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CONFERENCE CALL  
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OPERATOR: Good morning, ladies and gentlemen. Welcome to the Inmet Mining first quarter 2009 results conference call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session with instructions provided at that time. If anyone has any difficulties hearing the conference, please press \* 0 for operator assistance.

I would like to remind everyone that this conference is being recorded today, Wednesday, April 29th, 2009 at 08:30 a.m. Eastern time and I would now like to turn the conference over to Mr. Richard Ross, Chairman and Chief Executive Officer.

Please go ahead, Mr. Ross.

RICHARD ROSS (Chairman and Chief Executive Officer, Inmet Mining Corporation): Well, thank you very much and good morning, everybody. Welcome to our first quarter earnings conference call.

With me today are the senior members of Inmet's management team. I hope you had the opportunity to listen to our annual shareholders meeting yesterday during which time I think Jochen did a great job bringing you up to date on the developments at our operations and development properties.

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So as a result, this morning I'll just ask Jochen and Jim to make a few brief comments, and then we'll open up the call for questions.

Before I turn it over to Jochen though, you will have seen, I hope, the press release this morning about the resumption of mining in Las Cruces. So I'd like just to turn it over to Jochen to make a few comments about that.

JOCHEN TILK (President and Chief Operating Officer, Inmet Mining Corporation): Thanks very much, Richard. And given yesterday's detailed comments, I'd like to brief my... keep my comments very brief as well.

So as you may have seen in the press release, we just received, in fact just a couple of hours ago, the formal permission to return to the pit at Las Cruces and we have commenced mining as of this morning. Our contractor also has commenced activities just a few minutes ago.

So we're really delighted to have received the green light now from the regulators and will now put our best efforts to start up the process plant with ore as soon as possible. And we expect it to take approximately four weeks before the first ore is processed and the plant will stockpile until then, and then we have enough material to push it through. And then after the ore goes to the plant about another week before we can harvest the first cathode, and then we should start producing consistently after that.

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So if you add it all up, in total, it should be about five weeks from today, which is the first week in June, then to produce the first cathode. So that's really, to us, of course, the most important news this morning and I'm very, very happy to be able to share that with you.

And with that, I will turn it back to Richard.

RICHARD ROSS: That's great. Thank you very much, Jochen. I'm sure there'll be lots of questions after on that. So we'll hold off any more comments on that until the question period.

So maybe, Jim, you could just make a few comments on the quarterly results.

JAMES SLATTERY (Vice-President, Finance and Chief Financial Officer, Inmet Mining Corporation): Sure. Thank you, Richard.

Earnings were \$1.06 per share versus \$2.21 in the same quarter of 2008. And again, the most significant factor affecting our earnings was the price of copper, which has continued to be extremely volatile.

Also affecting income for the quarter was the contribution from Troilus. This occurred as planned and was due to the relatively high-grade ore at the very bottom of the pit, the low strip ratio for the quarter, the high price of gold and the fact that the sales from Troilus were unhedged.

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Unfortunately, this performance is not going to be repeated as we're now moving into the lower grade stockpiles. Overall, our objectives for the year at Troilus remain unchanged from the direction that we previously provided.

Another factor affecting income was the supplementary asset impairment charge taken as a result of the decision at the end of last year to not proceed with the Cerattepe project. The impairment charge of approximately \$6 million this quarter is offset by the tax benefit on the write-down of our investment in that project which was also taken this quarter.

Those are the more exceptional points that I wanted to underline, Richard.

RICHARD ROSS: Good. Well, thank you very much, Jim. And so that does conclude our very brief but formal remarks.

So Operator, let's open up for questions now. Operator?

OPERATOR: Absolutely. Ladies and gentlemen, we will now conduct the question-answer session. If you do have a question, please press the \* followed by the 1 on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the

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order they are received. Please ensure you lift the handset if you are using a speakerphone before pressing any keys.

Your first question today comes from David Charles, of GMP Securities. Please go ahead. Mr. Charles, your line is open. Is your phone on mute?

DAVID CHARLES: Yes, sorry. I had my phone on mute. I apologize.

