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THIRD QUARTER RESULTS CONFERENCE CALL
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OPERATOR: Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the Inmet Mining Corporation Third Quarter Results conference call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question and answer session. If anyone has any difficulties hearing the conference, please press star, followed by zero for Operator assistance at any time. I would like to remind everyone that this conference call is being recorded on Wednesday, October 28th, 2009, at 8:30 a.m. Eastern Time.

I will now turn the meeting over to Jochen Tilk, President and Chief Operating Officer. Please go ahead.

JOCHEN TILK (President and Chief Operating Officer, Inmet Mining Corporation): Thank you. Good morning. Thank you for joining Inmet's Third Quarter conference call. With me is the Inmet management. Richard is not able to attend this morning. I would like to highlight the events of this quarter and will speak to some of them in more detail before I turn it over to Jim for the financial update.

Earnings for the quarter were 62 million or \$1.10 per share. Cash flow from operations was 89 million or \$1.59 per share. Corporate costs on the income and capital taxes were unusually high this quarter at 40 million, which Jim will explain in more detail.

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Metal prices remain stronger in the quarter and long-term forecasts have been adjusted upwards by most of the leading institutions. We see this as a strong encouragement that our strategy to grow in the base metals sector is well supported by the long-term prospect of strong commodity markets. This, of course, is very relevant when we speak to the status of our Cobre Panamá project, formerly known as Petaquilla.

In regards to our operations performance generally during the quarter, we had excellent results at Pyhäsalmi and Troilus. Çayeli performed well in terms of throughput and cost, while our copper grades and recoveries were below forecast. (Inaudible) production was impacted by the low availability of the tailings management system and in Las Cruces the initial ramp up was hampered by a series of maintenance interruptions, which ultimately impacted the amount of cap that we produced during the quarter. One important highlight during the quarter was our low cash cost of \$0.46 per pound of copper produced, which resulted from favourable exchange rates, high metal prices and the significant positive impact of the cost control measures that all operations have embarked on over the past month.

Now a few specific comments on our operations. At Çayeli, we adjusted our forecast for copper and zinc production to reflect the fact that

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copper and zinc rates for the year are now expected to be more than our initial objective. With an updated forecast of 1.17 million tonnes, we still expect to be very close to our initial objective for mill throughput. As you know, we also currently in negotiations with the labour union with an objective to reduce the escalation of labour cost as a result of mandatory inflation adjustments. We certainly can't predict the outcome of the negotiations but it is possible that our respective positions may result in a labour dispute.

At Pyhäsalmi, we increased our objective for copper and zinc production due to the higher throughput and higher grades. On the other hand, we lowered our guidance for pyrite production, which is entirely driven by the lower demand for sulfur and pyrite. Troilus had a strong quarter as grades in the stockpiles (phon) turned out to be higher than we initially forecasted. Also, the cost of processing the stock price is low in comparison to mining, which results in a low cash cost for gold production of \$240 an ounce. We expect to process stockpile material until the middle of 2010, at which point production at Troilus will cease.

Ok Tedi continued to commission a sulfur removal plan, which will allow us to mill and process higher grade scarnors (phon). To mitigate the lower availability of the plant during commissioning, Ok Tedi processed

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lower grade ores that also have lower sulfur content. Ok Tedi has now implemented a number of recent upgrades and we expect the performance of the tailings management plan to improve. We have adjusted our objective for the year to reflect the commissioning of the tailings management plan.

At Las Cruces, we've been very active with the production ramp up. Those who had the opportunity to join us for the site visit in Spain a few weeks ago will have seen the plant and obtained a first-hand impression of the solid design and experienced management team. As we commented during the visit, it has been a challenging quarter and despite significant progress, we are disappointed with capital production achieved today which is below our original forecast. Our biggest problem has been the downtime related to repairing or replacing carbon steel components that have failed because of the corrosive environment. Most of these components have been or will be exchanged with stainless steel parts and we expect the downtime related to their failures to be lessened significantly. The very encouraging news is that the plant's metallurgic performance and process rate is at design levels; therefore, we are confident that many of the issues have been addressed and that we will

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see significant improvements in capital (phon) production over the coming weeks.

