

## CORPORATE PARTICIPANTS

**Jochen Tilk**  
*President & Chief Executive Officer*

**Scott Herr**  
*Vice-President, Mining*

## CONFERENCE CALL PARTICIPANTS

**Tom Meyer**  
*Raymond James*

**Orest Wowkodaw**  
*Canaccord Genuity*

**Onno Rutten**  
*UBS Securities*

**Greg Barnes**  
*TD Newcrest*

**John Redstone**  
*Desjardins Securities*

**David Charles**  
*GMP Securities*

**Pierre Vaillancourt**  
*Macquarie Capital*

## PRESENTATION

### Operator

Welcome to the Inmet Mining Corporation Las Cruces Update Conference Call. At this time all participants are in 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 zero for operator assistance at any time.

I would like to remind everyone that this conference call is being recorded on Friday, July 23, 2010 at 8:30 a.m. Eastern Time.

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

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### Jochen Tilk, President & Chief Executive Officer

Thank you. Good morning. Thank you for joining us to the Inmet webcast. We will provide you with an update on the progress at Cobre Las Cruces.

You will have seen our production summary for the quarter, which includes a reduction of our forecast for Las Cruces. Obviously we have not met our expectations in terms of copper cathode production. We are, however, encouraged by the progress to date and believe that the improvements over the past months support our confidence in reaching our target production. July, for example today, has been encouraging and in the last seven days we produced over 1,000 tonnes of cathode.

I'd like to turn it over to Scott Herr, our Vice-President, Mining, to present you with an update on the progress.

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### Scott Herr, Vice-President, Mining

Thank you, Jochen, and good morning everyone. As Jochen mentioned, today we will provide you with an update of the ongoing ramp-up status of Cobre Las Cruces and why we are encouraged by recent results. At the conclusion of this presentation there will be an opportunity to ask further questions.

Firstly, and most importantly, we are encouraged by the progress made at Las Cruces, although our pace of ramp-up has not lived up to our earlier expectations. In the next few slides I will provide the background for that view and discuss the present state of the ramp-up and what we are doing to reach the ultimate capacity of our plant.

Here we show our performance on a single-day and six-day basis. We are truly encouraged by the capability that the plant has demonstrated in recent months, with single days ranging above 85 percent of design capacity and extended periods operating at over 60 percent. Keep in mind that the plant is presently constrained by a lack of filtration capacity that limits our production to two-thirds of the design plant throughput. Compared to earlier in the year we've made some tremendous gains and we have increased our six-day capability by almost 30 percent and that pattern has continued into July.

This slide shows how the plant runs when it is actually operating. It is a measure of our performance when stated on a 24-hour operating basis. Again, we can see operation in the range of 60 percent of capacity. In light of our filtration bottleneck this is 90 percent of our available capacity and really an excellent result. With that

run rate, why have we not seen further improvements in our total copper output? Our problems lie in the fact that we don't run all the time, which limits our ability to capitalize on our daily throughput improvements.

We see that we have established a very good trend where operating time has increased 25 percent from January to July, rising from 16 to 20 hours of operation per day. The limited run time in March is explained by our 15-day planned maintenance shutdown while June's results, which we believe are not indicative, fell because of three thickener stoppages related to mechanical failure and operating practices. This is the type of ramp-up pattern that is typically of what we see in other real world ramp-ups. It is a saw tooth pattern of general improvement marred by diminishing, although not insignificant, process interruptions.

So how do we improve? We've seen in the preceding slides that we have the available plant capacity and we have proven that the process itself works to reach our production goals. What is most important now is how are we going to increase our throughput and our operating time.

Firstly, in the area of throughput, we're in the final stages of commissioning a new pressure filter, which will provide us 50 percent a day additional tailings filtration capacity. We expect an immediate impact from this as we remove our discharge limitations, which will allow us to ramp up the plant's leaching capacity to design levels. I cannot overemphasize the importance of this addition, as it will permit us to achieve a steady state operation in place of the batch mode that has created many operational problems in a process plant designed for continuous operation that is ill suited to run in a stop-and-start mode.

