

## CORPORATE PARTICIPANTS

**Jochen Tilk**

*President & Chief Executive Officer*

**James Slattery**

*Vice-President & Chief Financial Officer*

**Ian Pirie**

*Vice-President, Projects*

## CONFERENCE CALL PARTICIPANTS

**Nawojka Wachowiak**

*Genuity Capital Markets*

**Onno Rutten**

*UBS Securities*

**Lawrence Smith**

*Scotia Capital*

**Greg Barnes**

*TD Newcrest*

**Peter Campbell**

*Jennings Capital*

**Ian Howat**

*National Bank Financial*

**David Cotterell**

*BMO Capital Markets*

**David Charles**

*GMP Securities*

**Pierre Vaillancourt**

*Macquarie Capital*

## PRESENTATION

### Operator

Welcome to the Inmet Mining Corporation Cobre Panama FEED Study Results Follow Up Conference Call and Q&A Session.

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 start zero for operator assistance at any time.

I would like to remind everyone that this conference call is being recorded on Wednesday, March 31, 2010 at 10:00 a.m. Eastern Time.

I would now like to turn the meeting over to Jochen Tilk, President and Chief Executive Officer. Please go ahead.

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### Jochen Tilk, President & Chief Executive Officer

Thank you. Good morning everybody. Welcome to the Inmet question and answer call following our two press releases this morning.

We're very pleased to report on the results of the Cobre Panama FEED study and the Temasek private placement. We believe that the FEED study results demonstrate that we have a very solid project and we look forward to reaching our next milestones over the coming months. We are also very pleased to have announced a private placement with a subsidiary of Temasek Holdings. This has been a non-brokered transaction and we are very happy to welcome Temasek as Inmet's largest shareholder. Temasek's investment is not only an endorsement of the Cobre Panama project but also of Inmet's long-term strategy and our view on the future of copper. It also provides us with the necessary funds to advance our project funding activities, consistent with our prudent approach. It allows Inmet to retain additional exposure to the copper production and value creation from the development of Cobre Panama.

The specifics of the FEED study results are outlined in the press release and we also posted the executive summary on our website, therefore I'd like to open the line for questioning very soon. With me today is the entire senior management team and Cobre Panama project team to assist in answering your questions.

One thing I'd like to point out: We just issued a correction from source. There is one table in the first press release in the FEED study that had a typo in it and we corrected that. The table is the cost per pound copper and the type was in line of total cost and the corrected figures are 123 for the annual average for the total cost in the years of 2 to 16 and 131 for the life of mine. So in case you have not seen this correction, I just wanted to point it out.

With that I'd like to open the line for questions that we'd be happy to answer.

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### **Operator**

Thank you. We will now take questions from the telephone lines. If you have a question, please press star one on your telephone keypad. If at any time you wish to cancel your question, please press the pound sign. Please press star one now if you have a question.

The first question is from Nawojka Wachowiak of Genuity Capital Markets. Please go ahead.

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### **Nawojka Wachowiak, Genuity Capital Markets**

Yes, good morning. It's Nawojka Wachowiak here. We are still, I think, all trying to get through some of these numbers, so I'm going to just ask a question maybe just on the funding and the financing I guess. Why do the equity issue now I guess is my first question and maybe if you can just walk us through kind of when you want to, when would you expect to update us on sort of the additional funding requirements and do you have a timeline set in your mind as to when you would like to have some of that debt in place and some of the other options like the monetization of the gold stream and so forth? Thank you.

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

Sure, Nawojka. I'll just respond to your first question. I'll turn it over to Jim on your question on funding. And I appreciate that we put a lot of numbers and facts out there, the executive summary, so you need some time to work your way through, but we also wanted to give you the opportunity, really get to management as quickly as possible.

On the timing, we have worked with Temasek for quite some time. That relationship existed before and obviously when it became apparent to us that Cobre Panama is a significant project with tremendous opportunity for us,

project financing, funding on the corporate level was key. I think the majority of questions were all related to Inmet's ability to advance this project. So for us to essentially move this project forward in conjunction with a private placement, which is equivalent to corporate funding with the funds allocated to development of this project was just a great opportunity.

And I think your question on timing, you know, to us it's pretty obvious. We just came out with the FEED study results. We concluded the work of about three years and, you know, I think it was important that people also appreciate that this is not just a technically and economically viable project but it also can be funded by Inmet at that interest level. And I think the combination of our ability to fund and the quality and the viability of the project is what matters most.

So to your second question I'd turn it over to Jim and then he can elaborate on the table that is contained in the press release on the funding.

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### **James Slattery, Vice-President & Chief Financial Officer**

Thanks, Jochen. Hey, Nawojka. On the financing, the ultimate milestone is that we want to be fully financed by the time we make a production decision, which is currently anticipated in the third, well September of 2011. And a project debt financing of this magnitude and complexity takes considerable time, so we're actually, we're working on it right now. And we'll be providing updates potentially as we go through the process but it would be unlikely that we'd have that debt committed until well into 2011. Again, with the ultimate objective of ensuring that it's in place by September of 2011.