We also made significant progress at Cobre Panamá. We completed the drilling program, and we are now compiling the data for the mineral resource and reserve statements. The results have been very consistent with our expectations and we are confident that the final mineral reserve will align with our objective of a minimum 30-year mine life at 150,000 tonnes per day throughput rate. The engineering studies and the environmental and social impact assessment are also on target and we expect them to be available during the first quarter of 2010. On the power plant, we signed a joint development agreement with Suez Energy to develop a coal fire power plant in parallel with the development of the mine project. We also continue with our process to obtain potential partners for the project.

Well that's my update and I'll now turn it over to you, Jim.

JAMES SLATTERY (Vice-President and Chief Financial Officer, Inmet Mining Corporation): Thank you, Jochen. Earnings were \$1.10 per share versus \$1.55 in the same quarter of 2008. These results can be better understood if you look at them in two parts. For the first part, operating earnings of 112 million for the quarter were 10 percent higher

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than the 102 million recorded in the third quarter of last year. Lower production and sales caused primarily by lower grades at Çayeli and Troilus and a downturn in the pyrite market were negative factors for the quarter. These were more than offset, however, by higher metal prices and, significantly, a reduction in operating costs at Çayeli and Troilus, resulting in an improvement of approximately \$11 million in operating income quarter-over-quarter.

For the second part, (inaudible) costs were approximately \$25 million higher in the quarter as compared to the previous year. This difference can be seen in investment and other income, as well as in our income tax expense and relates largely to the finance... refinancing of the Las Cruces debt facility and to an increase quarter-over-quarter in the effective tax rate at Ok Tedi.

After we completed the public equity issue on June 25th, we converted a portion of the proceeds into US dollars, which we then used to finance the repayment of the Las Cruces facility at the end of July. The appreciation and the value of the Canadian dollar during July generated a foreign exchange loss of approximately \$14 million. There was no tax affecting of this loss in Canada which contributed to the higher than normal

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effective tax rate. The loan Inmet made to Las Cruces to fund this refinancing is denominated in US dollars.

During the quarter, as a result of the appreciation of the euro relative to the US dollar, Las Cruces recorded in its legal entity statements, and for tax purposes, a foreign exchange gain. As the gain was eliminated on consolidation, this also contributed to the higher than normal consolidated effective tax rate. Finally, the effective tax rate in Ok Tedi in the third quarter of 2009 was approximately 39 percent, which is very close to the statutory rate of 37 percent. The comparison issue arises as a result of the relatively low rate of 19 percent in the comparable quarter of last year.

Our unrestricted cash at the end of the quarter was 496 million. You should also note that we have approximately \$100 million of cash held in... held for maturity investments. This represents the segregated portfolio of high grade bonds in which we've invested to enhance the returns from cash and which was cash being reserved for future investments, such as Cobre Panamá.

Those are the points that I wanted to underline. Back to you, Jochen.

JOCHEN TILK: Thank you very much and I now turn it back to the Operator for questions.

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OPERATOR: Thank you. Ladies and gentlemen, we will now conduct a question and answer session. If you have a question, please press the star, followed by the one on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received. If you're using a speaker phone today, please lift the handset before pressing the keys.

Your first question comes from Tom Meyer with Raymond James. Please go ahead.

TOM MEYER: Thank you. Good morning. Just two quick ones; number one on Cobre Panamá. Do you have any hard dates that are being imposed via the Petaquilla lay with respect to the process of getting the project into production, i.e. deadlines for submitting the environmental documentation and also the financing or production start dates?

JOCHEN TILK: Morning, Tom. No, we don't. We have submitted a development plan some time ago, which was a requirement of (inaudible) 9 and, since then, we've complied with everything and, no, there's no hard date for the submittal of, for example, the EsIA but as we said before, we do anticipate submitting those documents early in 2010.

