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## Copper dream team starts Cupric Canyon

BY TRISH SAYWELL

What do Timothy Snider, Dennis Bartlett, Lowell Shonk, Stephen Enders, David Naccarati and Rodney Prokop all have in common?

They're all ex-Phelps Dodgers who have spent most of their careers working in copper and are now banding together with the backing of Barclays Natural Resource Investments, a division of Barclays Capital, the investment banking division of Barclays Bank, to develop promising copper deposits.

The strategy of the start-up, called **Cupric Canyon Capital**, is to take projects through the development process (scoping, prefeasibility and feasibility), and ultimately exit via a sale or an initial public offering.

And it won't be distracted by the hassles of the capital markets. "Barclays is committing at least US\$100 million to this venture but with the right projects we could line up more capital if it was warranted," Dennis Bartlett, the team's chief executive, said in a telephone interview. "Barclays is ready to make an investment if we pitch something to them; they're ready to act on it immediately."

The company's focus will be to target undeveloped assets where a resource has already been established and where man-

agement can bring its expertise. "When we started this team we were thinking that the place we would add value to projects is coming in after discoveries are made," says Bartlett, who began his career with Phelps Dodge in 1977. [Phelps Dodge was bought by **Freeport-McMoRan Copper & Gold** (FCX-N) a few years ago.]

In some cases the company will consider acquiring distressed operating assets if it thinks it can make operating improvements. "If somebody has a project that is stopped for technical reasons. . . where we thought our skills could help overcome the issue. . . we could take on that type of a project," Bartlett says. "Or if a shut-down mine had an environmental problem for example and we could apply capital and clean it up and put it into production, we would also consider doing that."

But most of the projects that have been pitched so far are at the exploration stage.

Executives at Cupric say they can also help juniors de-risk assets. "Our team has a lot of experience in helping projects in troubled areas of Africa and South America," explains Lowell Shonk, Cupric's chief financial officer, who spent many years as vice-president financial and operational analysis at Phelps Dodge. "We have a broad range of skills that we can

apply in helping a junior de-risk assets as they move forward through the development cycle."

Only about 10% of the more than 100 projects pitched to Cupric so far this year actually look interesting, Bartlett admits. And competition is "pretty fierce."

"The major mining companies are looking at the same things we're looking at," he says, "and you have a few other groups similar to ours that are looking at these opportunities as well."

Cupric is focusing on geographies in which management has experience, such as in North and South America, Africa, and parts of the Pacific.

The key is to identify an exit strategy early on, explains Rodney Prokop, Cupric's senior vice president of finance, who worked at Phelps Dodge for sixteen years. "We need to be able to see where the likely exit point is and how we can accomplish that, and what sort of return multiple we can achieve. It's not just making the upfront investment."

With the management's background in copper, that shouldn't be too difficult.

Cupric Canyon's chairman, Timothy Snider, spent 37 years working at Phelps Dodge and was promoted to president and chief operating officer in 2003. In early 2007, after Freeport acquired Phelps

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Dodge for US\$25.9 billion, Snider assumed the role of president and chief operation officer, a position he held until his retirement at the end of the first quarter in 2008.

Bartlett served as senior vice-president of mining operations in charge of all of Phelps Dodge's copper mining operations in North and South America between 2001 and 2003 and then was senior vice-president of development until 2007.

Other team members, such as Stephen Enders, a director of Cupric, held the position of president at Phelps Dodge Ex-

ploration before joining **Newmont Mining** (NMC-T, NEM-N) as senior vice-president of worldwide exploration.

David Naccarati, formerly president of Phelps Dodge Mining Company, also played a senior leadership role with Echo Bay Mines, while Robert Coyle, Cupric's vice-president of mining, has held positions at Phelps Dodge including chief mine planning engineer, mine superintendent, and strategic commodity manager.

"Our chairman (Snider) was approached by Barclays about a year ago to see if he was interested in putting together a team to make investments in copper,"

Bartlett says. "So Tim pulled us all together and we're all bullish on copper in the future."

"Copper metal seems to be in more and more demand; consumption of copper is growing; and when you look at the sources or supply of copper you see declining grades or ore being mined at existing mines and you don't see a lot of major discoveries being made," he notes.

"There are some very good mines coming on line but overall it's easy to see that it's going to be hard to come up with the supply to meet that copper demand in the future."