62	\$1.94	\$2.26
	\$750	\$(0.92)	\$(0.47)	\$(0.01)	\$0.34	\$0.66	\$0.99	\$1.31	\$1.63	\$1.96	\$2.28
	\$850	\$(0.90)	\$(0.45)	\$0.01	\$0.35	\$0.68	\$1.00	\$1.32	\$1.65	\$1.97	\$2.29
	\$950	\$(0.88)	\$(0.43)	\$0.03	\$0.37	\$0.69	\$1.02	\$1.34	\$1.66	\$1.99	\$2.31
	\$1,050	\$(0.86)	\$(0.40)	\$0.05	\$0.38	\$0.71	\$1.03	\$1.35	\$1.68	\$2.00	\$2.32
	\$1,150	\$(0.84)	\$(0.38)	\$0.07	\$0.40	\$0.72	\$1.05	\$1.37	\$1.69	\$2.02	\$2.34
	\$1,250	\$(0.82)	\$(0.36)	\$0.09	\$0.41	\$0.74	\$1.06	\$1.38	\$1.71	\$2.03	\$2.35
	\$1,350	\$(0.80)	\$(0.34)	\$0.11	\$0.43	\$0.75	\$1.08	\$1.40	\$1.72	\$2.05	\$2.37
	\$1,450	\$(0.78)	\$(0.32)	\$0.12	\$0.44	\$0.77	\$1.09	\$1.41	\$1.74	\$2.06	\$2.38
	\$2,000	\$(0.66)	\$(0.20)	\$0.20	\$0.52	\$0.85	\$1.17	\$1.50	\$1.82	\$2.14	\$2.47

2013E CFPS Sensitivity (US\$)

	Copper Price (US\$/lb)										
	\$0.50	\$1.00	\$1.50	\$2.00	\$2.50	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00	
Gold Price (US\$/oz)	\$650	\$(0.90)	\$(0.45)	\$0.01	\$0.36	\$0.69	\$1.02	\$1.35	\$1.68	\$2.01	\$2.34
	\$750	\$(0.88)	\$(0.42)	\$0.03	\$0.37	\$0.70	\$1.04	\$1.37	\$1.70	\$2.03	\$2.36
	\$850	\$(0.85)	\$(0.40)	\$0.05	\$0.39	\$0.72	\$1.05	\$1.38	\$1.71	\$2.04	\$2.38
	\$950	\$(0.83)	\$(0.38)	\$0.07	\$0.40	\$0.74	\$1.07	\$1.40	\$1.73	\$2.06	\$2.39
	\$1,050	\$(0.81)	\$(0.36)	\$0.09	\$0.42	\$0.75	\$1.08	\$1.41	\$1.75	\$2.08	\$2.41
	\$1,150	\$(0.79)	\$(0.34)	\$0.11	\$0.44	\$0.77	\$1.10	\$1.43	\$1.76	\$2.09	\$2.42
	\$1,250	\$(0.77)	\$(0.32)	\$0.12	\$0.45	\$0.78	\$1.11	\$1.45	\$1.78	\$2.11	\$2.44
	\$1,350	\$(0.75)	\$(0.29)	\$0.14	\$0.47	\$0.80	\$1.13	\$1.46	\$1.79	\$2.12	\$2.45
	\$1,450	\$(0.72)	\$(0.27)	\$0.15	\$0.48	\$0.81	\$1.15	\$1.48	\$1.81	\$2.14	\$2.47
	\$2,000	\$(0.61)	\$(0.15)	\$0.24	\$0.57	\$0.90	\$1.23	\$1.56	\$1.89	\$2.23	\$2.56

Haywood model is based on a forecast copper price of US\$3.25/lb in 2010, US\$3.50/lb in 2011, US\$3.25/lb in 2012, US\$3.00/lb in 2013, and US\$2.75/lb thereafter.  
 Haywood model is based on a forecast gold price of US\$1,200/oz in 2010, US\$1,250/oz in 2011, US\$1,150/oz in 2012, US\$1,050/oz in 2013, and US\$900/oz thereafter.

Source: Haywood Securities



## INVESTMENT THESIS

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In a sea of copper ‘development’ stories, Copper Mountain is successfully making the transition to producer ahead of many peers. We applaud the Company’s ability to continue advancing its 75% owned Copper Mountain copper-gold-silver project in British Columbia through the ‘brunt’ of the credit crisis—a time when many other advanced-stage projects were shelved. An August 2009 feasibility study provides a robust base case, headlined by 108 million pounds of annual copper production (in concentrate) over the first 5 years of the \$438 million project’s 17-year open-pit mine life. Total copper cash costs are expected to average US\$0.94 per pound of payable copper net of credits (US\$1.25 per pound in Haywood model). **We believe the Company’s current market valuation provides a compelling investment opportunity ahead of an inevitable ‘producer status’ driven market revaluation.** Unlike many of Copper Mountain’s peers, the Company is well positioned to achieve timely producer status, with permits and financing in hand, and construction underway at the ‘brown fields’ project—in our opinion, significantly decreasing execution risk. In August 2009, Mitsubishi Materials Corporation formally purchased a 25% interest in the Copper Mountain project from the Company for \$28.75 million. Mitsubishi agreed to purchase 100% of the project’s copper concentrate production (at ‘market’ terms) and has arranged a US\$322 million loan for project development. This strategic agreement paved the way for accelerated development at Copper Mountain. Construction is well underway, with more than \$330 million spent or committed to date and full production targeted in June 2011. Project risk is further mitigated through the use of standard off-the-shelf froth-flotation technology, a strong management team that boasts a track record of successful project development, and proximity to key infrastructure in an established mining region.

Copper Mountain’s fully financed after-tax corporate NAV<sub>10%</sub> of \$4.22 per share in our model sets the stage for a compelling investment opportunity (50% implied return based on a 1.0x multiple to corporate NAV—a valuation metric we typically use for development-stage base metals companies). However, with full project financing in hand and construction well underway, Copper Mountain is poised to make the transition from developer to producer. We note that comparable established base metals producers in Haywood’s coverage universe currently trade at +5.0x annualized CFPS—a multiple that suggests Copper Mountain will command a premium valuation to corporate NAV as production start-up approaches given that our model includes +US\$1.00 in average annualized CFPS during the project’s first 3 years of full production. We are also cognizant that the Copper Mountain project could significantly enhance the profile of a number of other mid-tier base metals producers. Hence, we look to ‘corporate activity’ as a potential (near-term) ‘wildcard’ catalyst. We also note that Copper Mountain is a relatively low-grade deposit (reserve grade of 0.4% copper and 0.1 gram per tonne gold), which translates into a leveraged financial profile—a change of US\$0.25 per pound (7%) in forecast copper price alters our 2012E CFPS by about US\$0.15 (12%). Hence, the Company is arguably best suited for investors with a ‘stronger for longer’ metal price outlook. **We are initiating coverage on Copper Mountain Mining Corporation (CUM-T) with a SECTOR OUTPERFORM rating and a target price of \$4.25 per share (50% implied return).**

## CATALYSTS

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- Pre-production mining start-up – mid-October 2010
- Construction completion – April 2011
- Ramp-up to full-scale production – June 2011 (early 2012 in Haywood model)
- Corporate activity
- Continued copper and gold price strength



## VALUATION AND TARGET PRICE

Our valuation is based on Haywood's metal price forecast, which includes a copper price of US\$3.25 per pound in 2012, US\$3.00 per pound in 2013, and a long-term (+2014) copper price of US\$2.75 per pound. Our price forecast also includes a gold price of US\$1,150 per ounce in 2012, US\$1,050 per ounce in 2013, and US\$900 per ounce long-term (+2014), and a silver price of US\$17.75 per ounce in 2012, US\$16.15 per ounce in 2013, and US\$14.00 per ounce long-term (+2014). Our formal target price of \$4.25 per share is based on a 1.0x multiple to Copper Mountain's fully financed after-tax corporate NAV<sub>10%</sub> of \$4.22 per share, which includes the following:

- \$5.99 per share attributable to the Copper Mountain project (discounted at 10%)
- \$0.00 per share attributable to additional resource upside at Copper Mountain
- (\$1.76) per share attributable to corporate adjustments.

### NAV Valuation Breakdown and Sensitivity

	Haywood Model	\$1.00	\$2.00	\$3.00	\$4.00	Spot Price
Forecast Copper Price, US\$/lb		\$1.00	\$2.00	\$3.00	\$4.00	
Forecast Gold Price, US\$/oz		\$400	\$800	\$1,200	\$1,600	
Forecast Silver Price, US\$/oz		\$6.00	\$13.00	\$20.00	\$27.00	
C\$/US\$ FX Rate	1.03	1.30	1.20	1.10	1.00	1.06
Fully Financed F/D Shares, millions	97	97	97	97	97	97
<b>Corporate Adjustments (fully financed)</b>						
Corporate Adjustments, US\$M	(\$166)	(\$166)	(\$166)	(\$166)	(\$166)	(\$166)
Corporate Adjustments, C\$ per F/D share	(\$1.76)	(\$2.22)	(\$2.05)	(\$1.88)	(\$1.71)	(\$1.81)
<b>Attributable Copper Mountain Project NAV(10%)</b>						
Attributable After-Tax Project NAV(10%), US\$M	\$564	(\$125)	\$311	\$673	\$1,025	\$731
Attributable After-Tax Project NAV(10%), C\$ per F/D share	\$5.99	(\$1.66)	\$3.84	\$7.60	\$10.53	\$7.98
<b>Subtotal 'Base Case' Valuation (corporate adjustments + projects)</b>						
Subtotal 'Base Case' After-Tax Corporate NAV(10%), US\$M	\$398	(\$291)	\$145	\$506	\$859	\$565
Subtotal 'Base Case' After-Tax Corporate NAV(10%), C\$ per F/D share	\$4.22	(\$3.88)	\$1.79	\$5.73	\$8.83	\$6.17
<b>Resource + Exploration Upside Credit</b>						
Resource Credit, US\$M	\$0	\$0	\$0	\$0	\$0	\$0
Resource Credit, C\$ per F/D share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Regional Exploration Upside Credit, US\$M	\$0	\$0	\$0	\$0	\$0	\$0
Regional Exploration Upside Credit, C\$ per F/D share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Resource + Exploration Upside Credit, US\$M	\$0	\$0	\$0	\$0	\$0	\$0
Total Resource + Exploration Upside Credit, C\$ per F/D share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Valuation (base case + resource/exploration)</b>						
Total After-Tax Corporate NAV(10%), US\$M	\$398	(\$291)	\$145	\$506	\$859	\$565
Total After-Tax Corporate NAV(10%), C\$ per F/D share	\$4.22	(\$3.88)	\$1.79	\$5.73	\$8.83	\$6.17
<b>Implied Target Price @ 1.0x After-Tax Corporate NAV(10%), C\$</b>	\$4.25	\$0.00	\$2.00	\$5.75	\$9.00	\$6.25
2012E CFPS, US\$	\$1.21	(\$0.37)	\$0.42	\$1.08	\$1.74	\$1.20
2013E CFPS, US\$	\$1.09	(\$0.35)	\$0.44	\$1.13	\$1.80	\$1.24

Haywood model is based on a forecast copper price of US\$3.25/lb in 2010, US\$3.50/lb in 2011, US\$3.25/lb in 2012, US\$3.00/lb in 2013, and US\$2.75/lb thereafter.

Haywood model is based on a forecast gold price of US\$1,200/oz in 2010, US\$1,250/oz in 2011, US\$1,150/oz in 2012, US\$1,050/oz in 2013, and US\$900/oz thereafter.

Haywood model is based on a forecast silver price of US\$18.50/oz in 2010, US\$19.25/oz in 2011, US\$17.75/oz in 2012, US\$16.15/oz in 2013, and US\$14.00/oz thereafter.

Spot price scenario is based on a copper price of US\$3.21/lb, a gold price of US\$1,240/oz, and a silver price of US\$18.84/oz.

