



# SHERWOOD COPPER CORP.

A NORTHAIR GROUP COMPANY

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## **Stephen Quin's speech at Minto Mine Opening, October 11, 2007**

Welcome Minister Lang, Selkirk First Nation representatives, honoured guests, one and all, to the official opening ceremony for Sherwood's Minto Mine.

Over the next few minutes I want to tell you a tale of the little copper company that could, Sherwood Copper. This tale is perhaps not unique in the mining business but it is our favourite, since all of you here played some part in it. Our story begins a long, long time ago, when some here were young and spry, and others were not even born, way back there in the late 60's and early 70's. There were two competing kingdoms, well actually staking groups, one Silver Standard (backed by Asarco) and the other United Keno Hill (backed by Falconbridge) and these opposing forces met here, roughly where you are standing and sitting. We are pleased to have representatives of both of those original groups here today...Dutch van Tassel and Dick Joy, and Norm Burmeister would you please stand? Each was searching for buried treasure, well copper; one group working to the north and the other to south.

Silver Standard and Asarco met with early success...but to the south of what is now known to be the main deposit, and this was followed by the United Keno Hill group drilling into the main deposit in 1973. It should be noted that the mineralization outcrops nowhere, so these were all completely "blind" discoveries, which is a credit to the skills of those early explorers. Thank you for discovering Minto, but thank you even more for leaving plenty behind for Brad and his team to find! Anyway, following the discovery of the main deposit, Silver Standard and Asarco switched their focus to their northern property boundary, where the new discovery had been made and, as they say, the rest is history. Both groups quickly drilled off their portion of the main deposit, just to the west of here, where the open pit now stands, but what they found was not large enough, given the poor infrastructure, metal prices of the time, split ownership and other factors, to develop a mine and so Minto faded back into obscurity and was largely forgotten.

Then, in the mid-1990's, a fellow by the name of Lutz Klingmann came along and successfully negotiated a deal with all the various owners to bring 100% of the Minto property into a new junior company, called Minto Explorations. Unfortunately, Lutz cannot be with us today, but Lutz's efforts to consolidate the Minto property, bring Asarco in as a partner, get it permitted and a feasibility study completed, laid the groundwork for Sherwood's subsequent success, and for that we thank him. Unfortunately for him, but fortunately for us at Sherwood, falling copper prices shut down his development plans, and Minto faded into obscurity again.

Along came late 2004, which found me into my 18<sup>th</sup> year at Miramar Mining Corporation and wondering about my future, when I walked my larger than life friend Dave Fennell (please stand) and asked whether we should get involved in the sale process for a copper deposit named Minto. Asarco had retained Roman Friedrich (please stand, Roman) to manage a sale process on behalf of the various owners. To make a long story short, I shortly signed a CA on behalf of Miramar, got the confidential information, evaluated it and came to the conclusion it was interesting, but one Friday Miramar decided it was not for them.

I thought about this decision over that weekend and decided that this was too good a deposit to just walk away from, so I went back to Miramar and said that, rather than walking, perhaps we should consider doing the deal in Sherwood, a shell company of which Miramar owned 40%, create some value for the shares we owned and sell them for cash. I was given the OK to go ahead, so now it just became an issue of the level of our bid. From the bid documents, it was clear that the sellers were looking for in excess of \$22 million, but that looked too high, given copper prices at the time. So Dave asked what I would pay...I played with the numbers and said \$7 million wouldn't be bad... but Roman laughed us out of the room. A few weeks later and no other bids, I guess \$7 million wasn't looking so bad, so Roman called us back and asked whether our \$7 million was firm, which we said it was (but had no idea where the money was coming from!) and suddenly we were in serious negotiations.

By this point, Dave and I had brought Bruce McLeod, then President of Sherwood, into the loop and the three of us tag-teamed each other in the multi-way negotiations with Asarco,

Falconbridge, Teck, and Minto Explorations, as well as lining up a bridge loan from Quest to pay for the acquisition. What a nightmare! Three majors and one junior, each of whom wanted different terms! But we had a “make-or-break” meeting at PDAC in Toronto that turned out to be a “make”, but now we had to pay for it, and the last thing we wanted to do was use Quest’s money! Now Bruce and I had to raise \$10 million in equity at what turned out to be one of the worst market downturns in quite a while, but we, and especially Bruce, shook all the trees we could and got it done. Thank you Bruce and those initial underwriters Westwind, Dundee, Blackmont, and Canaccord (please stand)! And I am proud to say that today, if you had kept all your shares and exercised each warrant and held, your pre-tax profit today is over \$13 for every dollar invested! Not a bad return for just over 2 years!

