

Copper Mountain Mining Announces Strong Q2 2020 Financial Results

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VANCOUVER, July 29, 2020 - [Copper Mountain Mining Corp.](#) (TSX: CMMC) (ASX:C6C) (the "Company" or "Copper M...
announces strong second quarter 2020 financial and operating results. All currency is in Canadian dollars, unless otherwise specified. All results are reported on a 100% basis. The Company's Financial Statements and Management Discussion & Analysis are available at [www.CuMtn.com](#) and [www.sedar.com](#).

Q2 2020 HIGHLIGHTS

- Exceeded revised operating plan announced March 10, 2020 with Q2 2020 production of 23.9 million pounds of copper equivalent (comprising of 18.1 million pounds of copper, 7,499 ounces of gold and 86,126 ounces of silver).
- Reduced cash cost per pound significantly in Q2 2020:
 - C1 cash cost per pound of copper produced was US\$1.48 compared to US\$1.74 in Q2 2019.
 - All in sustaining cost (AISC) per pound of copper was US\$1.67 compared to US\$1.85 in Q2 2019.
 - All-in cost (AIC) per pound of copper was US\$1.67 compared to US\$2.35 in Q2 2019.
- Increased revenue to \$91 million compared to \$65 million in Q2 2019
- Increased gross profit to \$30.3 million compared to \$1.6 million in Q2 2019
- Increased earnings per share to \$0.12 compared to \$0.01 in Q2 2019
- Increased cash flow from operations before working capital changes to \$41.5 million compared to \$4.7 million in Q2 2019
- Completed the installation of Direct Flotation Reactors in July on schedule and on budget.
- Completed updated Eva Copper Feasibility Study (announced May 7, 2020) demonstrating improved economic and operational metrics, including:
 - After-tax NPV (8%) of US\$437 million and an after-tax IRR of 29%.
 - Total production of 1.5 billion pounds of copper over a 15-year mine life.
 - C1 cash costs of US\$1.44 per pound of copper, net of by-product credits.

"We are pleased to have achieved such a strong quarter despite the global impact of the COVID-19 virus and the associated copper price environment," commented Gil Clausen, Copper Mountain's President and CEO. "The positive outcome was the result of our quick response in implementing a revised mine plan in early March, demonstrating the flexibility of the Copper Mountain Mine plan and our team's ability to adapt quickly to changing market conditions. More importantly, we prioritized the health and safety of our employees and we have had no confirmed or presumptive cases of COVID-19 at any of our operations."

Mr. Clausen continued, "With higher metal prices and lower costs, our objective is to build our cash position to allow for the restart of the second stage of the mill expansion project, the installation of the third ball mill. The first stage of our 45,000 tonnes per day (TPD) mill expansion, the installation of the direct flotation reactors, was completed in early July. The Company maintained spending on long lead time items associated with the Ball Mill #3 installation and we anticipate recommencement of construction in late 2020 or early 2021."

SUMMARY OF OPERATING RESULTS

Mine Production Information

Copper Mountain Mine (100% Basis)	2020 Q2	2019 Q2	2020 H1	2019 H1
Mine				
Total tonnes mined (000s)	10,947	16,139	25,866	33,593
Ore tonnes mined (000s)	3,577	3,007	7,255	5,821
Waste tonnes (000s)	7,370	13,132	18,611	27,772
Stripping ratio	2.06	4.37	2.57	4.77
Mill				
Tonnes milled (000s)	3,665	3,764	7,203	7,314
Feed Grade (Cu%)	0.28	0.28	0.29	0.29
Recovery (%)	79.0	78.2	77.2	79.9
Operating time (%)	92.5	95.0	92.4	94.0
Tonnes milled (TPD)	40,275	41,363	39,582	40,409
Production				
Copper equivalent (000s)	23,946	22,112	45,717	44,305
Copper (000s lb)	18,092	18,450	35,564	37,060
Gold (oz)	7,499	6,922	13,638	14,049
Silver (oz)	86,126	65,707	166,142	127,987
Sales				
Copper (000s lb)	18,879	17,931	36,741	37,279
Gold (oz)	6,289	7,044	12,653	14,070
Silver (oz)	80,294	55,276	158,866	120,268
C1 cash cost per pound of copper produced (US\$) ⁽¹⁾	1.48	1.74	1.74	1.76
AISC per pound of copper produced (US\$) ⁽¹⁾	1.67	1.85	1.90	1.86
AIC per pound of copper produced (US\$) ⁽¹⁾	1.67	2.35	2.06	2.40
Average realized copper price (US\$ per pound)	2.43	2.72	2.49	2.79

(1) Non-GAAP performance measure. See MD&A for details.