Water management and the lack of available treatment capacity constrained the operation of the process plant in the early months of the year when pond levels increased because of the heavy rains and Las Cruces had to scale back processing to match our available treatment capability. We are presently commissioning the contact water portion of our \$17 million treatment facility to give Las Cruces the capacity to treat pit inflows that arise during the rainy season that begins in the fall.

We have identified additional process areas that will improve capacity and reliability. A large surge tank between leaching and tailings filtration will further smooth out the leaching operation. A clarifier for the leach solution will provide a cleaner solution to the solvent extraction area, enhancing our long-term reliability, and a wet screen will be installed to remove fines from the ore stream and improve material handling. Work is underway

to implement each of these improvements as rapidly as possible.

In the areas of operating time and plant reliability we have implemented management systems to quickly respond to operational issues and identify solutions to process (inaudible). Combined with the work we have completed to replace faulty equipment and unsuitable construction materials, this has reduced incidences of downtime and I would like to provide two examples from recent work at the plant.

In the cathode stripping area we spent considerable time to improve the reliability of the crane and the automated stripping machine. As a result, maintenance work orders have been reduced by almost 30 percent while the amount of preventive maintenance has more than doubled. This transition from fighting fires to routine maintenance allows the operations staff to concentrate on continually improving and ramping up the operation.

Blockages in the grinding thickener have resulted in a significant loss of operating time in recent months. The response by Las Cruces to this issue provides one example of the approach to problem solving which allows us to determine root cause operational issues and address them in a disciplined manner. The action plan shown here is the result of work by the plant team assisted by outside experts and guided by McKinsey & Company to determine the cause of these particular operational interruptions. In this case stopping of the ball mill because of a lack of filtration has impacted the thickener operation. Process improvement consultants have worked alongside the Las Cruces team since early May to develop these management tools and improve the pace of correction. These are critical tools that we will use in the future for solving problems and removing process bottlenecks.

When we study the performance of Las Cruces we plainly see that we are not alone in our experience. Las Cruces has progressed along a curve of failure frequency that typifies many process plants and other complex processes. In the early days of the ramp-up the incidents of failure were many and we reported on a number of those design and quality deficiencies in our previous communications. As shown by our improved operating time, the pace of failure has lessened and we are approaching a point where we should expect steady performance supported by our efforts in component and material replacement, improved operating procedures, and workforce experience.

In this slide we have compiled the ramp-up experience of a number of hydrometallurgical plants. Although there

are some examples of rapid start-up, there are also a large number of plants that show extended ramp-up times. Las Cruces finds itself firmly in the middle of these curves and we believe that our work in the next few months will show that we trend towards the better performing plants that have proven technology. We will continue working through the operational issues with rigorous problem solving and follow up and we expect additions such as the new filter will give us a step change boost in performance. In spite of the difficulties encountered to date, we have not changed our approach of diligently working through operational and equipment issues in a systematic way. We have identified bottleneck and risk items that we will address in the coming months and we've put in place the management systems and personnel to improve performance and respond to the inevitable changes in the operation.

To summarize, we are confident that Las Cruces is on the right track and doing the right things. We have demonstrated the plant capacity and the strength of the process and we are on the way to realizing its full potential. We know that we need to add capacity to achieve design production rates on a continual basis, and that work is underway. The strong team in place at Las Cruces, supplemented by some of the best management and process experts available, is working to boost the run time of the plant to where it needs to be. The ore body model is solid, production grades are as expected and the mine is operating well. We expect somewhat of a saw-tooth pattern of increasing production with some interruptions as we work towards a production rate of 72,000 tonnes of LME grade-A copper cathode per year.

The ramp-up rhythm will be dictated by the overall plant reliability and progress in operational effectiveness and this adds some uncertainty to our predictions of progress in absolute terms. However, we are convinced that Las Cruces will become the contributor to Inmet's growth plan that we have long expected. We remain focused on reaching full production in the coming months and we will keep you informed of our progress towards that goal.