C\$/US\$ FX Rate: 1.03

Source: Haywood Securities

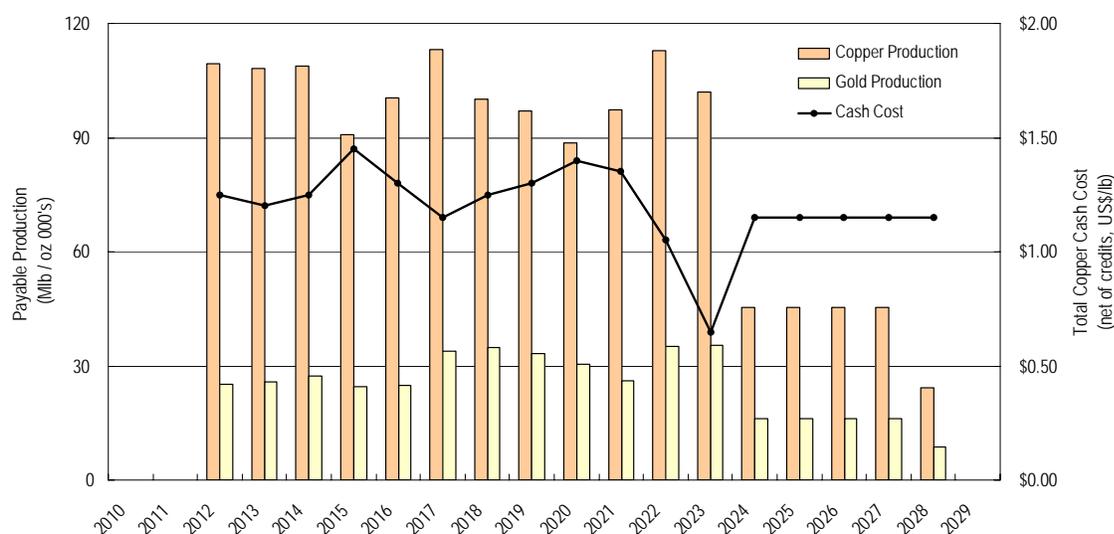


## COMPONENTS

### Copper Mountain Generates \$5.99 per Share in After-Tax Project NAV<sub>10%</sub>

Our valuation is headlined by Copper Mountain’s 75% owned copper-gold-silver project in south-central British Columbia, which was the subject of a National Instrument 43-101 compliant feasibility study published by Hatch Ltd. in July 2008, subsequently updated in August 2009. The updated feasibility study is based on a 211 million-tonne sulphide reserve grading 0.36% copper, 0.09 gram per tonne gold, and 1.25 grams per tonne silver. However, copper head grade averages 0.43% during the first 5 years of the updated feasibility study’s open-pit mine plan (2.0:1 life-of-mine strip ratio). We anticipate commissioning in mid-2011, with subsequent production start-up in (early) 2012, ramping up to approximately +100 million pounds of copper, 26,000 ounces of gold, and 330,000 ounces of silver (in concentrates) annually over a 17-year mine life. That said, Copper Mountain is targeting full-scale production (35,000 tonnes per day of mill throughput) by June 2011. Hence, we acknowledge that our modelled timeline is arguably conservative. Our fully financed after-tax project NAV<sub>10%</sub> would increase by approximately 9% to US\$612 million, or \$6.50 per share, if we were to model ramp-up to full-scale production by mid-2011.

#### Copper Mountain Production Profile (100% basis)



Source: Haywood Securities

Project parameters used in our base-case valuation are derived from Copper Mountain’s August 2009 feasibility study update, which is centered on a 12.8 million-tonne-per-annum milling operation (35,000 tonnes per day). Open-pit mining from the project’s currently defined pit will ensue through year 12 of the operation, peaking at approximately 169,000 tonnes per day, after which mill feed will be sourced from low-grade stockpiles. Run-of-mine ore will be crushed and ground (one 36-foot-diameter semi-autogenous grinding (SAG) mill and two 24-foot-diameter ball mills) to 90% passing 150 microns. Hydrocyclone overflow will be sent to a rougher flotation circuit, where rougher concentrate will be further reduced in size to 80% passing 20 microns by two 1,000-horsepower Vertimills, then pumped to a three-stage cleaner flotation circuit. The plant is designed to produce 627 dry tonnes of copper concentrate per day. Life-of-mine metallurgical copper recovery is expected to average 88.5% to a concentrate grading 30% copper.



Copper Mountain's August 2009 updated feasibility study includes an initial capital-cost estimate of \$438 million (+/-15%; including a \$25 million contingency), which is based on owner-operated mining. Our base-case valuation assumes an initial capital cost of \$500 million—an arguably conservative approach that implies a 21% contingency relative to Copper Mountain's August 2009 updated feasibility study estimate. **For comparative purposes, we note that our base-case fully financed after-tax project NAV<sub>10%</sub> increases by approximately 3% to US\$580 million or \$6.16 per fully diluted share, assuming Copper Mountain's updated feasibility study-based initial-capital-cost estimate of \$438 million. Hence, our valuation is not particularly sensitive to the project's initial capital cost.**

#### Copper Mountain Capital-Cost Breakdown (100% basis; August 2009 DFS vs. Haywood)

	Capital Cost (\$M)
Mining	\$117
Crushing and Conveying	\$29
Process Facility	\$162
Tailings & Water Supply	\$19
Open Pit Mining Equipment	\$20
<b>Total Direct Costs</b>	<b>\$347</b>
Construction Support	\$12
EP&C Management Services	\$43
Owner's Costs	\$11
Contingency	\$25
<b>Total Initial Capital Cost</b>	<b>\$438</b>
LOM Sustaining Capital Costs	\$55
<b>Total LOM Capital Costs</b>	<b>\$493</b>
<b>Haywood Model</b>	
Total LOM Initial Capital Cost	\$500
LOM Sustaining Capital Cost	\$75
<b>Total LOM Capital Cost</b>	<b>\$575</b>

Source: Copper Mountain Mining and Haywood Securities

Copper Mountain's August 2009 updated feasibility study-based operating costs (owner-operated mining) are headlined by a life-of-mine average on-site operating cost of \$7.28 per tonne milled (on-site copper cash cost of US\$0.52 per pound net of by-product credits). Our formal valuation includes a life-of-mine average on-site operating cost of \$8.50 per tonne milled (on-site copper cash cost of US\$0.85 per pound net of by-product credits). This arguably conservative figure in part accounts for cost creep that continues to impact the global mining industry and includes an on-site operating cost contingency of about +15% relative to Copper Mountain's August 2009 updated feasibility study estimate. Including off-site treatment, refining, and transportation charges, our formal valuation includes a life-of-mine average total copper cash cost of US\$1.25 per pound net of by-product credits, versus US\$0.94 per pound in Copper Mountain's August 2009 feasibility study update. **For comparative purposes, we note that our base-case fully financed after-tax project NAV<sub>10%</sub> increases by approximately 13% to US\$635 million, or \$6.75 per fully diluted share, assuming Copper Mountain's updated feasibility study initial capital- and operating-cost estimates together.** Copper Mountain's August 2009 updated feasibility study is headlined by an after-tax project NAV<sub>10%</sub> of \$216 million, an internal rate of return (IRR) of 21%, and a payback of 4.0 years at long-term copper, gold, and silver prices of US\$1.80 per pound, US\$900 per ounce, and US\$12.00 per ounce respectively.



**Copper Mountain Project Parameters – Haywood Model Versus August 2009 Feasibility**

	August 2009 Feasibility Study Update	Current Haywood Model	Current Haywood vs. 2009 Feasibility Δ Parameter
<b>Mineable Reserve</b>			
LOM Mineable Reserve, tonnes 000's	211,189	211,189	-
LOM Mineable Reserve Copper Grade, %	0.36%	0.36%	-
LOM Mineable Reserve Gold Grade, g/t	0.10	0.10	-
LOM Mineable Reserve Silver Grade, g/t	1.36	1.36	-
<b>Timing</b>			
Production Start-up, year	June 2011	(early) Q1/12	-
LOM (excluding pre-strip), years	16.5	16.5	-
<b>Production</b>			
Annual Ore Throughput, ktpa	12,775	12,775	-
Ore Throughput, tpd	35,000	35,000	-
LOM Average Strip Ratio (including pre-strip)	2.0:1	2.0:1	-
LOM Average Copper Head Grade, %	0.36%	0.36%	-
LOM Average Gold Head Grade, g/t	0.10	0.10	-
LOM Average Silver Head Grade, g/t	1.4	1.4	-
LOM Average Concentrate Copper Grade, %	30%	30%	-
LOM Average Metallurgical Copper Recovery, %	89%	89%	-
LOM Average Metallurgical Gold Recovery, %	66%	66%	-
LOM Average Metallurgical Silver Recovery, %	49%	49%	-
Annual Average Copper Production, Mlb	90	90	-
Annual Average Gold Production, ounces 000's	270	270	-
Annual Average Silver Production, ounces 000's	27	27	-
LOM Total Copper Production, Mlb	1,487	1,487	-
LOM Total Gold Production, ounces 000's	452	452	-
LOM Total Silver Production, Moz	4	4	-
<b>Operating Costs</b>			
LOM Average Operating Cost, C\$/tonne milled	\$7.28	\$8.50	17%
LOM Average Copper Cash Cost (on-site, before credits), US\$/lb	\$0.83	\$1.20	45%
LOM Average Copper Cash Cost (on-site, net of credits), US\$/lb	\$0.52	\$0.85	63%
LOM Average Total Copper Cash Cost (before credits), US\$/lb	\$1.25	\$1.55	24%
LOM Average Total Copper Cash Cost (net of credits), US\$/lb	\$0.94	\$1.25	33%
<b>Capital Costs</b>			
LOM Initial Capital Cost, C\$M	\$437	\$500	14%
LOM Sustaining Capital Cost, C\$M	\$55	\$75	37%
LOM Total Capital Cost, US\$M	\$492	\$575	17%
<b>Project Valuation</b>			
Long-term Copper Price Forecast, US\$/lb	\$1.80	\$2.75	53%
Long-term Gold Price Forecast, US\$/oz	\$900	\$900	-
Long-term Silver Price Forecast, US\$/oz	\$12.00	\$14.00	17%
Long-term C\$/US\$ FX Rate	1.25	1.06	(15%)
LOM Pre-tax Cumulative Free Cash Flow, C\$M	\$1,262	\$1,447	15%
Undiscounted Pre-tax Project NAV, C\$M	\$1,119	\$2,150	92%
Project NAV Discount Rate, %	10.0%	10.0%	-
Pre-tax Project NAV, C\$M	\$347	\$533	54%
Pre-tax Project IRR, %	25%	28%	14%
After-tax Project NAV, C\$M	\$217	\$299	38%
After-tax Project IRR, %	21%	21%	(1%)

Haywood model is based on a 2009 forward NAV calculation.  
August 2009 FS is based on 2 years or preproduction.  
100% basis.

Source: Copper Mountain Mining and Haywood Securities



Our formal valuation includes long-term (+2014) forecast copper, gold, and silver prices of US\$2.75 per pound, US\$900 per ounce, and US\$14.00 per ounce respectively, coupled with inflated capital and operating costs relative to Copper Mountain's August 2009 updated feasibility study estimates, and 1 year of pre-production (i.e., 2011 forward basis with 2012 modelled production start-up). Combined, these factors generate a pre-financed after-tax project NAV<sub>10%</sub> of US\$427 million, or \$4.53 per current fully diluted share, and an IRR of 21%. On a fully financed basis, which allocates project debt to 'corporate adjustments' (see below), our after-tax project NAV<sub>10%</sub> increases to US\$564 million, or \$5.99 per fully diluted share (97.3 million fully diluted shares on a fully financed basis; Haywood model—see below).