As announced on March 10, 2020, the Company implemented a revised operating plan for 2020 in reaction to the global COVID-19 pandemic and the resulting lower copper price environment. The revised operating plan was focused on maintaining positive margins and cash flow. During the second quarter of 2020 the Company continued to operate on this revised plan, with results exceeding expectations.

In Q2 2020, the Copper Mountain Mine produced 23.9 million pounds of copper equivalent (comprised of 18.1 million pounds of copper, 7,499 ounces of gold, and 86,126 ounces of silver) as compared to 22.1 million pounds of copper equivalent (comprised of 18.4 million pounds of copper, 6,922 ounces of gold, and 65,707 ounces of silver) in Q2 2019. Copper, gold and silver production in Q2 2020 was above the revised operating plan expectations. The mine processed a total of 3.7 million tonnes of ore at an average feed grade of 0.28% Cu and a copper recovery of 79.0% in Q2 2020 as compared to processing 3.8 million tonnes of ore at an average feed grade of 0.28% Cu and a copper recovery of 78.2% in Q2 2019. Copper grade is expected to improve in the second half of 2020, as the Company restarts mining in Pit #3 while maintaining lower costs. Mill availability averaged 92.5% for Q2 2020 as compared to 95.0% in Q2 2019. The slight variance in mill availability was a result of scheduled preventative maintenance shutdowns in Q2 2020.

C1 cash cost per pound of copper produced, net of by-product credits, for Q2 2020 was US\$1.48, as compared to US\$1.74 in Q2 2019. The decrease in cost per pound in Q2 2020 was the result of reduced mining costs and higher by-product credits (33.9% increase) for the gold and silver produced in Q2 2020 as compared to Q2 2019. AISC per pound of copper produced for Q2 2020 was US\$1.67, as compared to US\$1.85 in Q2 2019. The low AISC includes \$4.8 million in sustaining capital, lease and applicable administration expenditures in Q2 2020 as compared to \$2.7 million in Q2 2019.

AIC per pound of copper produced for Q2 2020 was US\$1.67 as compared to US\$2.35 for Q2 2019. AIC is the same as AISC for Q2 2020 as there were no deferred stripping or low-grade stockpile mining costs incurred in Q2 2020 as compared to \$10.7 million of deferred stripping and \$1.7 million of low-grade stockpile costs in Q2 2019.

The significant decrease in C1, AISC, and AIC recognized in Q2 2020 as compared to past quarters was a result of the Company's cost savings initiatives and operating efficiencies at the Copper Mountain mine, supplemented by an increase in precious metals prices and production for Q2 2020.

SUMMARY OF FINANCIAL RESULTS

Results and Highlights (100%)	Three months ended June 30,		Six months ended June 30,	
(In thousands of CDN\$, except for per share amounts)	2020 \$	2019 \$	2020 \$	2019 \$
Financial				
Revenue	91,089	65,144	140,653	152,014
Gross (loss) profit	30,259	1,636	15,310	24,912
Gross (loss) profit before depreciation ⁽¹⁾	36,222	6,801	27,381	36,416
Net (loss) income	31,933	2,529	(11,525)	20,355
(Loss) income per share – basic	0.12	0.01	(0.05)	0.07
Adjusted earnings ⁽¹⁾	(1,458)	(917)	(11)	5,119
Adjusted earnings per share – basic	(0.01)	(0.00)	(0.00)	0.03
EBITDA ⁽¹⁾	49,120	10,257	9,405	42,121
Adjusted EBITDA	15,729	6,811	20,919	26,885
Cash flow from operations	15,685	23,685	32,025	47,374
Cash and cash equivalents – end of period			29,003	43,896

(1) Non-GAAP performance measure. See MD&A for details.

In Q2 2020, revenue was \$91.1 million, net of pricing adjustments and treatment charges, compared to

\$65.1 million in Q2 2019. Q2 2020 revenue was based on the sale of 18.9 million pounds of copper, 6,289 ounces of gold, and 80,294 ounces of silver. This compares to 17.9 million pounds of copper, 7,044 ounces of gold and 55,276 ounces of silver sold in Q2 2019. The increase in revenue was primarily a result of the positive mark to market and final adjustment on concentrate sales of \$20.3 million as compared to a negative mark to market and final adjustment of \$4.2 million for Q2 2019, a differential of approximately \$24.5 million.