I hope that's given you a view of the Las Cruces operation, its successes, and the remaining challenges and opportunities. Thank you for your attention and I will now turn the meeting back to Jochen.

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**Jochen Tilk, President & Chief Executive Officer**

Thank you very much, Scott, for this update. I'd now like to turn it over to the participants for questions.

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## QUESTION AND ANSWER SESSION

### Operator

We will now take questions from the telephone lines. If you have a question and you are using a speakerphone, please lift your handset before making your selection. Please press star one at this time if you have a question. If you wish to cancel your question, please press the pound sign. There will be a brief pause while the participants register for questions. Thank you for your patience.

The first question is from Tom Meyer. Please go ahead.

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**Tom Meyer, Raymond James**

Good morning. Scott or Jochen, can you give us like an order of magnitude in terms of capital costs for the pressure filter, the surge tank and other plant modifications to date?

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**Jochen Tilk, President & Chief Executive Officer**

Sure, Tom.

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**Scott Herr, Vice-President, Mining**

Yeah, just to give a view, the pressure filter itself installed is in the neighbourhood of €4 million. I think the leach tank is, we expect is €3 million installed. They're significant but certainly they are wise investments given what we expect out of them with our throughput gains.

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**Jochen Tilk, President & Chief Executive Officer**

So in terms of, Tom, order of magnitude, I think we already pointed out that the water treatment plant is €17 million, which is essentially already invested. So if you add those, you know, we're probably talking the range of €25 million give or take. That would be the order of magnitude.

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**Tom Meyer, Raymond James**

Okay. And then can you just provide some additional colour on the statement in the press release about the non-corrosion related equipment failures?

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**Scott Herr, Vice-President, Mining**

Sure, let me talk about that. And I think it's important that we distinguish, because if you recall in March when we had a shutdown it was to replace a lot of those components that were failing because of acidic corrosion. The recent failures, those in June, one was attributed to, we actually had a mechanical failure in the grinding thickener where we broke off the bottom bearing, and then the others were related just to how we operate those thickeners in that we allowed an accumulation of material in each of the thickeners that block the system and causes some difficulties as we freed the rakes and emptied out the thickeners. Again, I think much of that is related to the batch process in which we've been operating where we haven't been able to match our filtration capacity to our grinding capacity.

**Jochen Tilk, President & Chief Executive Officer**

And it was a bit of a preventative comment in the sense that we didn't want people to think that corrosion is essentially the main contributor to these failures and that components are falling apart, because this failure in the grinding thickness is very conventional. In fact, if one wanted to be cynical, the grinding thickener is probably one of the most common pieces of equipment in the entire plant. But these issues have come up and we need to deal with them.

**Tom Meyer, Raymond James**

Okay. Okay, thanks very much. I'll pass it on.

**Operator**

Thank you. The next question is from Orest Wowkodaw. Please go ahead.

**Orest Wowkodaw, Canaccord Genuity**

Hi, good morning. Just wondering if you've got any idea or from discussions with the local government on when you might get that permit to be able to direct ship ore.

**Jochen Tilk, President & Chief Executive Officer**

Thanks, Orest. Good morning. We don't. That's the financier. They have not given us a specific date. We are

obviously hopeful. And, just to put things in context, we are mining the material, so obviously, as expected, in the pit, we're stockpiling it, and a good portion of that material is literally sitting in the parking lot. And we've made all the applications, we've provided all the material to the local government, and we're hopeful that they will conclude positively and give us the permit. And when that exactly happens we don't know.

**Orest Wowkodaw, Canaccord Genuity**

Are you still confident it will be this year?

**Jochen Tilk, President & Chief Executive Officer**

We'll we're confident that we'll receive the permit this year and, as you know, Spain has a fairly lengthy summer break, in other words, July and August are two months during which a lot of the officials take vacation, so we've already excluded that from our expectations, just to recognize that. But then we think that after that, after a period of time they will see to the permit application and that in the fall perhaps we should be hopeful.