### **Construction Well Underway**

In October 2009, Copper Mountain's board of directors formally approved development at the project. Merit Consultants International Inc, Hatch Ltd., and Gisborne Industrial Construction Ltd. were subsequently appointed as construction manager, project engineer, and general contractor respectively. Construction began in Q4/09, initially focused on mill site clearing and foundation pouring—to date more than 18,850 cubic metres of concrete have been poured. Overall construction is proceeding on schedule. In April 2010, Copper Mountain received an amended Mines Act Permit from the Government of British Columbia. The permit approves Copper Mountain's mine plan and reclamation strategy, authorizing full-scale construction and subsequent operation at the project. Erection of Copper Mountain's concentrator building is now complete, as is rebar work for the facility's ball mill foundations. Grinding mills and major mining equipment is currently being received at the mine site and will be installed/tested inside completed buildings this coming winter. Some of the project's mobile mining fleet is already on-site, including two large Komatsu 375 dozers, three 240-ton haul trucks, and one WA1200 loader, which are being used to facilitate construction activities. Preproduction mining activities are scheduled to start once Copper Mountain's main loading unit, a Komatsu PC8000 (53 yard capacity), arrives on site. This large hydraulic unit is currently on route from Germany and expected to be on site by mid-September and subsequently fully assembled /operational by mid-October 2010. The second half of the project's mining fleet, including a second Komatsu PC8000, is scheduled to be on site by April 2011. A total of 24 million tonnes of material is scheduled to be moved prior to targeted mill start-up in May 2011. Currently, there are approximately 200 construction and operating personnel on-site. As of June 30, 2010, approximately \$330 million of the project's projected \$438 million initial capital cost had been spent (\$145 million) or committed (\$185 million). **The Company remains confident in meeting its overall target timeline, which includes the start-up of pre-production mining in mid-October 2010, construction completion by April 2011, and ramp-up to full-scale production (throughput of 35,000 tonnes per day) by June 2011.**

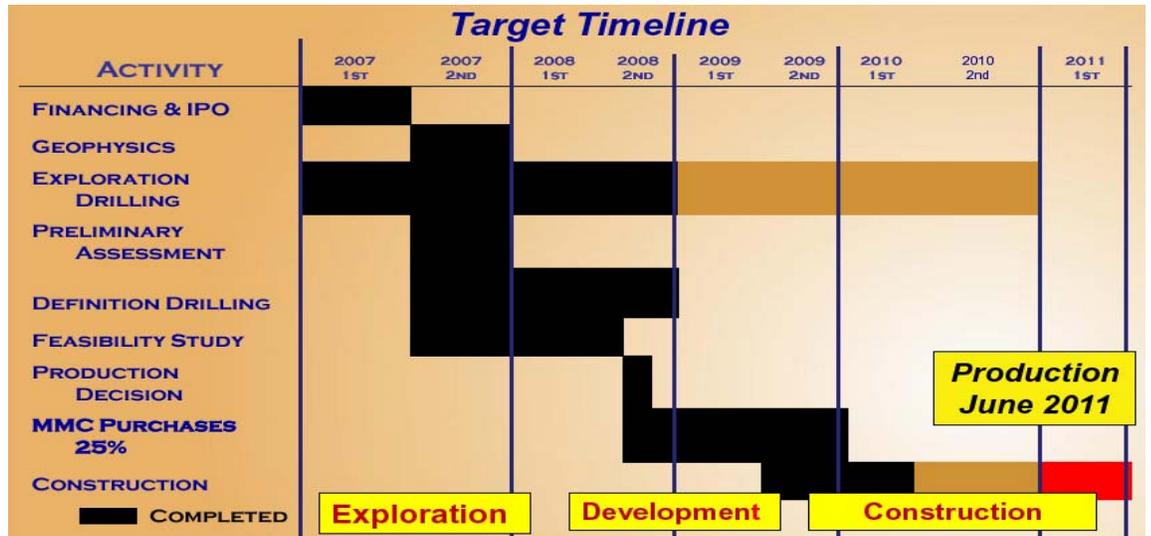
**Copper Mountain Concentrator Building Exterior (left) and Interior (right; August 2010)**



Source: Copper Mountain Mining



Copper Mountain Development Schedule

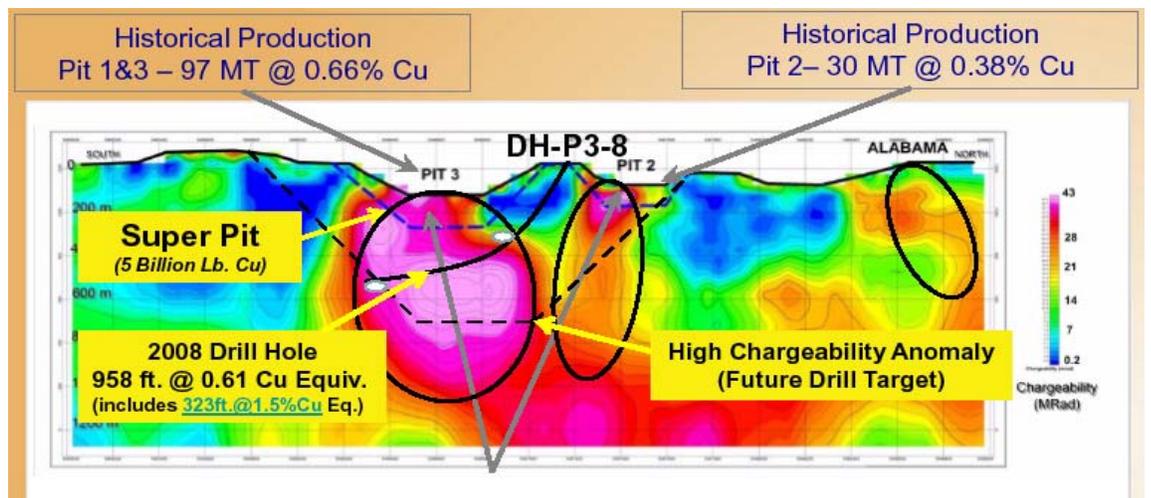


Source: Copper Mountain Mining

Resource/Exploration Credit Conservatively Omitted from Our Formal Valuation

Our fully financed after-tax corporate NAV<sub>10%</sub> of US\$398 million, or \$4.22 per fully diluted share, does not include any credit for Copper Mountain’s additional resources not included in our modelled mine plan nor for ‘regional’ exploration upside—an arguably conservative approach given the fact that the Copper Mountain deposit remains open at depth. Furthermore, the Company recently began a two-phase 10,000-metre drill program designed to (1) provide additional information for detailed mine design/optimization and (2) drill test geophysical targets at depth beneath Copper Mountain’s currently defined super pit (see below). Initial assay results are expected this fall. We note that Copper Mountain’s peer group of advanced-stage base metals development companies typically trade at US\$0.02 to US\$0.06 per pound of total in situ copper equivalent resource. Similarly, producing peers trade at approximately +US\$0.12 per pound. Applying similar (developer) metrics to Copper Mountain’s additional resources not included in our model mine plan would add +\$0.50 per share to our fully financed after-tax corporate NAV<sub>10%</sub> (and associated implied target price).

Copper Mountain Exploration Potential – Titan 24 Geophysical Section



Source: Copper Mountain Mining



### ***Mitsubishi Partnership + Recent Financings Negate Future Funding Requirements***

On August 20, 2009, Mitsubishi Materials Corporation formally purchased a 25% interest in the Copper Mountain project from the Company for \$28.75 million. Mitsubishi agreed to purchase 100% of the copper concentrate produced at the project (at 'market' terms) and to use commercially reasonable efforts to arrange a \$250 million loan for project development. Mitsubishi retains the right to withdraw from the agreement if there is an adverse change to the scope of development at Copper Mountain (relative to the project's feasibility study) or if Copper Mountain is unable to fund its share of capital costs. Mitsubishi is one of the world's largest diversified materials companies and is a leader in metal smelting and refining. Copper Mountain is not Mitsubishi's first copper mine investment. Mitsubishi's portfolio includes interests in Los Pelambres and Escondida in Chile, as well as Huckleberry in Canada, and Batu Hijau in Indonesia.

In May 2010, Similco Mines Ltd. (75% Copper Mountain / 25% Mitsubishi; see below), which owns a 100% interest in the Copper Mountain project, signed debt financing agreements totalling US\$322 million. The project debt facility consists of (1) a Senior Credit Agreement for US\$162 million with The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mizuho Corporate Bank, Ltd., and (2) a Term Loan for US\$160 million with the Japan Bank for International Cooperation, the international arm of Japan Finance Corporation. The Senior Credit Agreement carries export credit insurance provided by Nippon Export and Investment Insurance.

The US\$322 million project debt facility satisfies Mitsubishi's original commitment to arrange a \$250 million project loan, and Copper Mountain's obligation to use commercially reasonable efforts to arrange equipment finance loans totalling \$77 million. Furthermore, the project debt facility covers approximately 75% of Copper Mountain's \$438 million initial capital cost requirement. Copper Mountain has already secured (more than) its 75% share (\$87 million) of remaining initial capital-cost requirements, in part through the sale of a 25% project interest to Mitsubishi (\$28.75 million, which has been used to repay a bridge loan provided by Mitsubishi) and three equity financings (\$20.0 million priced at \$2.10 per share closed June 29, 2008, \$52.5 million priced at \$1.15 per share closed September 23, 2009, and \$34.5 million priced at \$3.05 per share closed April 26, 2010). Hence, barring any significant cost overruns, the Copper Mountain project is fully funded to complete construction and commissioning activities expected to ensue over the next +8 months. Copper Mountain's balance sheet, which included \$121 million in cash (and equivalents) at June 30, 2010, is expected to include approximately \$40 million in cash at production start-up after the remaining attributable initial capital-cost expenditures are incurred. Nevertheless, we remain cognizant that Copper Mountain may require a modest 'interim' financing to meet general working-capital needs until the Copper Mountain project begins generating positive cash flow. We note that under the terms of the Mitsubishi agreement, Similco must have a \$20 million working-capital balance 90 days prior to the start of commercial production. In the event that this working capital is not in place, Copper Mountain will be subject to a cash call to fund its \$15 million share of the outstanding balance (presumably from the Company's \$40 million anticipated cash balance discussed above).



## PEER COMPARISON AND FINANCIAL FORECAST

**Current Discount to Peer Group Highlights Valuation Upside**

We do not expect Copper Mountain to be in a position to report positive cash flow from the Copper Mountain project until 2012, after start-up of commercial copper production. Consequently, we have based our formal valuation on the Company's corporate NAV. **Copper Mountain's peer group of advanced development through established producing base metals companies currently trades at a 0.7x to +1.2x multiple to corporate NAV, compared with Copper Mountain at 0.7x. A 1.0x multiple to our fully financed after-tax corporate NAV<sub>10%</sub> forms the basis of our formal target price of \$4.25 per share for the Company.** We note Copper Mountain's current share price suggests the market is using a long-term copper price of about US\$2.50 per pound to value the Company (based on our 1.0x corporate NAV metric in conjunction with Haywood's long-term gold and silver price forecast of US\$900 per ounce and US\$14.00 per ounce respectively) versus current spot, 27-month, and 63-month forward copper prices of US\$3.21 per pound, US\$3.14 per pound, and US\$2.80 per pound respectively.

However, future producer status will warrant a 'premium' cash flow per share (CFPS) based valuation as start-up approaches. Copper Mountain's peer group of established base metals producing companies currently trades at +5.0x 2010E CFPS. For comparison, Copper Mountain currently trades at 2.2x 2012E CFPS of US\$1.21 (at Haywood's forecast copper, gold, and silver prices of US\$3.25 per pound, US\$1,150 per ounce, and US\$17.50 per ounce respectively)—the Company's first year of 'full-scale' production in our model. Furthermore, we note that our model includes +US\$1.00 in average annualized CFPS during the project's first 3 years of full production. **Copper Mountain's financial profile is leveraged to the copper price. In our model, a change of US\$0.25 per pound (7%) in forecast copper price alters our 2012E CFPS by about US\$0.15 (12%).**

**Peer-Group Comparables (base metals companies)**

Company	Price	Corp NAV	Price / NAV	2010 CFPS	Price / CFPS	2011 CFPS	Price / CFPS
Copper Mountain Mining Corp. (CUM-T)	C\$2.83	US\$4.09	0.7x	(US\$0.03)	-	(US\$0.10)	-
Anvil Mining Ltd. (AVM-T)	C\$2.87	US\$5.74	0.5x	US\$0.08	-	US\$0.75	3.7x
Capstone Mining Corp. (CS-T)	C\$2.47	US\$3.48	0.7x	US\$0.42	5.7x	US\$0.57	4.2x
Coro Mining Corp. (COP-T)	C\$0.36	US\$0.82	0.4x	(US\$0.03)	-	(US\$0.05)	-
Creston Moly Corp. (CMS-V)	C\$0.19	US\$0.61	0.3x	(US\$0.01)	-	(US\$0.01)	-
Farallon Mining Ltd. (FAN-T)	C\$0.37	US\$0.56	0.6x	US\$0.08	4.6x	US\$0.18	1.9x
First Quantum Minerals Ltd. (FM-T)	C\$58.45	US\$75.92	0.7x	US\$13.90	4.1x	US\$16.20	3.5x
GlobeStar Mining Ltd. (GMI-T)	C\$0.97	US\$1.25	0.8x	US\$0.23	4.1x	US\$0.32	2.9x
Inca Pacific Resources Inc. (IPR-V)	C\$0.22	US\$0.19	1.1x	(US\$0.04)	-	(US\$0.04)	-
Lundin Mining Corp. (LUN-T)	C\$4.22	US\$7.56	0.5x	US\$0.55	7.4x	US\$1.10	3.7x
Mercator Minerals Ltd. (ML-T)	C\$1.84	US\$5.39	0.3x	US\$0.04	40.7x	US\$0.60	3.0x
Nevsun Resources Ltd. (NSU-T)	C\$4.77	US\$4.77	1.0x	(US\$0.04)	-	US\$0.30	15.4x
Terrane Metals Corp. (TRX-V)	C\$1.35	US\$1.28	1.0x	(US\$0.02)	-	(US\$0.11)	-
Peer-Group Average (producers)			0.6x		5.2x		3.3x
Peer-Group Average (all)			0.7x		11.1x		4.8x