Just a quick question on Las Cruces. Obviously it's very good news to see that you've got the go ahead from the government. But I'm just wondering why did you decrease the production so dramatically given that really you're only delaying the project by a couple of months? And if you could maybe also explain why your estimate of the operating costs increased so dramatically from the one that you produced in the fourth quarter earnings?

JOCHEN TILK: Yes, David, it's Jochen. Thanks for those two questions. The first one is a combination. One, of course, is the simple delay that we had incurred which just pushes cathode production out and the ramp up and everything else is exactly the same, so there's no change to that. And it's simply the additional time that we had incurred in the delay.

The other element in the total production, which is more relevant, is the direct ore shipping and the direct ore shipping is in our plants. We

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haven't changed that. We wouldn't mine that material, and as you may recall, that's incremental to the plant. In other words, you know, the plant will operate on the average-grade material and then high-grade material will be stockpiled and then we plan on shipping it for direct processing.

And what has happened now with the timing is that the direct ore shipping, which is a finite amount of ore, is pushed toward the end, closer to the end of 2009 and some of it now spills into 2010.

So while we get the material still out in total, only a portion of it will be in 2009 and the rest will be in 2010. And so the combination of the delay in cathode production with the same ramp up and the fact that direct ore shipping is filling in 2010 and some of the incremental benefit will be incurred then is what caused the reduction in production forecasts for this year.

On the question of the cost, it's simply again for this year, it's the delay that we're incurring. You know, the cost of production is driven when we turn or switch from capitalizing to expending and, that's, you know, the less time we have this year to really produce under the expenditure, the higher the cost would be. So really, again, in that case it's just a matter of timing. It has really no impact on the overall average cost that we expect from the plant.

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DAVID CHARLES: And is it a similar answer for the increase in the capex...

JOCHEN TILK: Yes.

DAVID CHARLES: ... overall, for the operation?

JOCHEN TILK: Yes. Absolutely, Dave, it is. The capital cost of the plant has not changed. In other words, you know, the total cost for the construction has been very much in line with our... which is now really a long-term prediction. And in fact we're very pleased, we have no outstanding claims.

But what has, of course, been added to it is the owners' cost; the fact that our team is there. And again, the switch from capital to operating and therefore expenditure has been moved out and so the cost of capital has gone up and that's an immediate consequence of the delay.

DAVID CHARLES: Excellent. Thank you very much.

JOCHEN TILK: Thank you, David.

RICHARD ROSS: Operator, are there other questions?

OPERATOR: Your next question comes from Tom Meyer of Raymond James. Please go ahead.

TOM MEYER: Questions are very relevant at this point. We're seeing a number of copper producers go out there and put on some

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hedges, whether they be costless collars or just buying puts outright. Any inclination, given what we've been through in the last nine months and what we're seeing just in the recent week, any inclination for Inmet to strap on any copper hedges at this point?

RICHARD ROSS: Tom, you know, we've established a policy over the long term now of not hedging our copper production. You know, we believe that's really, for all intents and purposes, a decision that our shareholders make when they buy or sell our stock. So we prefer to be unhedged.

The only scenario under which we would consider any hedging, whether it be foreign exchange or even copper price hedging, is the scenario where we felt that our cash flow or operating costs were at risk because they were higher than what we would forecast the potential copper price to be.

As you know from our results, in terms of our existing operations, our costs are very low and so from a risk mitigation standpoint, for Çayeli, Ok Tedi, Pyhäsalmi, we wouldn't envisage putting on copper hedges.

The only scenario under which we would even consider it may be the ramp up period for Las Cruces, during which time the costs are naturally higher, as Jochen had pointed out, before which time they come

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down to what our average weighted cost of €0.49 a pound once the operation is at full capacity. That would be the only scenario I think, right now, where we could foresee doing something.

We have not taken that decision and I'm not entirely sure we will. We'll just have to wait and see how the ramp up goes.

TOM MEYER: Okay, very good. And then as we look forward into Petaquilla and the developments with the studies that are ongoing and the design and basic engineering that is ongoing, at the time of financing do you believe that Inmet will maintain its position in remaining unhedged despite what... whether the debt guys or your potential project partners may want, at the project finance level?

RICHARD ROSS: Yes. I wouldn't anticipate that hedging would be a requirement of the kind of financing that we are looking to and we would maintain a consistent policy of not hedging our copper.

