



## Financial review

### Higher earnings and operating cash flow in the fourth quarter due to higher copper prices

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended		year ended		<i>objective 2010</i>
	2009	December 31 2008	2009	December 31 2008	
<b>Sales analysis at 18%</b>					
Copper sales (tonnes)	6,100	7,500	26,600	29,900	29,300
Gold sales (ounces)	19,500	23,500	88,900	92,100	109,300
Gross copper sales	\$51	\$15	\$189	\$193	\$203
Gross gold sales	24	22	101	81	115
Other metal sales	1	1	4	3	3
Gross sales	76	38	294	277	321
Smelter processing charges and freight	(7)	(6)	(30)	(33)	(31)
Net sales	\$69	\$32	\$264	\$244	\$290
<b>Cost analysis at 18%</b>					
Tonnes of ore milled (thousands)	1,100	1,000	4,100	3,900	4,300
Direct production costs (\$ per tonne)	\$23	\$27	\$24	\$24	\$23
Direct production costs	\$25	\$27	\$96	\$93	\$99
Change in inventory	(11)	1	(9)	(3)	-
Depreciation and other non-cash costs	7	6	27	19	30
Operating costs	\$21	\$34	\$114	\$109	\$129
<b>Operating earnings</b>	<b>\$48</b>	<b>(\$2)</b>	<b>\$150</b>	<b>\$135</b>	<b>\$161</b>
<b>Operating cash flow</b>	<b>\$42</b>	<b>\$11</b>	<b>\$103</b>	<b>\$117</b>	<b>\$125</b>

The objective for 2010 uses the assumptions listed on page 15.

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 December 31	year ended December 31
Higher copper prices, denominated in Canadian dollars	\$39	\$17
Higher gold prices, denominated in Canadian dollars	5	23
Higher (lower) sales volumes	5	(17)
Higher smelter processing and freight charges	(2)	-
Lower operating costs	3	1
Higher depreciation	-	(9)
<b>Higher operating earnings, compared to 2008</b>	<b>50</b>	<b>15</b>
Change in tax expense because of change in earnings	(21)	(1)
Changes in net working capital (see note 3 on page 48)	3	(36)
Add back of higher depreciation and other	(1)	8
<b>Higher (lower) operating cash flow, compared to 2008</b>	<b>\$31</b>	<b>\$(14)</b>

### Capital spending on pit drainage

Capital spending in 2009 of \$117 million (our share \$21 million) was for the mine drainage tunnel and other projects. In 2008 capital spending was mainly for the mine waste management program and the mine drainage tunnel.

<i>(18 percent)</i>	three months ended December 31			year ended December 31			<i>objective 2010</i>
	2009	2008	change	2009	2008	change	
<b>Capital spending</b>	<b>\$11,300</b>	\$11,700	-3%	<b>\$21,200</b>	\$38,400	-45%	<b>\$21,000</b>

### 2010 outlook for capital spending

Capital spending in 2010 will be for a mining fleet specific to limestone mining, the construction of underwater storage pits for sulphur concentrate produced by the tailings management plant and earthworks.