2010E C\$/US\$ FX Rate: 1.03

2011E C\$/US\$ FX Rate: 1.03

Source: Haywood Securities



Copper Company Comparables

Company	Symbol	Share Price (C\$)	Shares O/S (M)	Market Cap (US\$M)	Enterprise Value (US\$M)	Project	Location	Status	Tonnage (millions)	Cu Grade (%)	Contained Cu (Mib)	Attrib. CuEq (Mib)	EV/Attrib. CuEq (US\$/lb)	Estimated Prod Start-up	Mill Capacity (ktpa)	Estimated Cu Prod (Mib/year)	Mine Life (years)	Estimated Cu OPEX (US\$/lb)	Estimated CAPEX (US\$M)		
Antares Minerals Inc.	ANM-V	\$3.29	64	\$206	\$201	Haquira (100%) Proven and Probable Reserve Total Reserve and Resource Total Corp Reserve and Resource	Peru	Reserves Development	- 688 688	- 0.59% 0.59%	- 8,913 8,913	- 10,348 10,348	\$0.019 \$0.019	-	18,250	109 Mib Cu	11	\$1.09	\$301		
Anvil Mining Limited	AVM-V	\$2.87	150	\$419	\$353	Kinsevere (95%) Proven and Probable Reserve Total Reserve and Resource Total Corp Reserve and Resource	DRC	Production	21 40 43	3.80% 3.56% 3.44%	1,743 3,129 3,262	1,655 2,972 3,079	\$0.213 \$0.119 \$0.115	H2/11	60,000	55 Mib Cu	14	\$1.00	\$400		
AQM Copper Inc.	AQM-V	\$0.77	97	\$73	\$35	Zafrenal (50%) Proven and Probable Reserve Total Reserve and Resource	Chile	Reserves Development	- 25	- 0.84%	- -	- 182	- \$0.193	-	-	-	-	-	-		
Candente Copper Corp.	DNT-T	\$0.33	99	\$32	\$28	Canariaco (100%) Proven and Probable Reserve Total Reserve and Resource	Peru	Feasibility	- 750	- 0.46%	- 7,658	- 8,418	- \$0.003	-	31,025	249 Mib Cu	19	\$1.08	\$1,171		
Capstone Mining	CS-T	\$2.47	199	\$475	\$322	Minto (100%) Proven and Probable Reserve Total Reserve and Resource Total Corp Reserve and Resource	Mexico	Production	11 36 63	1.64% 1.17% 1.41%	395 921 1,951	479 1,103 2,986	\$0.673 \$0.292 \$0.108	Q2/07	1,460	50 Mib Cu	8	\$1.50	\$143		
Copper Mountain Mining Corporation	CUM-T	\$2.83	90	\$246	\$259	Copper Mountain (75%) Proven and Probable Reserve Total Reserve and Resource	Canada	Construction	211 515	0.36% 0.34%	1,676 3,899	1,439 3,107	\$0.180 \$0.083	2012	12,775	108 Mib Cu	-	\$1.25	C\$500		
Coro Mining Corp.	COP-T	\$0.36	104	\$36	\$34	San Jorge (100%) Proven and Probable Reserve Total Reserve and Resource Total Corp Reserve and Resource	Argentina	Reserves Development	- 266 266	- 0.45% 0.45%	- 2,643 2,643	- 3,178 3,178	- \$0.011 \$0.011	2014	10,000	110 Mib Cu	16	\$0.85	\$350		
Explorator Resources, Inc.	EXO-V	\$0.43	80	\$33	\$28	El Espino-Venus (49%) Proven and Probable Reserve Total Reserve and Resource	Chile	Reserves Development	- 100	- 0.61%	- 1,358	- 763	- \$0.037	-	6,400	77 Mib Cu	19	\$1.40	\$434		
Far West Mining Ltd.	FWM-T	\$4.50	59	\$259	\$256	Santo Domingo (100%) Proven and Probable Reserve Total Reserve and Resource	Chile	Reserves Development	- 547	- 0.31%	- 3,684	- 3,920	- \$0.065	2014	18,250	143 Mib Cu	14	\$0.01	\$941		
Farallon Mining Ltd.	FAN-T	\$0.37	473	\$167	\$170	G-9 (100%) Proven and Probable Reserve Total Reserve and Resource	Mexico	Production	2 9	1.34% 0.80%	58 162	343 1,241	\$0.495 \$0.137	Q2/09	2,000	120 Mib Cu	8	\$0.25	\$150		
GlobeStar Mining Corp.	GMI-T	\$0.97	105	\$99	\$111	Cerro De Maimon (100%) Proven and Probable Reserve Total Reserve and Resource	Dominican Republic	Production	6 9	2.10% 1.78%	268 335	367 564	\$0.302 \$0.196	Q1/09	1,300	25 Mib Cu	8	\$0.95	\$70		
Los Andes Copper Limited	LA-V	\$0.14	94	\$12	\$13	Vizcachitas (76%) Proven and Probable Reserve Total Reserve and Resource	Chile	Reserves Development	- 1,087	- 0.36%	- 8,716	- 7,769	- \$0.002	-	19,800	163 Mib Cu	17	\$0.60	\$276		
Mercator Minerals Ltd.	ML-T	\$1.84	195	\$347	\$411	Mineral Park (100%) Proven and Probable Reserve (tons) Total Reserve and Resource (tons) Total Corp Reserve and Resource (tons)	United States	Production	520 739 1,199	0.13% 0.12% 0.15%	1,387 1,819 4,019	3,442 5,140 7,341	\$0.119 \$0.080 \$0.056	Q2/09	50,000	43 Mib Cu	25	(\$0.75)	\$255		
Minera Andes Inc.	MAI-T	\$0.87	265	\$224	\$250	Los Azules (100%) Proven and Probable Reserve Total Reserve and Resource Total Corp Reserve and Resource	Argentina	Reserves Development	- 1,037 1,042	- 0.55% 0.55%	- 12,522 12,522	- 13,575 13,915	- \$0.018 \$0.018	-	36,000	375 Mib Cu	24	\$0.85	\$2,747		
Nevsun Resources Ltd.	NSU-T	\$4.77	194	\$894	\$828	Bisha (60%) Proven and Probable Reserve Total Reserve and Resource	Eritrea	Development	20 39	1.90% 1.43%	841 1,230	1,209 1,998	\$0.685 \$0.415	H2/11	2,000	173 Mib Cu	10	\$0.85	\$260		
Norsemont Mining, Inc.	NOM-T	\$2.03	82	\$161	\$144	Conslancia (100%) Proven and Probable Reserve Total Reserve and Resource	Peru	Feasibility	277 549	0.43% 0.39%	2,630 4,773	13,804 16,468	\$0.010 \$0.009	-	18,250	150 Mib Cu	15	\$0.92	\$846		
Company Group Average (Producers)																					\$0.122
Company Group Average (Non-Producers)																					\$0.078
Company Group Average (All)																					\$0.092

CuEq based on price assumptions of US\$/lb: Cu = \$2.75, Ni = \$8.50, Zn = \$1.00, Mo = \$15.00, Pb = \$0.95, Co = \$10.00, U3O8 = \$70.00, and US\$/oz: Au = \$900, Ag = \$14.00, Pt = \$2050, Pd = \$700.  
Resource includes proven and probable reserve, and measured, indicated, and inferred resource.  
C\$/US\$ FX Rate: 1.03

Source: Company Reports, Metals Economics, Capital IQ, and Haywood Securities



**Advanced Stage British Columbia Copper Project Comparison**

Project	Copper Mountain	Afton-Ajax	Galore Creek	Kemess North	Mount Milligan	Prosperity	Red Chris
Company	Copper Mountain Mining Corp. (CUM-T)	Abacus Mining & Exploration Corp. (AME-V)	Novagold Resources Inc. (NG-T)	Northgate Minerals Corp. (NGX-T)	Terrane Metals Corp. (TRX-V)	Taseko Mines Ltd. (TKO-T)	Imperial Metals Corp. (II-T)
Market Capitalization, US\$M	\$246	\$32	\$1,598	\$852	\$620	\$851	\$570
Project Ownership, %	75%	49% (JV option to get diluted to 20%)	50%	100%	100%	100%	100%
Status	Updated DFS August 2009	PEA July 2009	Technical Report January 2008	Technical Report June 2004	Updated DFS October 2009	DFS November 2009	Updated Technical Report May 2010
<b>Metal Inventory - Reserve</b>							
Tonnage, millions	211	-	-	414	482	831	276
Copper Grade, %	0.36%	-	-	0.16%	0.20%	0.23%	0.35%
Gold Grade, g/t	0.09	-	-	0.31	0.39	0.41	0.27
Contained Copper, Mlb	1,675	-	-	1,416	2,127	4,214	4,234
Contained Gold, koz	611	-	-	280,366	6,018	10,955	4,707
<b>Metal Inventory - Total Resource (including reserve)</b>							
Tonnage, millions	515	442	1,143	719	727	1,011	550
Copper Grade, %	0.34%	0.30%	0.47%	0.15%	0.18%	0.24%	0.50%
Gold Grade, g/t	0.04	0.19	0.26	0.30	0.33	0.41	0.53
Contained Copper, Mlb	3,899	2,894	11,846	2,353	2,905	5,347	6,066
Contained Gold, koz	611	2,643	9,397	6,939	7,634	13,322	9,378
<b>Production Parameters</b>							
Mine Type	open pit	open pit	open pit	open pit	open pit	open pit	open pit
LOM Strip Ratio	2.0:1	1.67:1	1.64:1	0.81:1	0.84:1	1.5:1	1.1:1
Production Start-Up Target	June 2011	2013	mid-2012	-	Q1/13	2013	2013
LOM, years	17	23	22	12	22	33	17
Mill Capacity, tpd	35,000	60,000	65,000	88,000	60,000	70,000	30,000
Initial Capital Cost, \$M	C\$438	US\$535	US\$2,000	US\$165	C\$915	C\$815	C\$228
Initial Average Annual Copper Production, Mlb	108	-	432	-	89	130	105
Initial Average Annual Gold Production, koz	27	-	341	-	262	300	72
Initial Average Annual Production Years	5	-	5	-	6	5	5
LOM Average Annual Copper Production, Mlb	90	106	262	105	81	110	74
LOM Average Annual Gold Production, ounces 000's	270	99	165	208	195	234	48
LOM Average Copper Recovery, %	89%	82%	-	89%	84%	87%	87%
LOM Average Gold Recovery, %	66%	81%	-	62%	71%	69%	50%
LOM Average Concentrate Copper Grade, %	30%	25%	-	-	26%	-	-
LOM Average Operating Costs, US\$/t milled	\$7.28	\$4.70	-	C\$4.78	C\$6.96	C\$7.51	C\$5.30
LOM Average Total Copper Cash Cost (net of credits), US\$/lb	\$0.94	\$1.17	\$0.62	-	\$0.17	\$0.59	-
<b>Economics</b>							
Base Case Copper Price, US\$/lb	\$1.80	\$2.00	\$1.50	\$1.00	\$2.00	\$1.65	\$1.10
Base Case Gold Price, US\$/oz	\$900	\$700	\$525	\$375	\$800	\$650	\$375
Base Case C\$/US\$ FX Rate	\$1.25	\$1.22	\$1.23	-	\$1.18	\$1.22	\$1.33
Project NAV Discount Rate, %	10%	8%	5%	5%	8%	8%	10%
Base Case Pre-Tax NAV, \$M	C\$347	US\$193	US\$1,187	US\$75	US\$619	US\$225	C\$90
Base Cas Pre-Tax IRR, %	25%	12%	14%	9%	17%	20%	18%
Base Case After-Tax NAV, \$M	C\$217	-	US\$599	-	US\$358	-	-
Base Cas After-Tax IRR, %	21%	-	10.6%	-	14%	-	-

