

Ok Tedi

(100 percent)		three months ended March 31			<i>objective</i> 2009
		2009	2008	change	
Tonnes of ore milled (000's)		5,200	5,000	+4%	25,300
Tonnes of ore milled per day		57,800	54,900	+4%	69,000
Strip ratio		1.6	1.9	-16%	1.2
Grades	copper (percent)	0.8	0.9	-11%	0.8
	gold (grams/tonne)	1.1	1.0	+10%	1.1
Mill recoveries (percent)	copper	86	85	+1%	84
	gold	66	73	-10%	68
Production	copper (tonnes)	36,900	37,300	-1%	176,000
	gold (ounces)	115,100	118,500	-3%	608,000
Cost per tonne of ore milled (C\$)		\$25	\$24	+4%	\$26

Throughput to improve once the mine tailings management plant has reached designed performance

The mine plan this quarter was modified to limit the amount of sulphur in tailings while the tailings management plant is being fully commissioned. The purpose of the plant is to minimize discharge of sulphur to the river, thus greatly reducing the potential environmental impact. Until the plant reaches its design performance, Ok Tedi will only mine ores with low sulphur content. The change in plan reduced gold grades but increased copper grades from what we expected.

Mill throughput in the quarter was higher than last year, but lower than expected because of lower mine production and low grinding rates on certain ores. Gold recoveries were low because of difficulty with complex ores.

The cost per tonne of ore milled this quarter was higher than in 2008 mainly because of the weaker value of the Canadian dollar.

2009 outlook for production and costs

Ok Tedi expects to process 25.3 million tonnes of ore containing 0.8 percent copper and 1.1 grams per tonne of gold. This should produce 176,000 tonnes of copper and 608,000 ounces of gold. Copper grades should be slightly lower during the rest of the year, but gold grades should be slightly higher.

Modifications on the mine tailings management plant to reach full performance are required, and engineering for this is now underway. Modifying and operating the plant to achieve designed results are critical not only to achieve annual production objectives but also for the continued responsible operation of the mine.

Financial review

Lower earnings and operating cash flow

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended March 31		revised objective
	2009	2008	2009
Sales analysis at 18%			
Copper sales (tonnes)	6,000	7,400	31,600
Gold sales (ounces)	23,800	20,200	109,400
Gross copper sales	\$34	\$68	\$131
Gross gold sales	23	17	123
Other metal sales	1	1	4
Gross sales	58	86	258
Smelter processing charges and freight	(6)	(9)	(38)
Net sales	\$52	\$77	\$220
Cost analysis at 18%			
Tonnes of ore milled (thousands)	932	900	4,550
Direct production costs (\$ per tonne)	\$25	\$24	\$26
Direct production costs	\$23	\$20	\$118
Change in inventory	1	1	-
Depreciation and other non-cash costs	10	2	28
Operating costs	\$34	\$23	\$146
Operating earnings	\$18	\$54	\$74
Operating cash flow	(\$14)	\$39	\$70

The objective for 2009 uses the assumptions laid out on page 13.

The table below shows what contributed to the change in operating earnings and operating cash flow between 2009 and 2008.

<i>(millions)</i>	three months ended March 31
Lower copper prices, denominated in Canadian dollars	\$(19)
Higher gold prices, denominated in Canadian dollars	2
Lower sales volumes	(8)
Higher operating costs	(7)
Higher depreciation	(4)
Lower operating earnings, compared to 2008	(36)
Lower tax expense because of lower earnings	12
Changes in net working capital (mainly from the repayment of overpaid metal sales)	(34)
Add back – non-cash higher depreciation	4
Other	1
Lower operating cash flow, compared to 2008	\$(53)

Capital spending on pit drainage

In 2009, Ok Tedi spent US \$15 million (our 18 percent share was \$3 million) on capital projects. Of this, US \$8 million was for the pit drainage project.

<i>(18 percent)</i>	three months ended March 31			objective
	2009	2008	change	2009
Capital spending	\$3,300	\$8,000	-59%	\$26,000

2009 outlook for capital spending

Ok Tedi plans to spend US \$115 million (our 18 percent share is \$26 million) in 2009 for continuing work on the pit drainage project, further pit development and other capital projects.