**Orest Wowkodaw, Canaccord Genuity**

Okay. And just a follow-up if I may, obviously, you know, this has been a ramp-up year, you've had to cut your production at Las Cruces; what do you see next year? Do you think that Las Cruces—do you anticipate that basically you'll be able to get a full year of production next year at that 72,000 tonne level or should we expect next year to be also sort of a partial ramp?

**Scott Herr, Vice-President, Mining**

You know, I think we were, in terms of our discussion, we're ramping up toward the end of the year and that's our target. There's a couple of the things that we're going to put in place that I mention with the ongoing improvements that will be near the end of the year so we're hopeful that we're hitting our stride in the next few months and early into next year. That's really all I can provide at the moment.

**Jochen Tilk, President & Chief Executive Officer**

And much of this webcast is to give you a good idea of the quarter-to-quarter improvements, so if you go back to

January/February and then compare it with today in terms of whether it's cathode production, whether it's plant available, whether it's productivity in total, whether it's equipment failures and these things that are metrics that demonstrate how we have improved, and if you look at the systems that are in place today, which are superior and certainly much improved to where we were before because we are more responsive and we know the plan better, so if you extrapolate that I think that's where our confidence comes from, Orest. It's really looking at the improvements we have made, looking at the systems that are in place, and then extrapolating that toward the end of the year, and I think it can be reasonably hopeful on that basis.

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**Orest Wowkodaw, Canaccord Genuity**

Okay. Thanks, guys.

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**Operator**

Thank you. The next question is from Onno Rutten. Please go ahead.

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**Onno Rutten, UBS Securities**

Good morning, Scott, Jochen, everyone. First of all, on the question of declaring production, commercial production as per July first, if we look at slide 14 it suggest that the plant is now hovering at 45, 50 percent utilization. Is that enough to declare commercial production?

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**Jochen Tilk, President & Chief Executive Officer**

The answer is yes of course because we did it. You know, the decision to declare commercial production is based on a large number of factors. There are accounting considerations, there are business considerations in terms of production, there's cash flow, there's all kinds of reasons, and we looked at them on balance and it has been our conclusion that once you exceed 50 percent, in the range of 50 to 60, that it's absolutely justified for all these reasons that I just outlined. And, you know, we said that all along, once we get to that range that we would contemplate that, so I think that's pretty consistent. So the answer is yes.

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**Onno Rutten, UBS Securities**

Okay. And then on management, the local newspapers have been suggesting that there will be some changes in senior management on the site. Could you elaborate on that?

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**Jochen Tilk, President & Chief Executive Officer**

Yes. Francois Fleury, who has contributed tremendously to the success of the plan, has decided that he'd like to retire, and we have a determined a successor who will be the managing director of Charlie (inaudible), and he'll move to Spain and then transition into this position.

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**Onno Rutten, UBS Securities**

Okay. And then back maybe to slide 14, because if you really look at that slide there's the good plants and bad plants, and my question is over the next four to five months you're essentially guiding towards getting from that current 50 percent to 100 percent in four months. That would be—if you take that historical precedence there, do you think you're overly aggressive?

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**Jochen Tilk, President & Chief Executive Officer**

You know, you raise obviously a very good question because you're looking at these various experiences that are out there and you're trying to extrapolate which one is relevant. I think a couple of things. The point of that slide was to demonstrate where Las Cruces sits on the average of these start-ups and when you look at the ones that are on the left they have certainly ramped up to these capacities in a number of months. And you go to the ones at the lower range and they had greater challenges. And our point is that we are pretty consistent with ramp-up.

When you look at the improvements month over month and the start to the pattern, one of the things that will happen is a series of step changes, the filtration being one of them. Remember, the plant right now is curtailed to 60 percent design capacity because of filtration and we've been operating around that 60 percent. So when you look at 50, 60 percent utilization, it's actually 80 to 100 percent of available capacity. As the filter is commissioned, which should happen in the next couple of days or weeks, then we will now have 100 percent of that capacity available. And so that's a step change and that's what we base a lot of the adjustment on.

Do you want to comment on that as well, Scott?