Source: Company Reports, Metals Economics, Capital IQ, and Haywood Securities



**Copper Mountain Financial Forecast**

	2010	2011	2012	2013	2014	2015	2016	2017
Forecast Copper Price, US\$/lb	\$3.25	\$3.50	\$3.25	\$3.00	\$2.75	\$2.75	\$2.75	\$2.75
Realized Copper Price, US\$/lb	-	-	\$3.25	\$3.00	\$2.75	\$2.75	\$2.75	\$2.75
Forecast Gold Price, US\$/oz	\$1,200	\$1,250	\$1,150	\$1,050	\$900	\$900	\$900	\$900
Realized Gold Price, US\$/oz	-	-	\$1,150	\$1,050	\$900	\$900	\$900	\$900
Forecast Silver Price, US\$/oz	\$18.50	\$19.25	\$17.75	\$16.15	\$14.00	\$14.00	\$14.00	\$14.00
Realized Silver Price, US\$/oz	-	-	\$17.75	\$16.15	\$14.00	\$14.00	\$14.00	\$14.00
C\$/US\$ FX Rate	1.03	1.03	1.06	1.08	1.06	1.06	1.06	1.06
Shares O/S, millions	86.1	89.8	89.8	89.8	89.8	89.8	89.8	89.8
Attributable Copper Sales, Mlb	-	-	82	81	82	68	75	85
Attributable Gold Sales, ounces 000's	-	-	19	19	20	18	19	25
Total Copper Cash Cost (net of credits), US\$/lb	-	-	\$1.25	\$1.25	\$1.25	\$1.50	\$1.35	\$1.20
Attributable Gross Sales Revenue, US\$M	\$0	\$0	\$293	\$267	\$246	\$207	\$227	\$260
Attributable Net Revenue, US\$M	\$0	\$0	\$263	\$238	\$217	\$182	\$199	\$229
Attributable Cost of Sales, US\$M	\$0	\$0	(\$98)	(\$93)	(\$94)	(\$94)	(\$92)	(\$93)
Corporate G&A, US\$M	(\$3)	(\$3)	(\$5)	(\$5)	(\$5)	(\$5)	(\$5)	(\$5)
EBITDA, US\$M	(\$3)	(\$3)	\$160	\$140	\$118	\$83	\$102	\$131
EV / EBITDA	-	-	1.6x	1.9x	2.2x	3.2x	2.6x	2.0x
DD&A, US\$M	\$0	\$0	(\$23)	(\$23)	(\$24)	(\$25)	(\$26)	(\$26)
Gain on Derivative Instruments, US\$M	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Earnings, US\$M	(\$2)	(\$9)	\$86	\$74	\$62	\$39	\$54	\$77
EPS, US\$	(\$0.03)	(\$0.10)	\$0.96	\$0.83	\$0.69	\$0.44	\$0.60	\$0.86
Current Price / EPS	-	-	2.9x	3.2x	4.0x	6.2x	4.5x	3.2x
Target Price / EPS	-	-	4.2x	4.8x	5.8x	9.2x	6.6x	4.7x
Cash Flow Before W/C Changes, US\$M	(\$2)	(\$9)	\$108	\$98	\$86	\$64	\$80	\$103
CFPS, US\$	(\$0.03)	(\$0.10)	\$1.21	\$1.09	\$0.95	\$0.71	\$0.89	\$1.14
Current Price / CFPS	-	-	2.3x	2.5x	2.8x	3.8x	3.1x	2.4x
Target Price / CFPS	-	-	3.3x	3.6x	4.2x	5.6x	4.5x	3.5x
Copper Price CFPS Sensitivity, US\$	-	-	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15
Gold Price CFPS Sensitivity, US\$	-	-	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02
Capex, US\$M	(\$127)	(\$221)	(\$4)	(\$4)	(\$4)	(\$3)	(\$4)	(\$4)
Proceeds from Equity Financing, US\$M	\$34	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from Debt Financing, US\$M	\$251	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Repayment, US\$M	\$0	(\$7)	(\$9)	(\$10)	(\$10)	(\$12)	(\$28)	(\$28)
Free Cash Flow, US\$M	\$155	(\$237)	\$95	\$83	\$71	\$49	\$48	\$70
FCPS, US\$	\$1.80	(\$2.64)	\$1.06	\$0.93	\$0.79	\$0.54	\$0.53	\$0.78

*Copper price CFPS sensitivity is based on a US\$0.25/lb change in forecast copper price.  
Gold price CFPS sensitivity is based on a US\$50/oz change in forecast gold price.*

Source: Haywood Securities



**Corresponding Copper Mountain Production Profile (100% basis)**

	RLOM	2011	2012	2013	2014	2015	2016	2017
Ore Tonnes Mined, millions	211.2	-	18.7	19.8	15.4	16.5	18.0	23.4
Ore Tonnes Milled, millions	211.2	-	12.8	12.8	12.8	12.8	12.8	12.8
Ore Tonnes Milled, tonnes per day	34,000	-	35,000	35,000	34,900	34,900	35,000	35,000
Strip Ratio	1.8	-	2.1	1.8	2.5	2.3	1.9	1.3
Copper Head Grade, %	0.4%	-	0.5%	0.5%	0.5%	0.4%	0.4%	0.5%
Gold Head Grade, g/t	0.1	-	0.1	0.1	0.1	0.1	0.1	0.1
Silver Head Grade, g/t	1	-	2	2	2	1	2	2
Copper Recovery, %	89%	-	89%	89%	89%	89%	89%	89%
Gold Recovery, %	66%	-	66%	66%	66%	66%	66%	66%
Silver Recovery, %	49%	-	49%	49%	49%	49%	49%	49%
Copper Production (in concentrate), Mlb	1,487	-	113	112	113	94	104	117
Gold Production (in concentrate), ounces 000's	453	-	27	27	29	26	26	36
Silver Production (in concentrate), ounces 000's	4,488	-	371	333	355	273	319	367
<b>Payable Copper Production, Mlb</b>	<b>1,435</b>	<b>-</b>	<b>109</b>	<b>108</b>	<b>109</b>	<b>91</b>	<b>100</b>	<b>113</b>
<b>Payable Gold Production, ounces 000's</b>	<b>430</b>	<b>-</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>24</b>	<b>25</b>	<b>34</b>
<b>Payable Silver Production, ounces 000's</b>	<b>4,039</b>	<b>-</b>	<b>334</b>	<b>299</b>	<b>319</b>	<b>245</b>	<b>287</b>	<b>330</b>
Operating Cost, C\$/tonne milled	\$8.50	-	\$11.00	\$10.50	\$10.50	\$10.50	\$10.50	\$10.50
Copper Cash Cost (on-site, before credits), US\$/lb	\$1.20	-	\$1.20	\$1.15	\$1.15	\$1.40	\$1.25	\$1.10
Copper Cash Cost (on-site, net of credits), US\$/lb	\$0.85	-	\$0.90	\$0.90	\$0.90	\$1.10	\$1.00	\$0.80
Total Copper Cash Cost (before credits), US\$/lb	\$1.55	-	\$1.60	\$1.55	\$1.55	\$1.75	\$1.60	\$1.50
<b>Total Copper Cash Cost (net of credits), US\$/lb</b>	<b>\$1.25</b>	<b>-</b>	<b>\$1.25</b>	<b>\$1.25</b>	<b>\$1.25</b>	<b>\$1.50</b>	<b>\$1.35</b>	<b>\$1.20</b>

Source: Haywood Securities

**Copper Mountain Panorama**



Source: Copper Mountain Mining



## CAPITAL STRUCTURE

## Copper Mountain Capital Structure

	Number	Strike (C\$)	Value (US\$)	Expiry Date
Total Shares O/S	89,780,002			
Warrants	1,346,250	\$1.15	\$ 1,498,729	March 23, 2011
	87,000	\$1.15	\$ 96,854	March 23, 2011
Total Warrants	1,999,624	\$1.69	\$ 3,267,839	
Total Options	5,524,300	\$1.29	\$ 6,882,265	
Total Warrants + Options	7,523,924	\$1.35	\$ 10,150,105	
Total Shares F/D	97,303,926			
Major Shareholders	Number (O/S) (millions)	% (O/S)	Number (F/D) (millions)	% (F/D)
RBC	7.8	9%	7.8	8%
Carmignac Gestion	5.6	6%	5.6	6%
CIBC	3.1	3%	3.1	3%
Compliance Energy	2.5	3%	2.5	3%
Elliot & Page	1.6	2%	1.6	2%
Franklin Resources	1.4	2%	1.4	1%
First Canadian	1.3	1%	1.3	1%
AGF Management	1.1	1%	1.1	1%
Global Strategy	1.0	1%	1.0	1%
Management and Directors	4.8	5%	4.8	5%
Total Major Shareholders	30.2	34%	30.2	31%

## Recent Financings

April 6, 2010 - \$30M bought deal (9.85M common shares @ \$3.05 per share + over-allotment of 1.5M shares)  
September 23, 2009 - US\$52.5M public offering (43.5M common shares @ \$1.15 per share + over-allotment of 2.2M shares)  
June 29, 2008 - \$20M equity offering (9.5M units @ \$2.10 per unit; 1 unit = 1 share + 1 warrant at \$2.50 for 1 years)  
December 17, 2007 - \$5.2M private placement (2.1M common shares @ \$2.50 per share)

ITM = "In-the-Money"

Share Price: \$2.83  
C\$/US\$ FX Rate: 1.03

Source: Copper Mountain Mining, Capital IQ, Bloomberg, and Haywood Securities



## KEY MANAGEMENT AND DIRECTORS

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### ***James C. (Jim) O'Rourke, P.Eng. – CEO and Director***

Mr. O'Rourke is a Professional Mining Engineer with more than 30 years experience in mine evaluation, financing development, marketing, and operations in Canada, the United States, South America, and the Philippines. Between 1987 and 1997, he was President of Princeton Mining Corporation and was responsible for the acquisition of the Similco open-pit copper mine (i.e., Copper Mountain); the evaluation, financing, and development of the Cassiar underground block-cave mine; and the acquisition, evaluation, financing, and development of the Huckleberry open-pit copper mine in northern British Columbia, which was built on schedule and on budget. Mr. O'Rourke is President of Orclann Investments Inc., a private investment company, Chairman of Compliance Energy Corporation, Former President of Huckleberry Mines Limited, and a director of numerous public and private companies in mining and property development. He has also served as a director of the Mining Association of Canada (1987 to 1990) and the Vancouver Board of Trade (1990), and as Chairman (1992) and Director (1987 to the present) of the British Columbia Mining Association. Mr. O'Rourke received the Edgar A. Scholz Medal for Excellence in Mine Development in British Columbia and the Yukon in 2005.

### ***Rodney A. Shier, CA – Chief Financial Officer and Director***

Mr. Shier is a Chartered Accountant. His corporate finance experience includes more than \$500 million in debt and equity financings, merger and acquisition structuring, negotiation of joint ventures, and commodity and foreign-exchange hedging. Prior to joining Copper Mountain in April 2006, Mr. Shier served as Chief Financial Officer of Compliance Energy Corporation (2003 to 2010; currently a Director), Chief Financial Officer of First Silver Reserve Inc. (1998 to 2006), and Chief Financial Officer of Aquest Minerals Corporation (1998 to 2002).

### ***Peter Holbek, P.Geo. – Vice President Exploration***

Mr. Holbek is a Professional Geologist with more than 25 years experience in mineral exploration and mine development. He has served as Copper Mountain's Vice President Exploration since November 2006. Previous positions include Vice President Exploration for Atna Resources Ltd., Exploration Manager and Mine Geologist for Princeton Mining Ltd., and Senior Exploration Geologist for Esso Minerals Canada and Homestake Canada Ltd. He has been a Director of Tagish Lake Gold Corp. since November 2009, and served as an Independent Director of Yukon-Nevada Gold Corp. (2005 to 2009).

### ***Peter Campbell – Vice President Environmental***

Mr. Campbell is an engineer and has acted as Copper Mountain's Vice President Environmental since May 2007. He has more than 30 years environmental and permitting experience in the mining industry in British Columbia, the Yukon, and the Northwest Territories. Previous positions include Vice President Environmental, Government, and First Nations Affairs with bcMetals Corporation. He also managed the environmental assessment and permitting process for the Huckleberry Mine (a 20,000-tonne-per-day open-pit copper mine) and the Similco Mine (i.e., Copper Mountain) in the early 1990s.

### ***Alastair Tiver, MBA – Chief Mining Engineer***

Mr. Tiver is an engineer with more than 20 years experience in mine operations and consulting within Australia and Canada. His specialization is in open-pit mining, and he has worked in a number of operational roles, including project engineer, mine planner, and production engineer. He was employed as a principal consultant for the Snowden Mining Group. Prior to joining Copper Mountain, Mr. Tiver was Senior Mining Engineer for bcMetals Corporation and was in charge of engineering efforts related to the development of the Red Chris copper-gold porphyry project in British Columbia.