TOM MEYER: Okay. And the second question is just on the Ok Tedi NSR conversion. Are... Like do you have a better feel now? It

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wasn't... I don't think it was clear in the release, a better feel as to when that transaction may close? And does that preclude you from securing a partner for the Cobre Panamá project?

JOCHEN TILK: I'll answer the second part first, Tom, and then the first part. The answer is, absolutely not. It has no impact, you know, on our ability to secure a partner. And to the first part, the answer is, no, we don't we have a better feeling. We're entirely depending at this point on the Panamanian... on the government of Papua New Guinea to respond to the request on reviewing and ratifying the NSR. So, you know, they have acknowledged the concept. They have acknowledged that they will comment on it. They have not given us a timeframe when and so, therefore, we don't know for sure when that answer might come.

TOM MEYER: Okay. Thank you very much.

JOCHEN TILK: Thanks, Tom.

OPERATOR: Your next question comes from Ono Reuden (phon) with UBS Securities. Please go ahead.

ONO REUDEN: Yes, good morning, Jochen. Good morning, everyone. A few questions; first of all, just connecting there what Tom discussed, the environmental documents for Petaquilla or Cobre Panamá. My question is, there seems to be a bit of a slippage there on the schedule

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and detailed engineering only starting in the middle of '10. Have there been any issues with regards to collecting the documentation that causes that delay?

JOCHEN TILK: No. No, actually there really hasn't been any significant slippage. You know, there might have been a couple of weeks but that's about it. You know, the draft documents will be given to us sooner and the dates I'm referring to are the ones when we can make statements in the public and when those documents will be publicly available, which they will be so, you know, so there's a bit of time period to review that and prepare them as final drafts. But there really has not been any slippage to the original schedule.

ONO REUDEN: So...

JOCHEN TILK: On the contrary, actually, we're quite pleased that we were able to maintain it.

ONO REUDEN: Okay, very good. Okay, I misunderstood it there then. And then on Las Cruces, in the MD&A there was reference to some temporary fixes, let's say, with more permanent fixes to be done in '10. Could you elaborate on that?

JOCHEN TILK: Yes, it's a very specific comment. You recall, or those who were in Spain may recall that we had some initial issues with

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the (unintelligible) that we lost the shaft too because it was rather corroded and it had failed and we then replaced it with a far more elaborate structure. It's still a carbon steel rubber coated tube and there's a stainless sleeve around it and... but we always considered that a temporary fix. We have since then had some, you know, extensive discussions with Otto-Tech (phon), the designer of the plant, and they were committed to replacing the... this particular part with duplex stainless steel, which is a high level alloy, absolutely resistant to that environment.

That product will not be available until early next year and so what we have in mind now to have a maintenance shutdown in January and then replace that part, and others as well that we have identified, with permanent stainless steel components, just to ensure that we reduce and minimize any maintenance associated with parts that might corrode. So that's a... It's a fix that we put in place which we are very confident will last, but then we will make a permanent replacement with duplex stainless steel.

ONO REUDEN: But for the guidance of November and December, the sharp ramp up that's (inaudible) right now, that's on the basis of using those temporary fixes to get the plant going, effectively?

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JOCHEN TILK: Yes, that's absolutely correct and that's on the basis that the pipes we put in, you know, have lasted and we've inspected them and, you know, we think they will... it will be sufficient to produce at those levels. And, you know, they might even last significantly longer, beyond January but as a form of risk mitigation, we decided that it's not worth given the cost of those (inaudible) two parts to incur the risk. So that's the main reason for the replacement.

ONO REUDEN: Okay. Thank you. And then the last one on Cobre Panamá, the press release in which you announced the termination of the discussions at that point in time with Korea Resources, but in the same press release, you highlighted that the alliance agreement is still in place. Have there been any discussions with regards to that alliance since that event?

JOCHEN TILK: Unfortunately, Ono, I can't comment on that so just bear with us but I can't get into the specifics on ongoing discussions regarding partnerships.

ONO REUDEN: Okay. It was worth a try. Thanks.