Now we owned it, Bruce and I looked at each other and said ‘*who is going to run this thing, we both have full time jobs?*’ We started looking around for a president and then, one sunny day, Dave Fennell dragged me away from my desk so he could have a smoke and, sitting on a bench in front of our office, Dave asked “*Stephen, why don’t you run it?*” That got me thinking and, a few weeks later Bruce moved over to the chairmanship of the board, and I found myself President & CEO. So thank you Bruce for that, and Dave...for getting me into all of this, a great decision for a great mine but you have a lot to answer to my wife and family for – grey hair, cancelled holidays, being permanently hard-wired to a Blackberry and computer – sometimes I feel like a peripheral!

But now we owned it, we had to deliver on all those promises made, but had no employees, no current resource estimate (all the core was burned in the forest fires you see evidence of around here), a 10-year-old feasibility study and a limited amount of money, but we also had rapidly rising copper prices! First call was to Brad Mercer and a soft sell of less time away from home, short field seasons and generally an easy life...yeh, right! But he fell for it and became our exploration manager, and what a job he has done for us, right! Brad soon hired a team (led by Vivienne and Taras; all three of you please stand) but they put a program together from scratch, found drills (no mean feat in itself) and re-drilled the entire main deposit in 2005, turned Area 2 into a new deposit in 2006 and have made several more discoveries so far in 2007....keep it up Brad and team, you are on a roll!

A resource is the foundation, but the objective is to build a mine! With those ever escalating copper prices, we wanted to get production going as fast as possible, so we decided to take a different approach and do everything in parallel instead of sequentially, as is the norm. So, while Brad and team were re-drilling the resource, Bill Dunn (please stand) joined us to spearhead the permitting, we retained Hatch (Ron Shroeder please stand) to conduct a feasibility study, started negotiating with banks to provide the construction funds and began looking for a construction team, all at the same time. Drill, study, finance and build in parallel, now there is a challenge!

The situation developed quickly; our new resources were being fed into the feasibility study but copper prices were rising to unheard of levels and so I complicated matters further by throwing a mill expansion into the mix. After all, if producing copper is good, producing more is better, eh?! This required not only renewing our permits but amending them too...a plateful for Bill to handle, and a whole bunch of changes to the feasibility study already in process...there were a few stressed out engineers at Hatch, I can tell you! This is when we really started having serious interactions with Yukon Government and Selkirk First Nation and I am pleased to say that I have never worked in an environment, at any time or in any place, where there has been such a cooperative approach and a willingness to work to practical solutions by all parties involved. That is not to say it has been easy, we have negotiated hard and ran into issues, but we have benefited from a willingness to talk, listen and work out solutions together. And, to be clear, we are on Selkirk First Nations lands, on claims grandfathered under the land claims agreement and we try never to forget that. We strive to work hard on our relationships, see real benefits flow to the community and be good stewards of these lands, which will be turned back to Selkirk when we are finished. Their support has been an essential component of the success of Sherwood. I would like to especially acknowledge the work of Selkirk First Nation, represented by the Selkirk Elders and council members here today.

In close cooperation with Selkirk, in a few months, we were able to renew and amend our permits with the Yukon Government to keep up with our aggressive production timelines, and that attitude continues to this day, where we have been able to work together to meet our needs while addressing the regulatory requirements and Selkirk concerns.

I would also like to acknowledge the work of Yukon Government, represented by Minister Lang and others here today, who have worked diligently to see this project progress and have addressed the unexpected “bumps in the road” resulting from 10 year old permits as we progressed towards production. Please join me in thanking them for their exemplary efforts to demonstrate that the Yukon is open for business, and that this is a place in which we can all, business, government and First Nation, work together to each others benefit.

At about this time, Bruce and I persuaded his university friend, Jeff Stibbard (please stand) to come out of retirement and manage the construction....after all he is too young and energetic to be retired! We felt he needed some stress back in his life! Then it was off to the races; kind of reminds me of the scream machine at Disneyland, which my kids persuaded me to board against my better judgement.... “ready screamers, three, two, one”....and zero to 100 in 4 seconds. So, we were off and running...building a mine in perhaps the most challenging times the industry has faced in its history; with every commodity out there booming, there are shortages of people, equipment, manufacturers...everything you can think of.

But, despite everything, build the mine we did...as you can see around you. A \$98m mine built for \$100 million (just 2% over budget) and first concentrates made more than a month ahead of schedule. The credit for that success belongs to our construction managers, JDS Energy & Mining, led by Jeff Stibbard and backed up by his key men on site, Jaymes Dirks and Gord Bussieres, and supported by Allan Reeves and Jim Stibbard and others....all of you please stand up! Without them, I can honestly say we would not be standing here today, or if we were it would be without cement under our feet, a tent over our head and a shed full of copper-gold concentrates. I know that JDS gave more than a little heartburn to our engineers but I think JDS and Hatch can honestly say they pioneered “just in time engineering” on this job...some days I know we were pouring cement the same day the drawing was e-mailed to site (and, if truth be told, some times the day or two before the drawing was e-mailed, but hey, we made it work and didn't have to dig too many parts up again!).