***Don Graham, MBA – Director of Investor Relations***

Prior to joining Copper Mountain, Mr. Graham acted as Director of Corporate Communication to Cardiome Pharma Corp. He was also a Vice President and Financial Advisor with Midland Walwyn Financial/CIBC Wood Gundy, concentrating on the mining industry. Prior to focusing his career on the brokerage industry, Don was involved in business development, co-founding and acting as Vice President of Western Scientific Services Ltd., a laboratory supply and services company.

***Richard J. Joyes – Exploration Geologist***

Prior to joining Copper Mountain, Mr. Joyes worked in Western Australia on Archean lode-gold deposits within the Yandal Belt as both a production and underground mine geologist for Normandy and Newmont Mining Ltd. He moved to Canada in 2004 to work as an exploration geologist in south-central British Columbia. With a focus on 3D modelling, mineral inventory and deposit estimation, and database administration, Mr. Joyes brings a wide variety of both field- and computer-based skills to the exploration team.

***Eugene F. Mehr – Mine Manager***

Mr. Mehr has more than 20 years experience including mine planning, mine operations, and mine management. He has also spent 10 years working for the British Columbia Government in the Ministry of Mines. He has held positions including engineering superintendent, operations superintendent, and mine manager with various companies, including Cominco Mining (1974 to 1982) and Princeton Mining (1986 to 1991).

***Directors and Advisors***

James C. (Jim) O'Rourke, P.Eng. – CEO and Director

Rodney A. Shier, CA – CFO and Director

John Tapics, P.Eng. – Director

Marin Katusa – Director

Carl L. Renzoni – Director

John K. Graf – Director

Al Cloke – Director

Robert J. (Bob) Young – Advisor

Roman Shklanka, Ph.D. – Advisor



## RISKS

**Forecast risk is moderate** – Development risks associated with projects that have completed technical studies are significantly reduced, as many of the technical parameters used to define a project, including mine plans, metallurgical processes, and cost estimates, are backed by detailed engineering work. However, our valuation is vulnerable to ramp-up timing and cost creep that continue to affect the entire mining industry. Escalating costs of fuel, power, reagents, and labour could increase operating costs at Copper Mountain. We have partially mitigated risk associated with cost escalation by applying a +15% contingency to our modelled on-site operating costs (mining, processing, and administrative), and our formal valuation includes an average life-of-mine on-site operating cost of \$8.50 per tonne milled, notably higher than the project's August 2009 updated feasibility study estimate of US\$7.28 per tonne milled. Risk is further mitigated through the use of a 10% discount rate in our formal valuation, in line with Haywood's standard practice for base metals projects backed by National Instrument 43-101 compliant technical reports.

Copper Mountain is located in Canada and will therefore incur all of its labour and some of its input costs in Canadian dollars. However, the project will sell copper, gold, and silver priced in U.S. dollars. As a result, the project's financial performance will be affected by varying Canadian/U.S. currency exchange rates. Swings in exchange rates are typically correlated with commodity prices, such as metals and fuel, a factor which tends to mitigate the effects of such swings. We note that Similco's project debt facility is based on U.S. dollars (US\$322 million), providing some protection against variable exchange rates. Our formal valuation includes foreign-exchange consensus forecasts published by Consensus Economics Inc.

**Our formal valuation is based on a long-term copper price of US\$2.75 per pound.** We believe in strong copper fundamentals going forward and expect that future copper production will continue to be constrained by smelter capacity, production problems at existing operations, and limited supply as a result of the ongoing economic 'crisis' that has impaired access to capital necessary to move most development-stage projects forward. News centred on a weak U.S. housing market (and U.S. economy) continues to negatively affect copper sentiment. Historically, the United States was a (the) prime copper consumer globally, accounting for 26% of global copper demand in 1970; hence, the correlation between the U.S. housing market and copper price. However, growth in global demand has outpaced that of U.S. demand significantly over the past +35 years. In fact, absolute annual refined copper consumption in the United States has steadily declined by almost 1 million tonnes since 2000. U.S. demand accounted for only a modest 11% of global consumption in 2007, now bringing the relative importance of the correlation between the U.S. housing market and (global) copper price into question. In contrast, Chinese copper demand has increased dramatically over the same period, from just 2% (0.1 million tonnes) of global consumption in 1970 to an estimated 26% (4.9 million tonnes) in 2007. Over the longer term, we maintain our bullish outlook relative to historical levels and believe that U.S.-driven sentiment for a weakening copper market will be overshadowed by global development within the next 2 to 3 years, specifically in China (and India).

Although China was the only source of increased demand in 2009, improving economic activity is expected to lead to growth in global copper demand through 2010. In the short term, we expect copper prices to remain near current levels, and have forecast a 2010E copper price of US\$3.25 per pound. Over the longer term, we maintain a bullish outlook relative to historical levels and believe that U.S.-driven sentiment for a weakening copper market will be overshadowed by global development within the next 2 to 3 years, specifically in China, India, and other emerging economies such as Brazil. Copper is likely to be in a small deficit in 2010 and 2011 (ignoring any potential for production disruptions from labour problems or operational issues), with the market moving back into surplus in 2012. We are forecasting a decline in copper prices after 2011, reaching our 'long-term' estimate of US\$2.75 per pound in +2014 as new mine production comes on line. However, we continue to believe future mine production will depend largely on lower grade mines, which will redefine the industry's cost regime.



***Financial risk is moderate*** – With Copper Mountain’s project financing in place through the sale of a 25% project interest to Mitsubishi, the arrangement of a US\$322 million project loan facility, and successful equity financings, most financial obstacles faced by development-stage companies have been overcome. Nevertheless, we remain cognizant that the Company may require a modest ‘interim’ financing to meet general working-capital needs until the Copper Mountain project begins generating positive cash flow. We note that under the terms of the Mitsubishi agreement, Similco must have a \$20 million working capital balance 90 days prior to the start of commercial production. In the event that this working capital is not in place, Copper Mountain will be subject to a cash call to fund its share of the outstanding balance. **We have conservatively inflated capital and operating costs in our valuation to account for potential cost escalation. Our model does not generate positive cash flow until 2012, after Copper Mountain begins commercial production.**

The current global economic situation has resulted in significant volatility in base metal pricing. Under current market conditions (copper pricing), Copper Mountain does not foresee any material problems. However, a significant decrease in copper prices could impair the Company’s ability to generate sufficient cash flow from operations to meet its financial obligations. We note that our formal valuation includes a life-of-mine average total copper cash cost of US\$1.25 per pound net of by-product gold and silver credits, versus current spot copper pricing of US\$3.21 per pound. **However, Copper Mountain’s relatively low grade makes the operation’s economic profile highly leveraged to input metal pricing. For example, our fully financed after-tax corporate NAV<sub>10%</sub> decreases to approximately \$0.70 per share at long-term forecast copper, gold, and silver prices of US\$2.00 per pound, US\$800 per ounce, and US\$13.00 per ounce respectively (from \$4.22 per share at Haywood’s formal metal price forecast, which includes long-term copper, gold, and silver prices of US\$2.75 per pound, US\$900 per ounce, and US\$14.00 per ounce respectively). We note Copper Mountain’s production profile is currently unhedged.**

To date, Copper Mountain has financed the Company’s operations and investments primarily through the issuance of share capital and project debt. However, deteriorating global economic conditions and tightening credit markets could increase the cost of obtaining capital (equity and/or debt) from outside sources and limit the availability of funds.

***Valuation risk is moderate*** – Copper Mountain trades at a discounted multiple to corporate NAV relative to its peer group—even under our arguably conservative scenario that includes escalated capital- and operating-cost estimates and a 10% discount rate (see Forecast risk above).

***Political risk is moderate to low*** – ‘Historic’ operating permits have been maintained, and Copper Mountain recently received an amended Mines Act Permit for the project, which facilitated formal construction ‘start-up’ in Q2/10 (basic civil engineering work already complete beforehand) and authorizes future production at the mine. British Columbia continues to gain recognition as a ‘mining friendly’ jurisdiction, and the importance of the mining industry relative to the province’s economic well-being is still garnering attention—especially given the recent pine beetle-induced devastation in the province’s forest industry. Premier Gordon Campbell, leader of British Columbia’s Liberal Party, supports development, in part through the advancement of mining and regional infrastructure projects, while maintaining a strong focus on environmental sustainability.

Copper Mountain recently concluded a mutually beneficial Impact Benefits Agreement (IBA) with the Upper Similkameen Indian Band (USIB). The IBA is a mechanism through which the USIB has provided its acknowledgement and acceptance of the Copper Mountain project. Under the agreement, the Company recognizes and respects the aboriginal title and rights as asserted by the USIB, and the USIB acknowledges that the Company holds a Mines Act Permit and mineral tenures within USIB’s territorial area of responsibility as granted under the British Columbia Mineral Tenure Act.



British Columbia has a long history of successful mine development. Numerous Canadian resource companies are actively exploring, developing, and operating in the province, and we view the area as a favourable jurisdiction for mining. According to the Fraser Institute's 2009/2010 Annual Survey of Mining Companies, British Columbia scored 49% (out of 100%) for its present mineral potential given the province's current policy environment. In comparison, Chile scored 74%, and Nevada 75%, while Venezuela scored 13%, the DRC 30%, and California 20%. However, assuming a 'best practice' policy environment, British Columbia jumped to 79%, on par with Chile at 83% and Nevada at 83%, illustrating the province's strong mineral potential.

**Overall risk we rate as speculative** – Given current market conditions, in part related to the aftermath of the global credit crisis, we maintain a speculative outlook on all names in our coverage universe. That said, Copper Mountain's advanced stage of development provides a good level of technical and political certainty, which will continue to improve as construction is completed and production ramp-up ensues through 2012. Project risk is further mitigated through the (proposed) use of standard off-the-shelf processing technology at Copper Mountain, coupled with a strong management team that boasts a track record of successful project development. Furthermore, our valuation partially mitigates potential rising global cost pressures through the use of escalated capital- and operating-cost estimates. The copper price is a key unknown going forward, for which we maintain a strong outlook. We are cognizant that the Copper Mountain project could significantly enhance the profile of a number of other mid-tier base metals producers. Hence, we look to 'corporate activity' as a potential (near-term) 'wildcard' catalyst. We note in September 2009 Copper Mountain's board rejected an unsolicited share exchange proposal from Taseko Mines Ltd. (TKO-T).

## COPPER MOUNTAIN OVERVIEW

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### **Location, Infrastructure, and Ownership**

Copper Mountain is located adjacent to the Hope-Princeton Highway in south-central British Columbia, 15 kilometres south of the town of Princeton, and 270 kilometres east of Vancouver. The project is a past producer in close proximity to existing infrastructure, including grid power. Previous operations sourced fresh water from the Similkameen River, which was subsequently recycled through the project's Tailings Management Facility. The town of Princeton has a population of approximately 3,000 people. The local economy is driven by ranching, tourism, and forestry. However, historically the Similco open-pit mine (i.e., Copper Mountain) was the area's predominant employer. Rail is accessible at Hope, approximately 120 kilometres by highway to the west.

The Copper Mountain property consists of 135 Crown grants, 132 mineral claims, 14 mining licences, 8 cell mineral claims, and 12 fee simple lots covering 18,000 acres. Approximately 10% of the claims, primarily in the north western property area, are subject to production royalties ranging from 1% to 5%. However, exploration in these areas is not currently contemplated. None of the claims in the planned open pit have any royalty obligations. Topography at Copper Mountain is generally gentle to moderate, with elevations ranging from 1,050 to 1,300 metres above sea level. The area's climate is relatively dry and did not hinder year-round mining operations historically. In December 2006, Copper Mountain, a private company at the time, purchased Similco Mines Ltd. to obtain a 100% interest in the Copper Mountain project. In July 2009, Copper Mountain (then public) sold a 25% interest in Similco to Mitsubishi Materials Corp. (see below)—hence, Copper Mountain's current 75% project interest.



**Copper Mountain Location Map**



Source: Copper Mountain Mining

### **Work History**

Exploration efforts in the Copper Mountain area date back to the 1890s. Through 1922, several attempts to initiate production proved unsuccessful. However, in 1923, the Granby Consolidated Mining, Smelting, and Power Company (Granby) acquired the property and built a mining facility in Allenby. Underground production during 1925 to 1930, and 1937 to 1957 mined 31.5 million tonnes of ore grading 1.08% copper from what is now known as the Pit 1 and Pit 3 areas. Mining operations were suspended in 1957 owing to low metal prices and high rail transportation charges.