JOCHEN TILK: Thanks.

OPERATOR: Your next question comes from Greg Barnes with TD Newcrest. Please go ahead.

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GREG BARNES: Yes, thank you. Jochen, what other areas at Las Cruces are you seeing corrosion occur? Is it more than just that one shaft?

JOCHEN TILK: No, there were a couple of them over time. We had... And this is all... This actually predates the visit if I, you know, take that as a bit of a time benchmark. The... We had (inaudible) at the (inaudible) that were... had corroded away and then they have been replaced, you know, stainless steel. We had this particular drive shaft I'm referring to. We had an incident – this is, again, much earlier part... a couple of months before the visit – when we had some carbon steel bolts that were corroded away. And to be frank, you know, in some cases if not in most cases, it was a matter of quality control. When we looked into that, there was a question, why were they actually carbon steel bolts and not stainless steel?

In another instance, there was a protective coating with a plastic cap that wasn't properly installed. So, you know, there were little things that caused, you know, significant issues because many of the components are submerged in pulp or slurry and for us to be able to inspect them, we have to drain it and wash it so that it's the time that's involved. The position we're taking today – and I'm looking at our Vice President of Operations,

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Scott – and he said, you know, hopefully we found them all and hopefully we fixed them all and, you know, we're operating now and as I said in my speech, that the throughput rate, the design, the process rate, the metallurgic performance is all very good at design levels.

It's the downtimes that are caused by an unexpected failure and essentially, almost without exception, of components, carbon steel components have failed is what caused us, you know, some grief and had impacted production. So if we don't encounter... We will encounter some; I'm not trying to suggest we won't. But if we don't encounter them at the frequency we have in the past because we fixed them, then we'll be much better off.

GREG BARNES: Okay. So the downtime in January, how long is that going to take?

JOCHEN TILK: Scott, (inaudible).

SCOTT HERR (Vice-President, Mining, Inmet Mining Corporation): Well really we're putting our forecast together. Right now it looks like we're about five days down in January and maybe a few days down in February for the same process. It'll depend on the fabrication of the parts from Otto-Tech.

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GREG BARNES: And then you think, Jochen, that you'll still be able to declare commercial production in November or December despite the downtime in January?

JOCHEN TILK: We... Yes, we believe that, yes. I mean currently our production forecast for November/December is consistent with our declaration of commercial production.

GREG BARNES: Okay. And do you think there's a risk going forward that you'll have to take downtime on a regular basis to inspect the corrosion through the plant?

JOCHEN TILK: The... I mean a couple of things, where we have stainless steel parts and we... you know, to be clear, we have stainless steel parts in many, many places, if not in most of them. They look spectacular; they look brand new so, clearly, they are holding up to the corrosive environment. So as we replace others where we don't have them for whatever reason, we think that the downtime will be significantly less. The one area where we thought we need to be very careful are the reactors. We have eight reactors and you may recall that only seven are actually designed to be in operation and one is always down on inspection and maintenance. And the... we have... we've taken them all down in the last five months, and we inspected all of them, and we're quite encouraged

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by the results. In other words, there hasn't been any implication that there are issues. So the answer is, no. Should run very well but, you know, the past experience where we had failures clearly made us a bit more careful. And we rather take some of the pieces down more frequently to inspect them to prevent catastrophic failures.

GREG BARNES: So the 73,000 tonnes a year at 100 percent capacity...

JOCHEN TILK: 72,000 tonnes at 100 percent capacity, yes.

GREG BARNES: Okay, so what does that incorporate in terms of maintenance schedules?

JOCHEN TILK: It's a 92 percent availability so the plant is expected to operate 92 percent at the time, and again, the reactors – we have seven – we need to run out of eight.

GREG BARNES: Okay, great. Thanks, Jochen.

JOCHEN TILK: And that's a... You know, we... This availability number is quite consistent with other plants, chemical plants so it's pretty consistent with industry.

GREG BARNES: Thank you.

UNIDENTIFIED SPEAKER: Thanks, Greg.