You know, again it comes down to a question of what financing is available and if that was the only condition under which one could get the financing, we'd obviously have to weigh the... sort of the benefits and risks of doing that. But clearly our objective is not to hedge our copper production for Petaquilla, nor do we believe that would be necessary to achieve the financing at this time.

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TOM MEYER: Okay, very good. Thank you very much. I'll pass it on.

OPERATOR: Your next question comes from Orest Wowkodaw, of Canaccord Adams. Please go ahead.

OREST WOWKODAW: Hi. Good morning. A couple of questions. Specifically with Çayeli and Ok Tedi, the Q1 production, I guess, only represents about 20 per cent of your annual guidance. How confident are you that you can make that up in the rest of the year?

JOCHEN TILK: Orest, we haven't changed our target so obviously that expresses that at this point in time, we're quite confident we need it. You know, had we had have any concerns at this point in time, we would have made some adjustments. And we'll see. You know, we'll have to go through the next couple of months but we certainly have plans figured out to catch up and we'll work toward that.

OREST WOWKODAW: Well, what specifically do you see changing, I guess, in the coming quarters? Is it, do you see grades coming up or throughput coming up or...?

JOCHEN TILK: So you mean the specifics?

OREST WOWKODAW: Yes.

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JOCHEN TILK: Well, it would have... I mean, you just pointed out numbers. You know, in order to accomplish the production figure every year, you know, you have to either look it through for the grades and that's what the mine plants do. And so, you know, I could walk you through the details of week-to-week or month-to-month production but I think you just answered your own question.

OREST WOWKODAW: Okay. And at Las Cruces, you've given us cost guidance for this year of 195. How do you... where do you see the costs coming in next year? Do you have any preliminary idea?

JOCHEN TILK: No, Orest. Well, we do, of course, but you know, as we always do, we publish our figures in the context of our plans. We have consistently communicated long-term production, a long-term cost figure of €0.48 per pound of copper and I think at today's exchange rate that translates to \$0.62 per pound. So that is a long-term figure. And you can appreciate that once we get up to full production then we approach that number very quickly. I mean, that's the purpose.

We've also consistently communicated that we anticipate the ramp up to take nine months and if you extrapolate that toward the end of this year or early next year, we'll be at that rate. So you put the two together or

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that disclosure and I think you can appreciate when we should be at that number.

OREST WOWKODAW: Okay, so somewhere between 195 tonne and 87 a tonne.

JOCHEN TILK: I'm sorry.

OREST WOWKODAW: So your cost next year will be somewhere between 87 a tonne and 195 a tonne.

JOCHEN TILK: Yes.

OREST WOWKODAW: Okay. Thank you.

OPERATOR: Your next question comes from Nawojka Wachowiak, of Genuity Capital Markets. Please go ahead.

NAWOJKA WACHOWIAK: Good morning. This is Nawojka Wachowiak here. I just wondered if we can spend a little bit of time on Petaquilla? You mentioned that drilling is ongoing. I'm just wondering whether you would expect an increase in the reserve grade as well as tonnage, with the additional drilling? Also, if you could update us a bit on the power situation? You've... obviously you're looking at third-party sources now. And also, if you can update us on the negotiations for a partner? And would you be interested in retaining your position as operator of the project? Thank you.

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JOCHEN TILK: You know, I'll reflect a bit on some of the comments I made yesterday. I think we obviously spoke in quite a bit of detail about every one of your point... questions. On the drilling, we have set a target and the target is for to get our resource up to a certain number and then to have to be a reserve according to the National Instrument 43-101. And if you look at our current disclosure, the reserve is stated at 1.1... sorry, the resource is stated at 1.1 billion tonnes.

And so the objective is to get up to 1.65 billion tonnes and then have that to be a reserve, which means we have to demonstrate, you know, the economic viability and the drilling has to be consistent with the requirements. And that the objective should be accomplished by the end of the year and we have every confidence that we will get there. As a matter of fact, we have sufficient information that indicates that we will be there.

So the answer is yes. The target is 1.65 billion, and by the end of the year it should be reserve compliant with the 43-101 National Instrument.