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**Scott Herr, Vice-President, Mining**

Sure. The way that we see the ramp-up just in general terms, if there are six barriers to production, or four, whatever the number might be, it's really not until you remove almost all of them or a very high percentage of them that you begin to see the gains. So we've improved things over time but it's really as we knockout the key things, such as this filtration, that we would expect to see some gains.

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**Onno Rutten, UBS Securities**

Okay. And then the last one is last year in October when we were on site there was clearly problems with controlling the thickness solids build up and as a result over-torquing the thickness. And what we're hearing now is that thickness (inaudible) in June of 2010, which is eight, nine months later, on something as basic as solids build-up and PLC programming of a thickener. How confident are you that you have the right team on site right now to prevent these things coming back a year later?

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**Jochen Tilk, President & Chief Executive Officer**

Well it's a fair point you make there. Just to be clear, there are three thickeners. There's a neutralization thickener, there's a leach thickener and there's a grinding thickener and, you know, we had issues with all three of them, the grinding thickener being the last one with which we've encountered issues. I think we're addressing them. I don't think we want to get into a question of timing and confidence. We've put a lot of focus on them right now, we've got a tremendous team to deal with them, and we have to look forward on that one.

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**Onno Rutten, UBS Securities**

Okay, thanks. And good luck with the filter. That is indeed key so happy that you are (inaudible) on that.

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**Operator**

Thank you. The next question is from Greg Barnes of TD Newcrest. Please go ahead.

**Greg Barnes, TD Newcrest**

Thank you. Jochen, we haven't had cost guidance for Las Cruces in a very long time, and I know you're at a difficult point right now but do you have any sense of where costs are going to be given the experience that you have so far at the plant?

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**Jochen Tilk, President & Chief Executive Officer**

At this point in time, you just said it, you know, we're in the situation of ramping up, and the cost is very much driven by the copper units we produce. We really haven't changed our guidance in the overall cost at the 72,000 tonne per year production level, so that guidance remains unchanged, but in terms of actual cost, you know, quite frankly, until we reach a steady state of production I really don't want to comment on it.

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**Greg Barnes, TD Newcrest**

Okay. I just I just go back to Onno's point too on that slide is that it does show that a lot of these plants can't get to full capacity. Do you see a fatal flaw here anywhere? Is there anything you're really concerned about apart from getting the filtering capacity up?

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**Jochen Tilk, President & Chief Executive Officer**

No. No, on the contrary we, you know, our logic in the analysis is that we've had many consecutive days which we've produced at capacity, available capacity. We had individual days which we actually produced at design capacity, despite the fact that we only had that filtration capacity available, which means that the leach circuit, the stripping circuit and all these subsequent components can very much reach that capacity. We actually had probably the best week just very recently when we had seven consecutive days of much higher production than available capacity. So those are indicators to us that demonstrate that the plant has the ability.

When you go back at these start-ups that never got to their production, these plants generally were suffering metallurgical challenges, process challenges, and were never able to really get up to, even on individual days or a few consecutive days, to those capacities. We have not experienced that. Our problem has been that we were interrupted by equipment failures. And then on an average, when you look at a month average, we just couldn't get to those expectations, but on daily or even weekly we could. So that, I think that's a big difference

between some of the examples that never got to their design capacity.

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**Greg Barnes, TD Newcrest**

Okay. Thanks, Jochen.

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**Operator**

Thank you. The next question is from John Redstone from Desjardins. Please go ahead.

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**John Redstone, Desjardins Securities**

Good morning, gentlemen. Coming back to Greg's point, and I don't want to beat a dead horse but just so I'm clear on this, are you experiencing any quality problems with your copper? Are you still producing 99.999 percent copper?

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**Jochen Tilk, President & Chief Executive Officer**

Yes.

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**John Redstone, Desjardins Securities**

You are. So on that chart then on page 13, when you're talk about other projects, these would include projects that have had quality control problems and, as you say, metallurgical issues, right?

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**Jochen Tilk, President & Chief Executive Officer**

You're on chart 13, right?

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**John Redstone, Desjardins Securities**

Well the advancing on the curve.

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**Jochen Tilk, President & Chief Executive Officer**

Yes.