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OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, please press the star, followed by the one on your touchtone phone. As a reminder, if you're using a speaker phone, please lift the handset before pressing the keys.

Your next question comes from David Charles with GMP Securities. Please go ahead.

DAVID CHARLES: Yes, good morning, Jochen. Just a quick question. You put some text in your release on the potential for labor disruptions at Las Cruces, seeing as that's the most popular topic this morning. I'm just wondering, is this text just to give us a heads up that there might be issues? Or do you really feel that there's a potential that there might be a significant labour disruption or even a strike at Las Cruces?

JOCHEN TILK: Thanks, David, good morning. We don't know the answer to that. Just to give you a bit of background, the negotiations between the unions and the industry representation is done in a central way (phon) so, in other words, there's no local bargaining and, you know, for example, we have local bargaining at Çayeli, but we have central bargaining in Finland. So what happened is that the unions declared an off-and-on strike and they have picked a number of dates and months and,

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to be specific, they've picked I think two in October, four in November and then said, we'll go on strike on this date and then we go on strike on that date. And they're 20... they're meant to be 24-hour strikes and they're abroad. They are not just over Las Cruces, but they are throughout the industry. In fact, the second strike was meant to be a nationwide strike.

And to be frank, we were caught by surprise because we had not had the opportunity to make arrangements for emergency crews and all of that. So when it happened the first time, and effectively no one showed up for work, we had to make provisions to ensure that the plant kept... you know, was kept on maintenance. We then approached the union and said, look, it's a challenge for us; this is a very complex plant and these intermittent one-day strikes are a problem for us because we have to ramp down and we have to ramp up. The union then suggested that we put forward a list of emergency workers who will then be available to run the plant at... not for production but to ensure its in care and maintenance for that particular day. We've done that and so we're much, much better prepared for a second or third event if that would take place.

If the union is not satisfied with the offers that are made, presumably then they will increase the frequency of these strikes and that's been the bitter history in Spain. And at some point in time, it is possible that they

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might actually declare a strike. And, you know, we then would be at the mercy because it's an umbrella union. So far, that's not our anticipation. What we think and hope would happen is that there is one or two events, there'll be a settlement and then we all move on. But if that's not the case, obviously, then that is possible. So far, there is no indication but there are and that's clearly why we put it in our public release. There are a number of days that have been announced in November, during which the union is contemplating they will take another 24 hour strike.

DAVID CHARLES: So it's safe to say that there is no particular issue between the unions and Cobre Las Cruces and I suppose the other thing it's safe to say that the morale is still good on the site and nobody is sort of causing any problems, again, given that this is an umbrella strike that's actually being... you know, it's a central bargaining situation as you mentioned?

JOCHEN TILK: Yes, it's actually on the contrary, David, because we have told the union that what is at dispute was not really our issue. And the matter at dispute, as I understand it, is that the union is worried about deflation and the reduction of wages in Spain because they have such a terrible economic performance. And, you know, we've taken a position that we could be excluded but, of course, we can't do that legally. And we

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have actually had an agreement at the second strike date that was given to us in October that the union would come to work, or the workers would come to work, that we had an exception from their overall strike. So we have anticipated that people actually would show up because the union had agreed to that.

And then what happened, it was raining on that particular day and the union called the strike off so that the strike never took place and people showed up anyway. But, no, that answers definitely your question that the relationship is very good and there is absolutely no issue with morale or any sort of dispute at Cobre Las Cruces.

DAVID CHARLES: And just to finish off on labour, potential labour disruptions, you also noted that you're still in collective bargaining negotiations at Çayeli. This is not the first time you've been through that. Can you maybe just remind me – I've clearly forgotten – when was the last time that you actually had a strike at Çayeli? And usually how did these things get resolved?

JOCHEN TILK: I think that was six years ago now. I think 2003.

UNIDENTIFIED SPEAKER: 2003.