On the reserve, on grade, I don't really want to comment on that because that's really part of the effort and putting all of that together and then coming up with what the reserve grade will be.

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I think in terms of discussions from partnerships, we have commenced a process. We are communicating and our objective is to retain no less than 50 per cent and either be the operator or be part operator or shared operator of the project. And again, that objective requires us of course to communicate and interact with a number of parties.

We also said that there is a couple of miners, it could be a mining company, it could be a customer, a smelter or it could be some other form of financial interest in the project. And we're exploring all these avenues. Can't really comment on any further results on that and hopefully over the next couple of months we'll keep you informed what the status is and we'll see that we... we'll make some progress on it.

NAWOJKA WACHOWIAK: Okay, thank you. And is there any update on the power? Is that negotiation proceeding as well?

JOCHEN TILK: That negotiation is proceeding as well. You know, we've been interacting with a number of power companies. There's a short list now of two companies that are very, very closely working with us and we do anticipate again that over the next few months that we then select one of the two companies and form a partnership with them to then jointly proceed on working out the power.

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NAWOJKA WACHOWIAK: Okay, great. Just one quick question, just on the pyrite production, I notice that you sold a lot less than you produced. Just wondering whether you expect that trend to continue for the rest of the year? I've noticed that you've kept your guidance unchanged for the production side. And if you just comment a bit on the pyrite market, that'd be great. Thank you.

JOCHEN TILK: Yes. The pyrite market in general, as a whole, it's very much dependent on the asset market. You know, they are tied together and I think, as you will have noticed, and the asset market is really deteriorated, I think that's the way to put it.

In fact, some of the smelters are having difficulties to selling the asset and therefore have looked at production cuts. We have the fortunate benefit of having one customer, a fertilizer company, which logistically is very close to our mine. And that's been a long-term customer and we do anticipate that relationship to continue and therefore the off-take of pyrite will be consistent. The price will change.

The remaining pyrite that we've been producing, you know, shipped in different places and that will be more difficult. So some of those places may not accept pyrite going forward and selling pyrite on the spot right now is becoming increasingly difficult.

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So what we do is we adjusted our guidance to reflect that our long-term customer remains and therefore, you know, that will be place but also anticipate that the spot sales are going to be less than what we had in previous years. And that's where we are.

We have the benefit at the mine to curtail pyrite production, so we can actually bypass the circuit. We can adjust than production to what we said so that it remains in balance and that would be our objective, then.

NAWOJKA WACHOWIAK: Okay. So I guess we should just expect that you would sell the additional... the production from the first quarter that you didn't sell in the second, third and fourth?

JOCHEN TILK: Yes, we normally do that somewhere around August where we then shut the plant or that circuit, not the plant, but the circuit, to insure that we don't overproduce pyrite. And you're right, I mean, you should expect that to be in balance.

NAWOJKA WACHOWIAK: Okay, great. Thank you so much.

OPERATOR: Your next question comes from Onno Rutten, of UBS Securities. Please go ahead.

ONNO RUTTEN: Yes, good morning, everyone. A few more questions on Las Cruces. First of all, to get back to that dollars-per-tonne number on the costs, this year's number includes both the cost of the

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direct shipping ore and the processing through your own process plant. Could you break the two out? How much would it cost you to actually get a tonne of ore on a ship to a smelter?

JOCHEN TILK: I can't do that right now, Onno, on the top of my head. We certainly have those numbers and we communicated the combined figure. So if you're really are interested in that breakdown, we might want to take it off the record or look at that. But I can't do it right now.

ONNO RUTTEN: Okay. And then given the delays in the start up, when do you expect to transition from capitalizing to expensing the project? And what would be really the test to make that transition?

JOCHEN TILK: We take a 60-per-cent production as the guidance. It's kind of I think the general industry standard. In other words, when production hits 60 per cent, then we anticipate. The original date was July 1st, which was based on the previous. So now that would move it into around august 1st.

It is not entirely clear cut because it's accounting driven. It's revenue driven; and so in other words, if, you know, metal prices are higher and the revenue then is greater then that decision might come a bit earlier or likewise, if it's the other way, a little bit later on. But expect somewhere

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around August 1st at 60 per cent of production that we would change from capitalizing to expending.