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**John Redstone, Desjardins Securities**

Yes. Right?

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**Scott Herr, Vice-President, Mining**

Yeah, that's a whole host of hydro-met plants, some of which, as you say, were really challenged metallurgically.

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**John Redstone, Desjardins Securities**

So you're not really comparing apples with apples are you when you're talking about a mechanical problem and then a metallurgical problem, because metallurgical problems, as we know, can persist for years. For example, with—

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**Jochen Tilk, President & Chief Executive Officer**

No, no, John, you're absolutely right on. And what we have done in this chart is we just looked at every hydrometallurgical plant that we could find and had data for and without getting any specifics but the curves that you see there include some complicated nickel start-ups that include a zinc plant, include all the copper plants, and this is all hydrometallurgical, and we certainly put that in the context. And there are some plants that had tremendous hydrometallurgical metallurgical challenges, none of which we experienced in terms of recoveries, processes. We had no issues whatsoever. And we actually get a great deal of comfort because our issue has been mostly, if not entirely, related to these mechanical failures of components and all of which we could thus far address and fix and generally permanently fix. So by doing so we get confidence that we will definitely be at capacity. And, by the way, those plants that did not experience metallurgical problems always got to their design capacity or higher.

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**John Redstone, Desjardins Securities**

Okay. If we can come back to the infamous grinding thickener, I just want to have a better idea of exactly what went wrong. When you say a blockage developed when the grinding mill was down, so are you saying that the flocculent level kept coming and that caused the problems? Or was it something else?

**Scott Herr, Vice-President, Mining**

Well we can get into this as deeply as you like. In fact, the problems that we've been having with the grinding thickener, part of it we attributed to the fact that the flocculent turns off and that causes everything to segregate and we get a lot of coarse material in the bottom, particularly when we turn off the grinding mill and we're forced to clean it out. So we clean out the grinding mill without flocculent and we get some pretty poor things happen in the bottom of the thickener.

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**John Redstone, Desjardins Securities**

Okay. So are you going to change your instrumentation and control of that thickener?

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**Scott Herr, Vice-President, Mining**

We have. We've changed the addition point, we've changed the logic behind it, and there's still some other things certainly in the mechanical functioning of the thickener that we're working through. We had some pretty significant problem solving with a lot of experts and we have a list of to-dos, but those were the key ones.

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**John Redstone, Desjardins Securities**

Okay. All right. Thank you, gentlemen, and good luck.

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**Operator**

Thank you. The next question is from David Charles of GMP Securities. Please go ahead.

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**David Charles, GMP Securities**

Yes, good morning. I think you pretty much answered my question. It was the one that Orest asked on direct shipping ore in terms of the permitting.

I was just—maybe I'll ask it in a different fashion: You're still, in your guidance, essentially forecasting shipments of about 12,000 tonnes; do you think that even if you were to get the permits in the fall, Jochen, that you can ship that amount of material this year?

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**Jochen Tilk, President & Chief Executive Officer**

No, we couldn't ship all that material. What the guidance is is that we produce it and that we will mine it, because that's already ongoing. We were cautious to make any statements as to our ability to ship it in whatever period of time. It will be, you know, a portion of that could be in 2010 and a portion of that in 2011. The majority could be in 2011. It will be hovering around that year end. And it'd be quite frankly because in both cases it'll be incremental to whatever production we have, either in 2010 or 2011. It's entirely a timing issue and that we can't predict. However, we are mining it and we're putting it on the stockpile to be ready to be shipped once we receive our permit.

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**David Charles, GMP Securities**

Excellent. Thank you very much.

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**Operator**

Thank you. The next question is from Lawrence Smith from Scotia Capital. Please go ahead.

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**Lawrence Smith, Scotia Capital**

I apologize; my questions have been answered. Thank you.

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**Operator**

Thank you. Once again, please press star one on your telephone keypad if you have a question. The next question is from Pierre Vaillancourt from Macquarie Capital. Please go ahead.

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**Pierre Vaillancourt, Macquarie Capital**

Hi, Jochen. I was wondering if you could maybe provide a little more detail on the dewatering reinjection system, where are you at with that as you complete your phase two.