JOCHEN TILK: Yes, six years ago. It was... We've, after the last strike, increased the bargaining term to three years; it used to be two

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years. And then we had two terms in a row without any disruption. And no... what happens, just a reflection on six years ago is that the agreement expires in May and it did expire in May and bargaining tends to go on into late in the fall; parties go back and forth and often the positions are quite far apart. At some point in time, a facilitator or mediator's appointed by the government. They come up with a proposal. If the parties are too far apart and then there is no resolution, then the union will ask for a strike mandate. They have to do that legally to maintain their position and be allowed to continue to represent the workers of Çayeli.

We fully expect them to do that. We fully expect them to get that mandate and basically then there is a period of time in which they can, if the discussions are not resolved, declare a strike. And that's exactly what happened six years go and that pattern is potentially the one that they may, might follow. And if that is so, then at some point... we don't know exactly what the time is. It could be toward the end of the year and whatever, then if that is so, then, you know, the workers would declare a strike and then we would certainly respond to that.

And if the parties, and if they were to (phon) continue bargaining up to that point and find... reach an agreement as we have in the last two periods, then the contract is settled and we move on. So which outcome

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will take place, I can't answer that. I think we've been clear that we can't predict the outcome. We did say and... that our position is quite firm that we need to look at the escalation of labour costs or potential of further escalation of labour costs at Çayeli, and we find it important to delaying the mandatory inflation adjustments from our increases in wages and that's the main position right now that's being discussed.

DAVID CHARLES: And historically you've been able to, how should I say, come to an agreement with the union within those constraints?

JOCHEN TILK: Well historically we... Well the last six years or the last two terms we have and, you know, we reached agreement. And so there's always hope that people are quite reasonable on both sides and come to an agreement. But, like in any of these situations, I can't predict the outcome.

DAVID CHARLES: Okay. Thank you very much.

JOCHEN TILK: Thanks, David.

OPERATOR: Your next question comes from David Cottereau (phon) with BMO Capital Markets. Please go ahead.

DAVID COTTEREAU: Good morning, Jochen. Good morning, guys. Look, I've just got a couple of questions. I'll start with Cobre

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Panamá. Just with... in terms of getting a joint venture partner for that, is there a chance that the government could step in with a small stake?

JOCHEN TILK: Good morning, David. I... you know, I don't think the government will step in with a small stake, so I'm not sure whether you... the question is meant to suggest that they make an offer to buy a small stake or whether it's more if a royalty form. But, no, I don't believe that's possible. And they've never indicated they would.

DAVID COTTEREAU: I guess I was just... I'd seen a story talking about the... how much money they were spending on the canal and also how much money they were actually making from all the various things that were happening through the canal in terms of trade, so I was thinking, well if they were going to diversify, whether or not mining was something they were really trying to promote. And if so, would they offer to buy a stake or would they offer to do something along those lines to help out in terms of getting the project moving?

JOCHEN TILK: I... Again, I don't think that's the case because they have never indicated that. The canal is government-owned, and obviously, the canal is very much in the domain of the government and so clearly that's... you know, as you said, it's a tremendously important profit centre for the government of Panama. Their contribution on mining (inaudible)

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has been really the general support of the project. We've been very encouraged by the government's position and their support to allow us to move forward on the project, subject to, of course, all the permits and reviews. However, they have not indicated that they would be interested in buying a stake in the project.

DAVID COTTEREAU: Okay, excellent. The other thing about the power... the signing of the joint development agreement with JDS (phon), I know you probably can't give much colour but I'm assuming that this is going to have some nice implications in terms of production in CAPEX for the total project?

JOCHEN TILK: Yes, no, I think it is. I mean I can't speak about all the details; some of them we don't know but it's... it is a significant step forward. I want to be very clear so that the... any reduction in capital or an increase in capital or whatever will depend on the outcome of the (inaudible) study so there are many variables and there's scope changes, there is a much, much high level of detail which the study was conducted. So, you know, I can't really look at the power plant in isolation because there might be offsetting factors. So I only say it in relative terms of what that impact might be but certainly not in absolute terms what the number could be.