ONNO RUTTEN: Okay, and the direct shipping discussions, have those been resumed?

JOCHEN TILK: Well, they've never... they've never died. We've had contracts with a number of smelters. One in particular has been very interested. We had then anticipated when the concentrate market somewhat deteriorated, that perhaps there was less interest and direct shipping wouldn't work out.

What has changed, I mean, two things have changed. First of all, the cost of shipping has greatly changed to the benefit of the shippers. In our case, it's a lot less expensive to ship that material to China and that's the destiny and destination. And the other thing that has changed, of course, recently the concentrate market has tightened up, actually quite dramatically which is driven by the lack of scrap. So as scrap disappeared, concentrates become tight and we now have really resumed those discussions.

So as of today, the contracts or the agreements we have are still alive, the customer is very interested and we therefore anticipate that as we get to that material, that eventually we'll ship it directly. Because it is

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incremental to our production, incremental to the plant's production and therefore, you know, quite beneficial to the bottom line.

ONNO RUTTEN: Okay, thank you. And then lastly, you're now waiting for the final, final permit because you're currently working, let's say, conditional on the conversion of the final permit. That public commentary period took place in Spain. Could you comment in any way on what public commentary was received and what the stats are going forward?

JOCHEN TILK: Sure. Yes, absolutely. And I liked your term, Onno, final, final permit. The status of that is as follows. As you know we have presented a global plan which sets out a number of terms to address the concerns raised by the regulators. The main, the most important one, water treatment, water treatment was not contemplated in the original authorization. It's deemed to be a significant change or amendment to the permit, and therefore it requires a public review process.

This process has been started. The public comment period has expired by the middle of April. That means that the public had 30 days to submit specific comments on the global plan and the terms.

As far as we know, as of today, there have been no comments received by the regulators. However, we're also aware that it is possible in

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Spain to file those comments with any public office and that it may take up to one month for those comments to actually arrive.

So even though the period has expired now for more than a week and a half, it does not mean that comments had not been filed and it is actually strategically, from what we understand, that possible that, you know, certain parts, like NGOs that might oppose the project, might file them intentionally, in a way that they're received... be received three or four weeks after that.

So they might come. And then at that point in time, the regulators will review them – each one of those comments – and respond to them and we will work closely with the regulators to insure that the responses to those comments are then, you know, technically supported by our views.

After that, there is no further public review process. So there is no public hearings of any sort. And from the way we understand the process, then the regulator will amend the permit, draft an amendment, and issue that. And that would be the end of the process.

Their projection of the time to take for the amendment is about, it's a couple of weeks, a couple of months. Sorry, a couple of months. You know, we're not sure if that's exactly a time period but that's the project they have given to us.

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ONNO RUTTEN: Okay. Good luck in the meanwhile, with starting production.

JOCHEN TILK: Thanks very much.

ONNO RUTTEN: Bye.

OPERATOR: Your next question comes from David Charles, of GMP Securities. Please go ahead.

DAVID CHARLES: Yes, just a quick question. Assuming everything goes well in Las Cruces and that definitely seems to be the case at the moment and assuming you continue with your plans from Petaquilla, I'm just wondering what your plans are to fill in the – well, I wouldn't necessarily call it a gap but clearly with production on Las Cruces ramping up in 2010 and production on Petaquilla really not hitting till 2014, there's a little bit of a gap there in your growth profile, and I'm wondering what your plans are strategically maybe to fill that... fill that in?

RICHARD ROSS: There's a gap. I'm not sure how you define a gap there, David, but you know, I think the one thing that we're very pleased about is the fact that in spite of the downturn in the metal markets, we remain financially a very strong company. And you know, we would like to think that we can capitalize on that. But it comes down to opportunities, as you know. So all we can say, I think this is probably a consistent comment

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we've made over the years to the same question, is that we are very actively looking for growth opportunities; and particularly if we could acquire an operating asset at reasonable prices in light of the environment that's out there, that that would be an ideal opportunity for us this time.

But who knows, you know. It would be speculation to talk about the likelihood of that occurring and any particular strategy that we have to fill a gap between 2010 and 2014.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, please press the \* followed by the 1. Your next question is a follow up from Orest Wowkodaw, of Canaccord Adams. Please go ahead.