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**Jochen Tilk, President & Chief Executive Officer**

Sure, Pierre. Scott will answer the question.

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**Scott Herr, Vice-President, Mining**

Yeah, we're in the process of drilling those wells for phase two now and going through all of the implementation and tie-in. We really expect that to go into operation towards the end of the year. And that's also consistent with the DRS train of water treatment that is going into the new permanent plant. So we're expecting that near year end we put it into play and then it would be some months after that that we would expect it to really have an effect on water going into the pit.

**Pierre Vaillancourt, Macquarie Capital**

Basically you'll be ready for another wet rainy season? I mean if we have a repeat of last year.

**Scott Herr, Vice-President, Mining**

Yeah, that's exactly what we're preparing for, Pierre.

**Pierre Vaillancourt, Macquarie Capital**

Okay. And just to be clear, with respect to the filters, I mean is it more of a design flaw or just insufficient capacity there?

**Scott Herr, Vice-President, Mining**

It was out and out capacity. You know, there may have been a design error in terms of what was expected in the underflow from the neutralization thickener that we didn't have enough capacity there but it was a capacity issue.

**Pierre Vaillancourt, Macquarie Capital**

So you feel comfortable with this that, you know, 72,000 tonnes is an achievable rate on a steady-state basis.

**Scott Herr, Vice-President, Mining**

Yeah. We haven't seen anything that would take us away from that point; in fact, most parts of the design are intended to be oversized to ensure those rates even given a few upsets during the course of a normal year.

**Pierre Vaillancourt, Macquarie Capital**

All right. Thanks very much.

**Operator**

Thank you. We have a follow-up question from Orest Wowkodaw from Canaccord Genuity. Please go ahead.

**Orest Wowkodaw, Canaccord Genuity**

Yes, hi, I just wanted to follow up here. So in terms of your expectation of the ramp-up here, am I correct in understanding that you basically expect the step change in production to begin at the end of July when that new filter is on track?

**Scott Herr, Vice-President, Mining**

Yeah, that's our expectation. The new filter will come on and we expect some period of time as it reaches full capacity but really it is a step change. It's one of the things we've been waiting for for a long time. And we'll ramp up and encounter other bottlenecks along the way and will take care of them.

**Orest Wowkodaw, Canaccord Genuity**

Okay. So you're basically expecting sort of exiting Q3 you expect to be at a much higher sort of production level here.

**Scott Herr, Vice-President, Mining**

Yeah, we expect to be at a higher production level.

**Orest Wowkodaw, Canaccord Genuity**

Okay. We'll leave it there.

**Jochen Tilck, President & Chief Executive Officer**

We're careful, Orest, obviously, with our guidance for the reasons that we've outlined but, as Scott pointed out, we've got good expectations.

One of the things that might be—you pointed it out, Scott, but I think it's such an important element—what the additional filter does obviously is allow us to reassign a tailings filter, one of the band filters to tailings filtration and bring the tailings filtration capacity back to 100 percent. And what that allows is to run the grinding mill on a continuous basis where today we've been running the grinding mill as a batch mill. So we start, stop, start, stop because we can't keep up with the filtration capacity. And a lot of the subsequent problems like the grinding thickener plugging up had to do or was at least affected by that. And this fundamental operating change to a continuous process while having all the filtration capacity available now, that is a big difference because that's what the plan is designed for.

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**Scott Herr, Vice-President, Mining**

That's entirely right.

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**Orest Wowkodaw, Canaccord Genuity**

Okay. Thanks, guys.

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**Operator**

Thank you. This concludes our question and answer session for today. I would now like to turn the meeting over to Mr. Jochen Tilk.

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**Jochen Tilk, President & Chief Executive Officer**

Well thank you very much and I look forward to seeing you all and talking to you all next week at the analyst call on Wednesday. And if you have further questions of course there is another opportunity then to ask them. Thank you very much.

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**Operator**

Thank you. The conference has now ended. Please disconnect your lines at this time. We thank you for your participation.

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