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So clearly there isn't... it is very positive because the... this qualified power plant, which is now contemplated for development, you know, has obviously significant (inaudible) cost and that will be off the project cost and be off... in my balance sheet from a financing perspective. So it's a significant step forward, but it's also a step forward because it's an important partnership to have someone like Suez Energy to carry the project forward. And from that perspective, we have a very credible partner who is established in Panama and, of course, the entire world as an independent power provider.

It will, in addition to the capital – and I think that's equally important – it would also reduce our cost, our power costs in terms of cents per kilowatt and the main reason for that is that the original concept was to use oil-fired generators to provide power to the project and they were incredibly expensive, I mean subject to oil price, but even in the best of circumstance, they're very expensive so you've got power cost of 12, \$0.13 a kilowatt. In this concept, the... there... it's a fluidized bed (phon) coal-fired power plant. The coal would come from Columbia, which is relatively close and so the cost of operating this plant and providing power, including amortization of the capital, is much lower and, again, subject to a

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number of things. You know, it might be in the range of 9, \$0.09, thereabouts so it's a double benefit.

DAVID COTTEREAU: Is it also, in terms of the power that it generates, will it be just solely for use at Cobre Panamá? Or is there enough there to put it back into the Panamanian grid?

JOCHEN TILK: There is, by design, there is an incremental amount, approximately 50 megawatts that is slated to be fed into the grid of Panama and that was done to ensure that there is some incremental excess power that, you know, could be given the grid and, therefore, benefit people there. Most of Central America, and Panama in particular, is power deficient. There's a shortage of plants. There are some hydro plants that produce intermittent power; in other words, they peak during the rainy season but they are very low during the dry season. And then power to spot costs (phon) in Panama have gone through the roof during those periods so... and there are times when power cost was up to \$0.30 a kilowatt.

So the government is trying to find ways to increase power and this incremental 50 megawatts that would be made available is something that obviously they value and it gives us, or the operator the opportunity to sell power into the grid and then offset the cost. And we are the beneficiaries;

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we will be the beneficiaries of that so in other words, the cost of our power is a composite of the operating cost, the amortization but it also includes the cost at which the power would be sold to the grid, that incremental 50 megawatts.

DAVID COTTEREAU: Okay, no worries. Thank you very much for that.

JOCHEN TILK: Thanks, David.

DAVID COTTEREAU: The last thing I had was just what David was saying before on Las Cruces. Did they give you an idea... I know you said two days stoppage this month, in October, then four in November. Do they give you enough time in advance so, you know, say coming into November, they'd say, well, you know, things aren't going too well; we're going to have another four days in December?

JOCHEN TILK: Yes, no, they do. They've given those dates relatively early. They have cancelled one of the dates. You know, remember, I commented on the one in October that was cancelled. But they've... I think they already picked the ones in November so there is a... sufficient advance and we now have this list of emergency workers. We have that agreement with the union that we're not left without people to operate the essential parts. So we're in a much, much better position. To

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be frank, the first day we were caught off guard and we suffered beyond the 24 hours because of the shutdown and the ramp up and all of that but this time, if there is another day, we'll be much better off.

DAVID COTTEREAU: Okay. Thanks, Jochen

JOCHEN TILK: Thanks, David.

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

NAWOJKA WACHOWIAK: Hey, good morning. It's Nawojka Wachowiak here. I'm just wondering whether we can spend a couple of more minutes on the operating performance at Çayeli. You've decreased the guidance now for a couple of consecutive quarters on the lower than expected grade. If you can just spend a little more time on that and then perhaps talk about how or if this... these issues would impact 2010? Thanks so much.

JOCHEN TILK: Yes, Nawojka. Thanks for that question and you were right, we did change our guidance and we've done it a couple of times. We're very, very happy with the throughput, which is, you know, great and very positive; very happy with the operating costs but it's the great guidance, obviously, that caused this. I'm going to turn it over to Scott Herr and let him elaborate on that a bit more.