Cost of sales in Q2 2020 was \$60.8 million as compared to \$63.5 million for Q2 2019. The reduction in cost of sales was primarily the result of the Company's cost savings initiatives, which included utilizing less equipment and mining fewer tonnes. As a result, Q2 2020 cost of sales did not include mining costs being allocated to the low-grade stockpile or to deferred stripping. This is compared to Q2 2019 cost of sales which was net of \$12.0 million of deferred stripping and \$1.9 million low-grade stockpile costs.

The Company reported net income of \$31.9 million for Q2 2020 as compared to net income of \$2.5 million for Q2 2019. The variance in the higher net income for Q2 2020, as compared to Q2 2019, was a result of several items including:

- Revenue in Q2 2020 included a large positive mark to market and final adjustment from provisional pricing on concentrate sales, as mentioned above.
- The inclusion of a non-cash unrealized foreign exchange gain of \$14.5 million as compared to a non-cash unrealized exchange gain of \$6.7 million in Q2 2019, a differential of approximately \$7.8 million, which was primarily related to the Company's debt that is denominated in US dollars.

On adjusted basis, the Company recorded a net loss of \$1.5 million in Q2 2020, compared to \$0.01 million in Q2 2019.

PROJECT DEVELOPMENT UPDATE

Copper Mountain Mill Expansion

During Q2 2020, the Company completed the first stage of the 45,000 TPD mill expansion project with the installation of Direct Flotation Reactors (DFRs). The DFRs will increase the efficiency and the capacity of the current cleaner circuit, which is expected to increase copper concentrate grade from about 25% to 28%, resulting in lower concentrate transportation, smelting and refining costs. The installation of the DFRs was completed on schedule and on budget. Since the commissioning of the DFR's in early July, the project is achieving the targeted final concentrate grade.

As noted in Q1 2020, as a result of COVID-19, the Company deferred most major capital spend and therefore halted work on the second stage of the Ball Mill expansion plans of the existing Copper Mountain Mine, which is the installation of the third ball mill. The Ball Mill expansion is designed to increase throughput to 45,000 TPD from 40,000 TPD and improve copper recovery as a result of being able to achieve a finer grind of ore. The expansion project includes the installation of a third ball mill that the Company had already purchased. Work has been reduced to completing commitments on the long lead items already ordered at the end of last year, which will allow the project to restart in an efficient and expeditious manner. With the recent stronger copper prices experienced, the Company plans to continue to operate under its revised operating plan and build its cash position with the target to restart the second stage of the Ball Mill expansion project at the end of 2020 or early 2021, dependent on market conditions.

Eva Copper Project

The Company completed an updated Eva Copper 2020 Feasibility Study and announced its results on May 7, 2020, which demonstrated improved economics and operating metrics, including a higher after-tax NPV, increased production, lower cash costs and a longer mine life, when compared to the prior 2018 Feasibility Study results.

Results included:

- After-tax NPV at an 8% discount of US\$437 million and an after-tax IRR of 29%.
- Total production of 1.5 billion pounds of copper over a 15-year mine life.

- C1 cash costs of US\$1.44 per pound of copper, net of by product credits
- Total initial development capital of US\$382 million.

2020 OUTLOOK

The Company reaffirms its 2020 production and AIC guidance of 70 to 75 million pounds of copper and US\$2.20 and US\$2.35 per pound of copper produced, respectively. Copper production is expected to be more heavily weighted to the second half of the year, as a result of higher grades and as the Company begins to mine coarser grained ore areas that have higher recovery associated with them. AIC for the first half of 2020 is below the AIC guidance and although the Company expects to continue to operate at lower costs in the second half, the Company is not adjusting guidance at this time given any uncertainty that may arise from unforeseen impacts that COVID-19 may have in the future. The Company will assess its cost guidance on a quarter by quarter basis.

Q2 2020 FINANCIAL AND OPERATING RESULTS CONFERENCE CALL AND WEBCAST

Copper Mountain will host a conference call on Wednesday, July 29, 2020 at 7:30 am (Pacific Time) for senior management to discuss the second quarter 2020 results.