In 1966, Newmont Mining Corporation of Canada (Newmont) optioned claims opposite the historical Granby Mine, on the west side of the Similkameen River. The Company subsequently drill defined sufficient resources to contemplate production. At the same time, Granby was drilling off open-pit reserves at Copper Mountain. In 1967, Newmont purchased Granby's entire mining interest in the district. The development of mineable reserves followed in 1979 with the installation of a new primary crusher and conveyor system. Newmont's initial production at Copper Mountain came from Pit 2, with additional production from Pit 3 in 1983. In 1988, the property was sold to Cassiar Mining Corporation, which operated under the name Similco Mines Ltd. Similco continued production, which through 1993 totalled 1.7 billion pounds of copper, 620,000 ounces of gold, and 8.4 million ounces of silver. Operations were suspended in November 1993 owing to low metal prices. Improved copper prices in 1994 prompted the mine to reopen in August of that year. However, the restart was short-lived, as falling metal prices led to another shutdown in 1996. In December 2006, Copper Mountain, a private Company at the time, purchased Similco to obtain a 100% interest in the Copper Mountain project.



**Copper Mountain Pit 3**



Source: Copper Mountain Mining

**Work to Date**

In early 2007, Copper Mountain began acquiring and compiling all historical data and initiated a diamond-drill program at the project. The objective of the drill program was threefold: 1) to provide additional verification of historical data, 2) to test areas between existing open pits to determine the potential for additional mineralization to expand or merge these pits into a ‘super-pit’, and 3) to provide denser drill data to upgrade existing historical resources. The Company drilled 419 holes (106,000 metres) that were incorporated into a new resource estimate along with the historical drill data. An updated resource estimate was completed by Giroux Consultants Ltd. in April 2009.

**April 2009 Resource Estimate at Various Cutoffs**

Cut-off (%Cu)	Measured & Indicated			Inferred		
	Tonnes (000's)	Cu Grade (%)	Copper (Mlb)	Tonnes (000's)	Cu Grade (%)	Copper (Mlb)
0.15%	518,600	0.31%	3,226	390,700	0.23%	1,758
0.20%	359,560	0.37%	2,683	186,710	0.29%	1,064
<b>0.25%</b>	<b>256,610</b>	<b>0.43%</b>	<b>2,222</b>	<b>101,440</b>	<b>0.34%</b>	<b>684</b>
0.30%	189,180	0.49%	1,858	53,130	0.40%	421

Source: Copper Mountain Mining

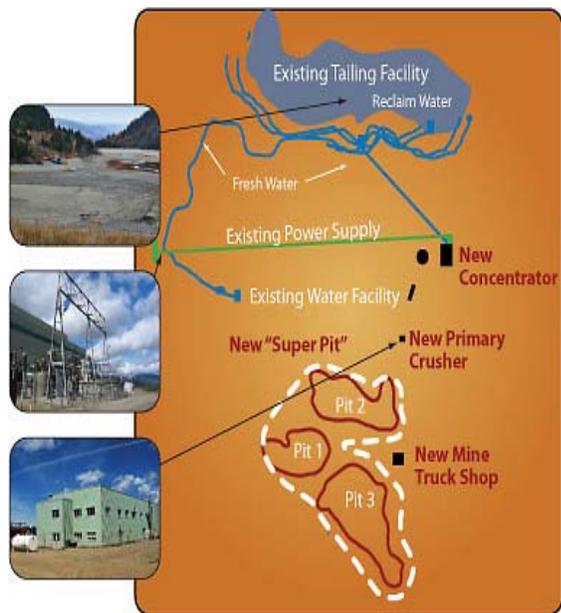


In November 2007, Merit Consultants International Inc. (Merit) completed a positive preliminary economic assessment (PEA) at Copper Mountain, which prompted a subsequent positive feasibility study led by Hatch Ltd. in July 2008. The feasibility study outlines a 15-year open-pit project, utilizing a 35,000-tonne-per-day mill to produce approximately 100 million pounds of copper in concentrate with gold and silver credits. The study was framed around a resource model that included drilling up to December 2007. However, Copper Mountain conducted an aggressive drill program in 2008, and subsequently retained Hatch to update the project's reserve estimate and mine plan. Results of the updated feasibility study were announced in July 2009 and published on August 21, 2009.

The project's August 2009 updated feasibility study includes an after-tax project  $NAV_{10\%}$  of US\$346 million, an internal rate of return (IRR) of 21%, and a 4.0-year payback at average life-of-mine copper, gold, and silver prices of US\$1.80 per pound, US\$900 per ounce, and US\$12.00 per ounce respectively, at a C\$/US\$ exchange rate of 1.25—well below the current copper spot price of about US\$3.21 per pound and Haywood's long-term (+2014) forecast copper price of US\$2.75 per pound. The operation includes 108 million pounds of annual copper production (in concentrate) over the first 5 years of the project's 17-year open-pit mine life, which will be developed as a 'super pit' encompassing reserves adjacent to Copper Mountain's 'historic' Pits 1, 2, and 3. The study includes an initial capital-cost estimate of \$438 million (including a \$25 million contingency) and a life-of-mine average total copper cash cost of US\$0.94 per pound of payable copper net of credits.

In October 2009, Copper Mountain's board of directors formally approved development at the project. Merit, Hatch, and Gisborne Ltd. were subsequently appointed as construction manager, project engineer, and general contractor respectively. Construction began in Q4/09, initially focused on mill site clearing and foundation pouring, and to date, more than 18,850 cubic metres of concrete have been poured. In April 2010, Copper Mountain received an amended Mines Act Permit from the Government of British Columbia. The permit approves Copper Mountain's mine plan and reclamation strategy, authorizing full-scale construction and subsequent operation at the project.

**Copper Mountain Site Plan (left) and Planned Super Pit Panorama (right)**



Source: Copper Mountain Mining



**Copper Mountain 'Model Mineable', Reserve, and Resource Summary (National Instrument 43-101 Compliant)**

	Tonnes (000's)	Cu Grade (%)	CuEq Grade (%)	Au Grade (g/t)	Ag Grade (g/t)	Copper (Mlb)	Copper Eq (Mlb)	Gold (Moz)	Silver (Moz)	EV/lb Cu (US\$/lb)	EV/lb CuEq (US\$/lb)
Copper Mountain Model Mineable	211,189	0.36%	0.4%	0.10	1.4	1,680	1,951	0.7	9.2	-	-
Copper Mountain Model Payable	-	-	-	-	-	1,435	1,596	0.4	4.0	-	-
Copper Mountain P&P Reserve	211,171	0.36%	0.41%	0.09	1.3	1,676	1,919	0.6	8.5	-	-
Copper Mountain M&I Resource	134,616	0.38%	0.38%	-	-	1,140	1,140	-	-	-	-
Copper Mountain Inferred Resource	169,380	0.29%	0.29%	-	-	1,083	1,083	-	-	-	-
<b>Total Reserve and Resource</b>	<b>515,167</b>	<b>0.34%</b>	<b>0.36%</b>	<b>0.04</b>	<b>0.5</b>	<b>3,899</b>	<b>4,142</b>	<b>0.6</b>	<b>8.5</b>	<b>\$0.066</b>	<b>\$0.062</b>
<b>Attributable Reserve and Resource</b>	<b>386,375</b>	<b>0.34%</b>	<b>0.36%</b>	<b>0.04</b>	<b>0.5</b>	<b>2,924</b>	<b>3,107</b>	<b>0.5</b>	<b>6.4</b>	<b>\$0.088</b>	<b>\$0.083</b>

*Measured & indicated resource is additional to proven and probable reserve.  
 Copper Mountain resource is based on a 0.5% copper cutoff grade.  
 Enterprise value (EV) = market capitalization - working capital + debt.  
 CuEq = copper equivalent, EV = enterprise value (market capitalization - working capital + debt).  
 CuEq copper price: US\$2.75/lb  
 CuEq gold price: US\$900/oz  
 CuEq silver price: US\$14.00/oz*

Source: Copper Mountain Mining and Haywood Securities

Erection of Copper Mountain's concentrator building is now complete, as is rebar work for the facility's ball mill foundations. Grinding mills and major mining equipment is currently being received at the mine site and will be installed/tested inside completed buildings this coming winter. Some of the project's mobile mining fleet is already on-site, including two large Komatsu 375 dozers, three 240-ton haul trucks, and one WA1200 loader, which are being used to facilitate construction activities. Preproduction mining activities are scheduled to start once Copper Mountain's main loading unit, a Komatsu PC8000 (53 yard capacity), arrives on site. This large hydraulic unit is currently on route from Germany and expected to be on site by mid-September and subsequently fully assembled /operational by mid-October 2010. The second half of the project's mining fleet, including a second Komatsu PC8000, is scheduled to be on site by April 2011. A total of 24 million tonnes of material is scheduled to be moved prior to targeted mill start-up in May 2011. Currently, there are approximately 200 construction and operating personnel on-site. As of June 30, 2010, approximately \$330 million of the project's projected \$438 million initial capital cost had been spent (\$145 million) or committed (\$185 million). **The Company remains confident in meeting its overall target timeline, which includes the start-up of pre-production mining in mid-October 2010, construction completion by April 2011, and ramp-up to full-scale production (throughput of 35,000 tonnes per day) by June 2011.**

**Komatsu PC8000 (left) and Onsite Mine Equipment (right)**



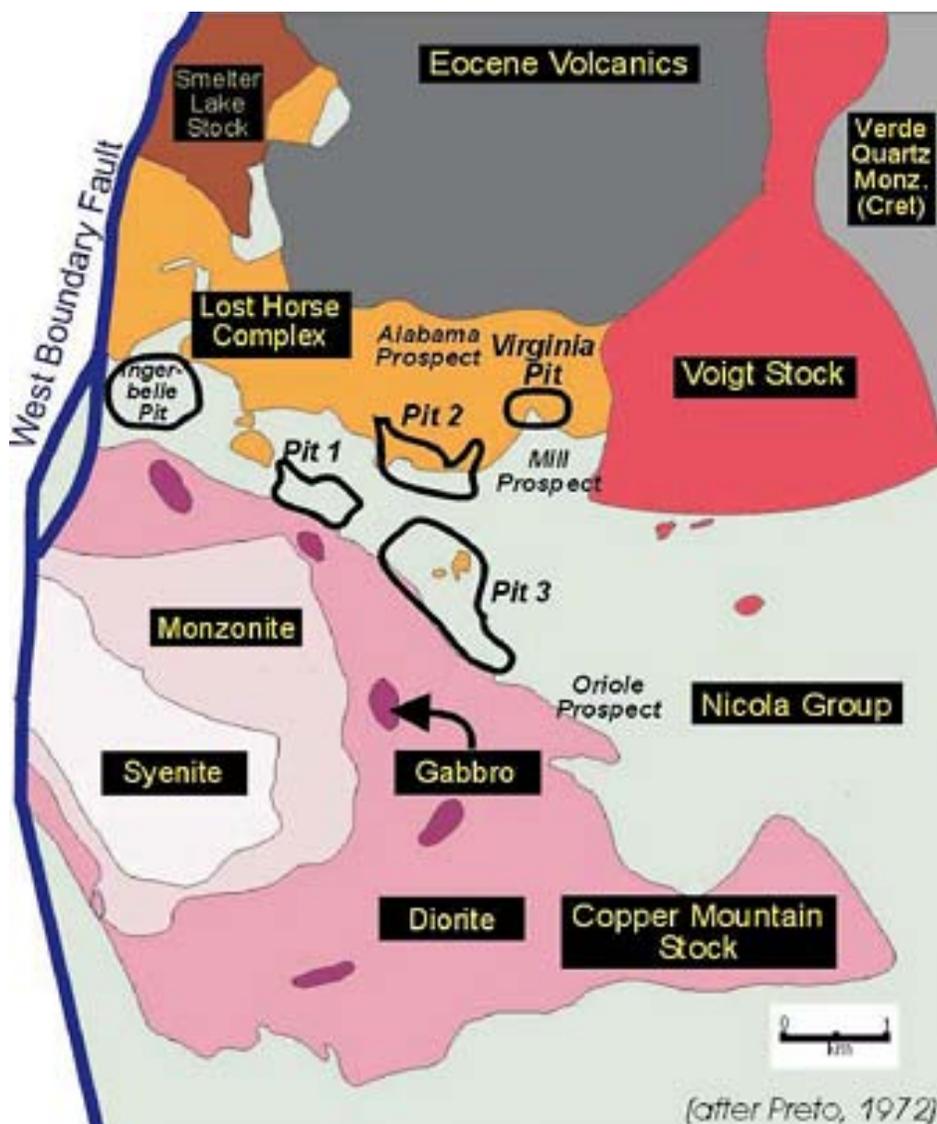
Source: Copper Mountain Mining



## APPENDIX I: COPPER MOUNTAIN GEOLOGY

Copper Mountain is associated with a large, structurally complex, alkalic porphyry copper-gold-silver system that produced 1.7 billion pounds of copper, 700,000 ounces of gold, and 9 million ounces of silver from five separate pit areas between 1927 and 1996. Most of the copper-gold mineralization at Copper Mountain is in the form of veins, fracture fillings, and disseminations within volcanic rocks of the Nicola Group (Upper Triassic) and within intrusive rocks of the Lost Horse Suite (Lower Jurassic). Mineralization has strong vertical continuity, and dominant vein and fracture orientations vary with location. Copper sulphide mineralization occurs in the form of chalcocite, bornite, and chalcopyrite with associated gangue sulphide and oxide iron mineralization in the form of pyrite and magnetite respectively. Copper-bearing sulphide minerals are more abundant than pyrite in the ore zones, although a distal pyritic propylitic alteration zone is noted in some locations. Calcite is a significant alteration and gangue mineral in concentrations sufficient to ensure that most rocks are acid consuming, as opposed to acid generating, during weathering.