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SCOTT HERR: Well firstly, as we look at the longer term, we don't expect any impact from that. Really the grade reduction come from mining in a different place than we had expected to; that is, with more mining coming from the lower part of the mine from Block 5. That will continue into the next years but we'll predict it better; that is, we'll have better alignment between our planning and our actual execution. So in this case, where we... during the year, we planned additional production from the upper levels of the mine, and we didn't realize that. Next year, we'll take that into account.

In addition with mining the lower part of the mine and approaching from the foot wall side, we really did add some additional low-grade ore into the mix that is ore. It certainly is well above cut-off, but it does serve to reduce the overall grade of the plant. Rather than waste it, that goes to the mill.

NAWOJKA WACHOWIAK: Okay, so should we expect sort of similar grades in 2010 then?

SCOTT HERR: We're in... I'll say that we're in... that we're putting the plans together right now. We've had our first pass at the budget, and we'll provide that information. I don't expect great changes from what we've seen this year.

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NAWOJKA WACHOWIAK: Okay. Thanks so much.

OPERATOR: Your next question comes from Greg Barnes with TD Newcrest. Please go ahead.

GREG BARNES: Yes, just one question, Jochen. On the high grade ore from Las Cruces, there's been some delays in shipping it. I'm wondering what you're anticipating (unintelligible)?

JOCHEN TILK: Yes, no, we're... no worries. The... What happened or what is happening is that we are stockpiling the ore, and initially we thought we would ship some of that material toward the end of the year and then some of it would slip over in 2010. And, you know, we provided the split and as it turns out now, the... essentially all of the material will be shipped in 2010 so it's purely a timing issue. And, you know, from our perspective, we've always given instructions to management to plan that as it fits best in the operation. In other words, we did not want it to be a priority and people, you know, digging for that higher grade material.

And so it's being stockpiled as we speak and those who down in Spain will have seen the stockpile; it's material that's above 12 percent copper and it ranges from about 12 to 14 percent. And we're stockpiling it up as we speak and then once we have accumulated the amount that we

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intend to ship, then we'll ship it. So nothing has changed and the only thing that has changed is the timing and, of course, from a forecast perspective, it is unfortunate that it now slips into 2010. You know, good news is that we will have that material in, obviously available in 2010.

In terms of desire or demand for the material, if anything, because the concentrate market is very tight and the demand is very high, that we had lots of inquiries about the material and the opportunity to ship it. And, clearly, shipping costs are somewhat less than they would have been when we developed the concept originally and then also TCRCs (phon) have come off so the economic parameters have improved but the timing is off.

GREG BARNES: Okay. Great. Thanks, Jochen

JOCHEN TILK: Thanks, Greg.

OPERATOR: Your next question comes from Fraser Phillips with RBC Capital Markets. Please go ahead.

FRASER PHILLIPS: Thanks. Good morning, guys. The... If I recall correctly, Jochen, you guys operating at Las Cruces at about 20 percent capacity in September. Of course, you're expecting to get to commercial about 60 percent November or, and/or December. Where have... Where are you at in that kind of measure in, so far in October?

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JOCHEN TILK: Yes, it's about 25 percent, you're absolutely right, Fraser. I don't want to comment on October. I think we got a couple of days to go to improve our record here. But, you know, it is a steep ramp up and you're quite right, you know, to go from 25 to 60 but it's all about our ability to run the plant for extended periods of time. As I said, it's quite binary, off and on and the times that we operate without interruption, we've got some very, very good results and a very encouraging production rate. The times when we don't operate because we had issues with a thickener or something, we're down to zero and so if we can maintain our... you know, the duration of operating, then we are confident we can reach it. October will not... you know, will be an intermittent but certainly not at 60 percent; I can tell you that.

FRASER PHILLIPS: All right.

JOCHEN TILK: Hello?

OPERATOR: And, Mr. Tilk, it seems like we have no further questions at this time. Please go ahead.

JOCHEN TILK: Okay, if there are no further questions, then I'd like to thank you all for joining us this morning and we'll see you again in three months. Thank you very much.

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

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