OREST WOWKODAW: Hi. Just getting back to Petaquilla, based on everything you know about the project to date, what long-term copper price do you think you need to justify development of that project?

JOCHEN TILK: Orest, again we haven't published that because it is obviously a function of the operating cost and the final capital, and it's obviously, you know, the question is right on. What we've said at this point in time is our capital estimate is 3.5 billion, which is what we've published based on the 2007-2008 revision of the previous feasibility study. We know that number will change. It will be a function of what the resolution of the

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power plant is and will certainly be a function of having updated all the figures and with a far more detailed study. We anticipate that towards the end of this year.

I mean, we're obviously in the process now of finalizing the studies, incorporating the newest cost estimates, resolving the power issue. So then we have the final capital number.

The same is true for the operating cost. The operating costs that we have published was about \$0.85 a pound of copper and that's greatly depending on fuel costs, shipping costs, which are now different in even long-term views. So we'll incorporate that.

And then when we have those two figures, in conjunction with our production estimate, which as you know, the target is now 150,000 tonnes per day which equates to 275,000 tonnes of copper, so those figures have changed.

Then we'll certainly come out with the economic metrics which will include the rate of return and the copper price. And at that point in time, we'll have great certainty. So I don't want to speculate on that right now until the numbers are out but, you know, we'll have that figure or these figures shortly in a few months, I should say.

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OREST WOWKODAW: Okay. And in the event that, for whatever reason, Petaquilla does not work, do any of your current operations have expansion capabilities or do you see any opportunities developing, any of your early-stage properties, or do you really have to look externally for growth?

JOCHEN TILK: Orest, if there are expansion possibilities then we would pursue them unrelated to Petaquilla. You know, we would most definitely look at, or we always look at that opportunity and it would not be dependent on whether or not Petaquilla is or is not a project. But beyond what we would do regardless, I mean, we have not looked at an alternative for Petaquilla. But we do that in the context of our normal activities.

OREST WOWKODAW: Okay, thank you very much.

OPERATOR: Your next question comes from Ian Howat, of National Bank Financial. Please go ahead.

IAN HOWAT: Yes, good morning. Just on sort of, you know, acquisitions at a reasonable price, it would seem that in whatever price you're using to sort of justify spending money on Petaquilla would justify buying quite a few assets in the market today based on the current market prices?

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RICHARD ROSS: Well again, it comes down to opportunity, doesn't it? And, you know, I think one is not exclusive of the other.

IAN HOWAT: You mean you'd only buy something that's for sale as opposed to going out and hunting something?

RICHARD ROSS: Well, you know, the reality of life is that you have to make opportunities. You know, there are very few situations where people have formal process these days. So yes, you have to go out hunting and of course we do go out hunting.

And you know, it also comes down to a question of how much money we currently have, our financial capacity at this point in time; and you know, we put all those things together.

So, as I said before though, I think one has to look at a broad strategy which includes short-term growth and long-term growth, but I don't think you can exclude one without considering the other.

IAN HOWAT: All right. Thanks a lot, Richard.

OPERATOR: Mr. Ross, there are no further questions at this time. Please continue.

RICHARD ROSS: Well, thank you very much, everybody, for the questions we are very keen to see our first copper from Las Cruces in the very near term.

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We did want to remind you again that in the middle of September, Jochen, it's the 17th, was it?

JOCHEN TILK: It's the 17th and 18th, it will be one of the two days that we would arrange for a visit, and we'll put out the details shortly. That's a Thursday-Friday, so just before the weekend. And we'll ensure that you have all the details to make arrangement, if you would like to join visit.

RICHARD ROSS: And that's all part of the opening ceremonies, celebrating our successful operations at Las Cruces. So we hope many of you can join us for that.

JOCHEN TILK: It'll be at Seville in the fall, which is a beautiful time to visit.

RICHARD ROSS: Yes, hard to take, eh?

JOCHEN TILK: Hard to take, yes.

RICHARD ROSS: Anyway, thanks again everybody and look forward to talking to you at the end of the second quarter.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for your participation. You may now disconnect your lines.

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