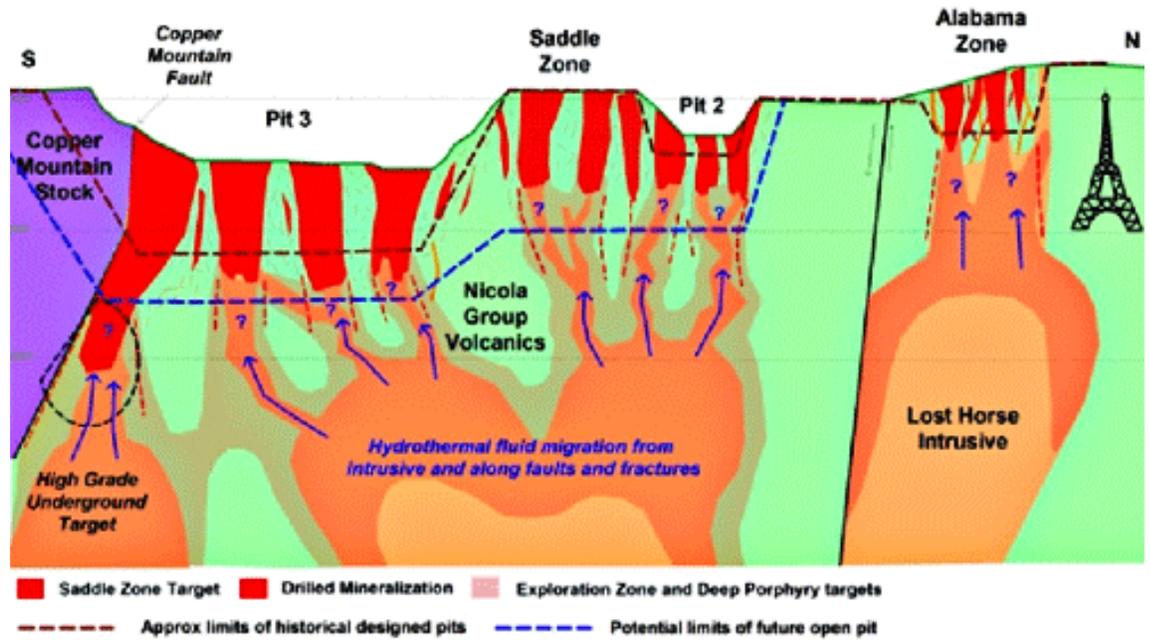
### Copper Mountain Geology Map



Source: Copper Mountain Mining



### Copper Mountain Cross Section



Source: Copper Mountain Mining

### Copper Mountain Mineralization in Outcrop



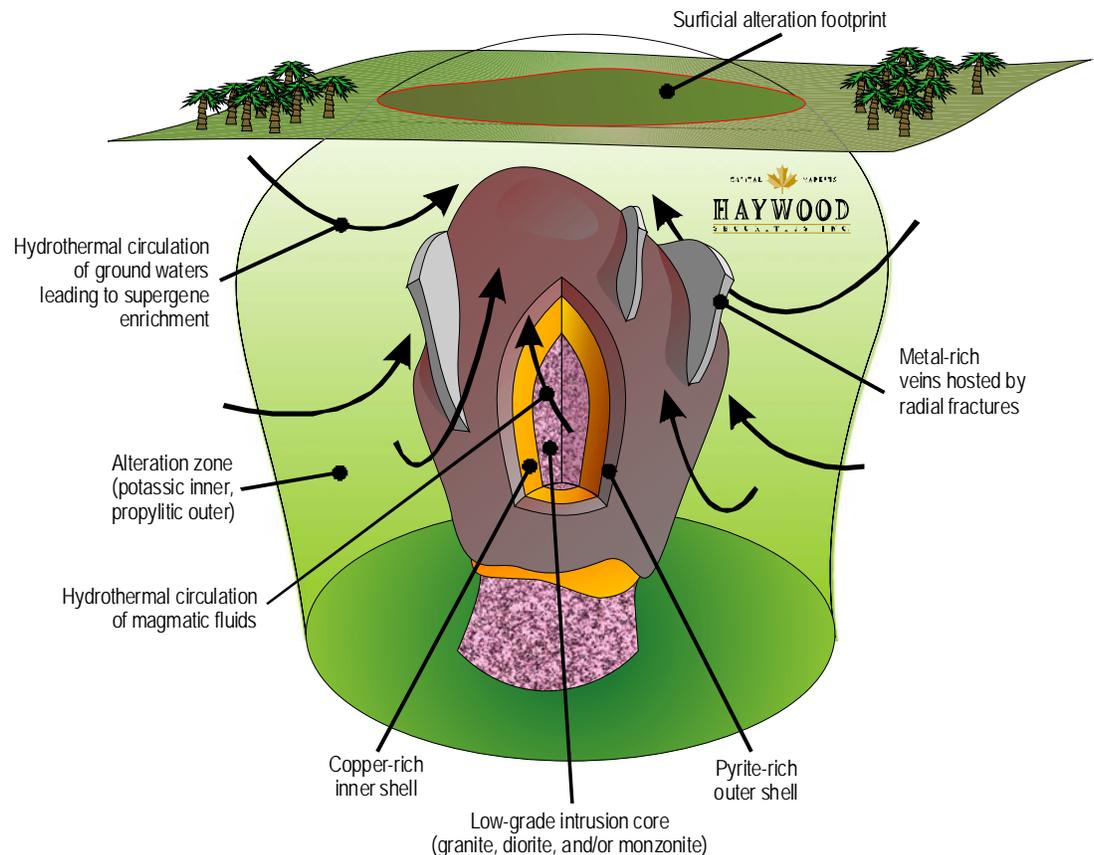
Source: Haywood Securities



## APPENDIX II: PORPHYRY PRIMER

Porphyry deposits are associated with large amounts of molten rock generated at depth and emplaced within 2 to 4 kilometres of the surface (i.e., an intrusion). Heat from this intrusion, which is typically +800°C at the time of emplacement, subsequently initiates the convection of hydrothermal fluids within surrounding rock. These hydrothermal fluids are sourced directly from the intrusion and/or heated groundwater and are channelled along fractures and breccia zones formed around the periphery of the intrusion—a result of overpressure and subsequent explosive release of saline fluids from within the upper parts of the intrusion. The metals transported by these fluids (namely, copper, gold, silver, and/or molybdenum) are primarily sourced directly from the intrusion, but can also be leached from surrounding host rocks by heated groundwater. Subsequent precipitation of this mineralization is both pervasive and fracture controlled, forming a shell(s) around the porphyry intrusion, which is generally less than a kilometre in diameter. The grade within the shell(s) is characteristically very homogeneous, albeit low, typically averaging less than 1% copper, 1 gram per tonne gold, and/or 0.1% molybdenum. Hence, porphyry deposits are most amenable to large-scale bulk (open-pit) mining coupled with low-cost heap-leach processing (oxides). Higher grade veins are found radiating outward from porphyry deposits, but usually contribute marginally to a deposit's total tonnage.

### Schematic Porphyry Model (not to scale)



Source: Haywood Securities



Weathering can result in extensive leaching and oxidation of near-surface metals from a low-grade primary (sulphide) deposit. In the case of copper, leaching of chalcopyrite (copper sulphide) followed by re-precipitation of this mineralization in the form of chalcocite (+/- copper oxides) can form a secondary enriched deposit. This enriched chalcocite blanket can contain significantly higher grades, 'sweetening' an already economic deposit or making an economic deposit out of low-grade primary mineralization that was originally unprofitable. As a porphyry deposit is formed, the convection of hydrothermal fluid also alters the host rock. The alteration footprint is typically much larger than the deposit itself—making this footprint a useful exploration tool, especially since it is typically zoned, with a potassic (biotite-orthoclase) core grading outwards through phyllic (quartz-sericite) and propylitic (epidote-chlorite) shells. The term 'porphyry' or 'porphyritic' refers to a rock texture which is characterized by larger mineral grains supported in a matrix of smaller mineral grains. This texture is typically found in granite, diorite, and/or monzonite that compose most porphyry deposits.

### ***Copper Mountain – An Above-Average Porphyry(?)***

A compilation by the U.S. Geological Survey (USGS) of 381 (copper) porphyry deposits suggests that the deposit type is characterized by a median tonnage of 229 million tonnes (reserve, resource, and past production). For comparison, Copper Mountain currently contains an estimated 515 million tonne resource (all categories) which remains open at depth—excluding sporadic 'historic' production dating back to 1925. Furthermore, we note that the mean deposit tonnage suggested by the USGS database, which averages 633 million tonnes, is skewed by a handful of 'super large' deposits, including Chuquicamata (Chile) at 17.1 billion tonnes, El Teniente (Chile) at 11.8 billion tonnes, and Cananea (Mexico) at 7.4 billion tonnes. At our long-term copper and gold price forecasts of US\$2.75 per pound and US\$900 per ounce respectively, Copper Mountain's August 2009 feasibility study update resource estimate contains approximately US\$11.4 billion worth of metals.



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	TSX:CS	Capstone Mining Corp.		X	X					
	TSX:COP	Coro Mining Inc.		X	X			X		
	TSX:CUM	Copper Mountain Mining Corp.			X	X				
	TSXV:CMS	Creston Moly Corp.		X	X			X		
	TSX:FAN	Farallon Mining Ltd.			X					
	TSX:FM	First Quantum Minerals Ltd.			X					
	TSX:GMI	GlobeStar Mining Corp.			X					
	TSXV:IPR	Inca Pacific Resources Inc.			X					
	TSX:LUN	Lundin Mining Corporation	X		X					
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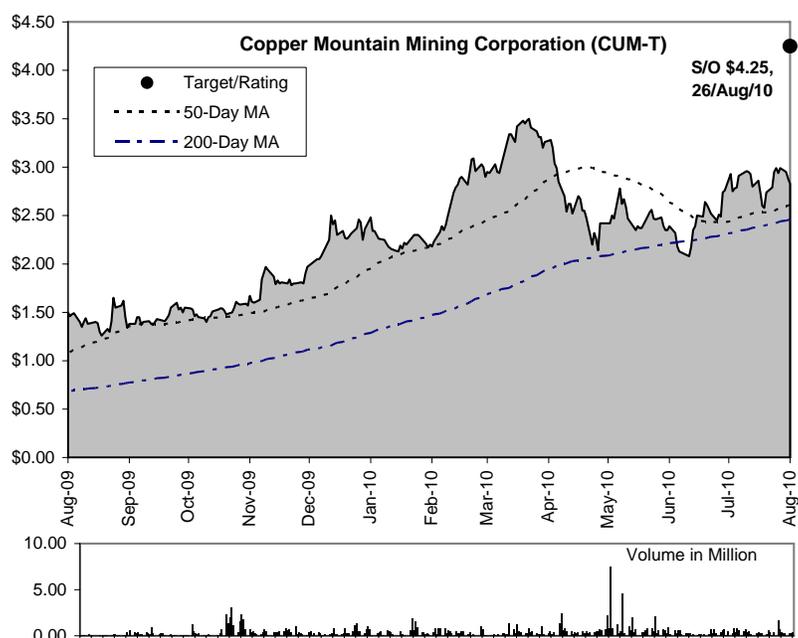


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	Distribution of Ratings		IB Clients (TTM)
	%	#	
S/O	55.6%	84	85.7%
S/P	2.6%	4	7.1%
S/U	1.3%	2	0.0%
T	1.3%	2	0.0%
UR (S/O)	6.0%	9	3.6%
UR (S/P)	3.3%	5	0.0%
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Coverage initiated August 26, 2010

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