Dial-in information:

Toronto and international: 647-427-7450

North America (toll-free): 1-888-231-8191

To participate in the webcast live via computer go to:

https://produceredition.webcasts.com/starthere.jsp?ei=1339910&tp_key=930bdc54ab

Replay Call Information

Toronto and international: 416-849-0833, Passcode: 1289867

North America (toll-free): 1-855-859-2056, Passcode: 1289867

The conference call replay will be available until 8:59 pm (Pacific Time) on August 5, 2020. An archive of the audio webcast will also be available on the company's website at <http://www.cumtn.com>.

2020 ANNUAL GENERAL MEETING

The Company will be holding its 2020 Annual Meeting of Shareholders on Wednesday, September 9, 2020 at 2:00 pm (Vancouver Time). Given the ongoing health concerns related to the COVID-19 virus, it is imperative to achieve social distancing to reduce risk of the virus spreading. As a result, to mitigate risks to the health and safety of the communities, shareholders, employees and other stakeholders of the Company, Copper Mountain will be holding a virtual meeting. The Company encourages shareholders to participate via live audio webcast. Please refer to the Company's proxy circular, which will be sent to shareholders in August, for further details.

About Copper Mountain Mining Corporation

Copper Mountain's flagship asset is the 75% owned Copper Mountain mine located in southern British Columbia near the town of Princeton. The Copper Mountain mine currently produces approximately 90 million pounds of copper equivalent, with average annual production expected to increase to approximately 120 million pounds of copper equivalent. Copper Mountain also has the development-stage Eva Copper Project in Queensland, Australia and an extensive 2,443 km² highly prospective land package in the Mount Isa area. Copper Mountain trades on the Toronto Stock Exchange under the symbol "CMMC" and Australian Stock Exchange under the symbol "C6C".

Additional information is available on the Company's web page at www.CuMtn.com.

On behalf of the Board of

[Copper Mountain Mining Corp.](http://www.CuMtn.com)

"Gil Clausen"

Gil Clausen, P.Eng.
President and Chief Executive Officer

Cautionary Note Regarding Forward-Looking Statements

This news release may contain forward-looking statements and forward-looking information (together, "forward-looking statements") within the meaning of applicable securities laws. All statements, other than statements of historical facts, are forward-looking statements. Generally, forward-looking statements can be identified by the use of terminology such as "plans", "expects", "estimates", "intends", "anticipates", "believes" or variations of such words, or statements that certain actions, events or results "may", "could", "would", "might", "occur" or "be achieved". Forward-looking statements involve risks, uncertainties and other factors that could cause actual results, performance and opportunities to differ materially from those implied by such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include the successful exploration of the Company's properties in Canada and Australia, the reliability of the historical data referenced in this press release and risks set out in Copper Mountain's public documents, including in each management discussion and analysis, filed on SEDAR at www.sedar.com. Although Copper Mountain believes that the information and assumptions used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by applicable law, Copper Mountain disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Copper Mountain Mining Corp.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited in thousands of Canadian dollars)

June 30, December 31, 2019

2020 \$

\$

Assets

Current assets

Cash and cash equivalents	29,003	32,126
Accounts receivable and prepaid expenses	33,502	27,947
Inventory	29,145	35,299
	91,650	95,372
Reclamation bonds	4,155	3,740
Deferred tax assets	27,302	28,088
Property, plant and equipment	533,475	501,663
Low grade stockpile	65,521	64,978

722,103 693,841

Liabilities

Current liabilities

Accounts payable and accrued liabilities	45,029	41,366
Amounts payable to related parties	3,828	104,698
Current portion of long-term debt	65,201	60,260
Current tax liability	1,461	1,186
	115,519	207,510

Provisions	17,391	18,104
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Due to related parties	131,271	-
Long-term debt	187,158	188,123
Deferred tax liability	2,436	2,203
	453,775	415,940

Equity

Attributable to shareholders of the Company:

266,663 266,663

Share capital

Contributed surplus	19,490	18,623
Accumulated other comprehensive loss	(3,073)	(4,158)
Accumulated deficit	(79,477)	(70,516)
	203,603	210,612

Non-controlling interest	64,725	67,289
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Copper Mountain Mining Corp.
 Condensed Consolidated Interim Statements ~~of Income (Loss)~~ ^{of Income (Loss)} and Comprehensive Income (Loss)
 For the Three and Six Months Ended June 30
 (Unaudited in thousands of Canadian dollars, except for number of and earnings per share)