Of course, as everyone working here knows, the JDS guys are really good at giving orders but then there have to be people to actually do the work they demand...and that is where our General Contractor, Clark Builders, come in, represented here today by Bill Geibelhaus and Doug Haines, but of course it is guys like Doug Fielding and Jerry Graham and their crews and subcontractors (like Gisbourne and UEE) that actually poured the cement you are standing on in minus 40 degree weather and hung steel in the midst of a frigid arctic winter, laid pipe, set equipment and wired it together, all through the winter of 2005-06. And many of them are still here, working on our Phase 2 mill expansion...could Clark, Gisbourne, UEE and other construction crews please stand up? Thanks to you all! And just so you know, we hope to have Phase 2 completed by the end of the year, more than 6 months ahead of schedule with the continued help of JDS, Clark and their subcontractors and you can see the evidence of that progress around you as you walk around the mill.

But a plant without ore is just a bunch of expensive steel; we had to move 10 million tonnes of waste to get at the ore we needed to feed the mill and, for that, we turned to Pelly Construction, a local mining contractor, who successfully completed that giant rock moving exercise you saw when you flew in. Pelly is represented here today by Jesse Jewel and Jennifer Byram, plus a number of the equipment operators working at the mine today. Of course mining means blowing things up and for that we turned to Dyno Nobel, who will be continuing to blow things up for us for several years to come. Pelly and Dyno, would you stand up, and thank you!

By now, you are perhaps wondering why I have not mentioned coming up with the 100 million dollars needed to build the mine, let alone to accelerate Phase 2. Well, we did things a little differently at Sherwood:

- ❖ We started stripping waste with Pelly in April 2006
- ❖ We started site construction with JDS and Clark in June 2006
- ❖ We finished our feasibility with Hatch in August 2006
- ❖ And the money? Well we signed up the bank in October 2006, five months AFTER starting construction.

A little backwards, you might say? Indeed, but we shaved a year off the construction time frame by doing this and the loyal support of our major shareholders like Geologic Resource Fund, Dundee & Dynamic funds, Natcan and many, many others who exercised their warrants early, kept the cash flowing until the bank financing eventually closed. A number of those shareholders are here today and I express my appreciation to them all! Keep buying.... and no selling!

I do say “eventually” because our unconventional and light speed approach to mine development gave the bank more than a little angst, but we got there in the end. So I want to express my sincere appreciation to Macquarie, represented here today by Chris Adams, Sally Ann Layman and Marcio Fonseca (please stand), for getting us through the process and managing to develop “just in time banking” on our project...and just in time it was; we had about \$1 million left in the bank the day we closed the bank loan, which was about 3 days of expenditures at the clip we were spending construction funds! I had more than a little stress, as you might imagine! But we got it done and you can see the proof of that around you...copper concentrates being produced, shipped.... and soon to be sold!

And we didn't stop there; BMO Nesbitt led a syndicate that offered us a \$43 million convertible in early 2007, which gave us the funding that we are using to accelerate the Phase 2 mill expansion you see going on outside. Perhaps we can acknowledge syndicate members Jamie Rogers from BMO (who could not be here), Dan Wilton from NBF, Rick Cohen from Dundee, Rick Vernon and David Thomas from Blackmont, Michael Dorfman from Westwind and Nikki Adshead Bell from Haywood ...thanks for the money! But you can't have it back, we already spent it!

But, as Jeff Stibbard constantly reminded me, one day he was going to give me the keys and his stress would become mine...so we needed people to run the mine. For that we hired Ian Berzins, our General Manager, who assembled a team including Dan Russell (mining) and Dave Archibald (milling) and that nucleus expanded into mill operations, mill maintenance, mine geology, mining engineering and so on until we have just over 70 employees here (well, some are here, some are running the mine and some are out on a rotation break) that have taken those keys and run with it...and as, announced recently, we were able to declare commercial production

(having reached greater than 90% of design throughput and recoveries) on October 1, on schedule. Congratulations to OUR team, please stand. Well done!

In a moment I'll turn the podium over to Ian Berzins, our General Manager, to say a few words and introduce some of his team, but first let me close by again saying thank you to all who have made the Minto Mine and, thereby, Sherwood Copper, the success you see here before you. The little company that could! And let me assure you, this is just the beginning...I have every confidence that Brad Mercer and his team will keep finding more ore and that Ian and his team can expand and expand that plant out there to make this an ever increasing profitable producer of copper and gold; and then we'll have all that money to spend....on what you wonder? I afraid you'll just have to wait and see!

So thank you and, if I did not mention you specifically, my sincere apologies, but there have been so many contributors to our success that time does not permit me to mention everyone! And lastly, we should also thank the wives and families of everyone who has put so much time and effort into this success; it does not come without sacrifice and I especially want to thank my wife, children and family for their patience and support through this tremendous effort, it has not been easy on them but I trust it will prove worth it!

Now I turn the podium over to Ian to say a few words.....