722,103 693,841

Three months ended Six months ended
 June 30, June 30,

2020 2019 2020 2019

\$ \$ \$ \$

Revenue 91,089 65,144 140,653 152,014

Cost of sales

(60,830)

(63,508)

(125,343)

(127,102)

Gross profit	30,259	1,636	15,310	24,912
Other income and expenses				
General and administration	(914)	(2,631)	(3,360)	(5,392)
Share based compensation	(575)	(526)	(1,203)	(1,187)
Operating income	28,770	(1,521)	10,747	18,333
Finance income	31	151	105	254
Finance expense	(4,133)	(4,442)	(7,432)	(8,241)
Unrealized loss on interest rate swap	(76)	(96)	(1,018)	(490)
Foreign exchange (loss) gain	14,463	6,709	(12,395)	12,774
Income (loss) before tax	39,055	801	(9,993)	22,630
Current tax expense	(505)	(463)	(513)	(976)
Deferred income (expense) recovery	(6,617)	2,191	(1,019)	(1,299)
Net income (loss)	31,933	2,529	(11,525)	20,355
Other comprehensive income (loss)				
Foreign currency translation adjustment	4,192	(1,904)	1,085	(2,707)
Total comprehensive income (loss)	36,125	625	(10,440)	17,648
Net income (loss) attributable to:				
Shareholders of the Company	23,373	1,102	(8,961)	13,602
Non-controlling interest	8,560	1,427	(2,564)	6,753
	31,933	2,529	(11,525)	20,355
Earnings (loss) per share:				
Basic	0.12	0.01	(0.05)	0.07
Diluted	0.12	0.01	(0.05)	0.07
Weighted average shares outstanding, basic (thousands)	191,331	188,216	191,331	188,199
Weighted average shares outstanding, diluted (thousands)	192,020	190,751	191,331	190,720
Shares outstanding at end of the period (thousands)				

191,331

188,237

[Copper Mountain Mining Corp.](#)

Condensed Consolidated Interim Statements of Cash Flows
For the Three and Six Months Ended June 30,
(Unaudited in thousands of Canadian dollars)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash flows from operating activities				
Net income (loss) for the period	31,933	2,529	(11,525)	20,355
Adjustments for:				
Depreciation	5,964	5,183	12,096	11,522
Unrealized foreign exchange (gain) loss	(7,791)	(5,906)	11,933	(9,588)
Unrealized loss on interest rate swap	76	96	1,018	490
Deferred income tax expense (recovery)	6,617	(2,191)	1,019	1,299
Finance expense	4,133	4,442	7,432	8,241
Share based compensation	575	526	1,203	1,187
	41,507	4,679	23,176	33,506
Net changes in working capital items	(25,822)	19,006	8,849	13,868
Net cash from operating activities	15,685	23,685	32,025	47,374
Cash flows from investing activities				
Transaction costs	-	(850)	-	(850)
Reclamation bonds	(415)	-	(415)	-
Deferred stripping activities	-	(10,744)	(7,437)	(24,344)
Purchase of property, plant and equipment	(9,657)	(5,560)	(15,792)	(7,820)
Net cash (used in) from investing activities	(10,072)	(17,154)	(23,644)	(33,014)
Cash flows from financing activities				
Proceeds on exercise of options and warrants	-	19	-	26
Advances from non-controlling interest	-	-	24,223	15,035
Payments made to non-controlling interest	-	-	-	(329)
Loan principal paid	(6,057)	(9,541)	(28,756)	(22,369)
Interest paid	(3,299)	(3,734)	(5,031)	(6,230)
Finance lease payments	(2,128)	(711)	(2,993)	(1,274)

Net cash used in financing activities	(11,484)	(13,967)	(12,557)	(15,141)
Effect of foreign exchange rate changes on cash and cash equivalents (1,349)	(615)	1,053	(1,446)	
Decrease in cash and cash equivalents	(7,220)	(8,051)	(3,123)	(2,227)
View original content: http://www.prnewswire.com/news-releases/copper-mountain-mining-announces-strong-q2-2020-financial-results-301229394				
SOURCE Copper Mountain Mining Corp.				
Cash and cash equivalents - Beginning of period	38,229	39,127	39,126	40,129
Cash and cash equivalents - End of period	29,003	43,896	29,003	43,896

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