And the other aspects of the financing, we're going to be approaching those opportunistically. It'll be a function of market conditions, our requirements, other developments with Inmet, so it's difficult to give you any sort of specifics other than really identifying in broad lines what the numbers are and the various opportunities that there are to access that capital.

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### **Nawojka Wachowiak, Genuity Capital Markets**

Great. Thank you. And if I could just ask one more question, what would be your sort of target ownership level? Are you willing to go to, say, 60 percent, or are you just happy where you are?

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

You know, Nawojka, I think one of the beautiful—you know, I shouldn't say beautiful. One of the realities right now is that we are at 80 percent. And we certainly expressed and continue to say so that, you know, there is a possibility and opportunity for us to look at other partnerships. But I think we've also demonstrated to the form of the private placement today that there are other forms of financing to allow the company to retain a high ownership. So, you know, for us, we do have the opportunity right now to consider either and look at corporate funding, we can look at private funding, we can look at a potential reduction in ownership. So I can't and I won't answer your question with a specific number but I think we have options and we'll consider them and come up with the best one that allows us, Inmet, to retain the highest possible stake in this project but also make sure that it is a prudent approach and from a risk mitigation aspect one that's properly managed.

**Nawojka Wachowiak, Genuity Capital Markets**

Great. Thank you so much.

**Operator**

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

**Onno Rutten, UBS Securities**

Good morning, Jochen and Jim and everyone else. First of all maybe a bit of clarification on the \$5 billion all-in number. So we're looking at \$700 million between the direct CapEx of \$4.3 and all-in. Could you break down a bit more the elements that brings up the number? Working capital, et cetera?

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

Sure. I'll turn it over to Jim and he can elaborate.

**James Slattery, Vice-President & Chief Financial Officer**

Thanks, Onno. I wouldn't, there's nothing specific between those other than we wanted to, we're targeting... Our objective is to be more than fully, it was to be fully

funded, and so we're being relatively conservative in identifying a target rounding up to \$5 billion.

But the number for the project which incorporates, ah, and the project returns all take into account working capital and capitalized interest and that sort of thing. What we've just done is said that if the project capital is for over \$3 billion that we should be targeting, it would be prudent to be targeting to being able to fund a project an amount which is in excess of that, but there's nothing specific between the \$5 billion and the \$4.3 billion of capital.

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

I think, Onno, it's a reality that the biggest, one of the biggest potential reasons for difficulties that a company can run into is being under-capitalized, and it goes to the same comment of prudent and conservative approach that when the capital is set out at a certain number from a funding requirement you have to look at some room to ensure that it is a prudent and conservative approach.

**Onno Rutten, UBS Securities**

Yeah, on that subject, I previously understood that you would want to have, let's say, \$1 billion of cash on hand when you make the construction decision in 2011, but that you wouldn't allocate that \$1 billion towards the project itself. If I look through the current funding plan, am I correct in assuming that that \$1 billion will be dedicated to the project and that your internal buffer during construction therefore is your free cash flow from your other mines?

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

Yes, that's correct. I'm not sure, you know, your comment on the misunderstanding. I think we've been pretty consistent saying that we would expect to have \$1 billion in cash towards the end of 2010, which we would then allocate to the project. That's always been our view.

**Onno Rutten, UBS Securities**

Okay. And then on the debt, you disclosed that you have off-takes with the German's and the Korean smelters?

**James Slattery, Vice-President & Chief Financial Officer**

We have a heads of agreement to work towards a definitive off-take agreement and on generally market terms, and what they do specify fundamentally is an interest to work together to conclude those off-take agreements and also specifying the overall quantities involved. Those quantities are necessary in order to be able to get a handle on the amount of ECA-related financing that would be supported by those off-take arrangements.

**Onno Rutten, UBS Securities**

And so that's \$1 billion; you're looking still for \$1.5 billion in additional similar type of ECA financing?

**James Slattery, Vice-President & Chief Financial Officer**

Approximately another \$500 million that we would anticipate raising from additional off-take financing. Because, again, we're producing a million tonnes of concentrate and between Arubus(sp.) and LS-Nikko, based on the discussions that we've had so far, that accounts for 400,000 tonnes. We have 600,000 tonnes of concentrate which would translate itself into well over \$1 billion of additional capital.

We're not going to be committing all of the production under off-take related financing, so we're keeping a margin to play with spot in other markets. So there's about 1.5 that we're anticipating will be off-take related and then there's 1 billion which will come from a variety of sources. There's export credit for content that will be incorporated in the project from foreign suppliers being supported by their governments, there's commercial bank debt, there's other development agency funding as well. Right now we've tried to identify debt sources far in excess of the \$2.5 billion so that we can be comfortable that we will be able to achieve that \$2.5 billion.

**Onno Rutten, UBS Securities**

And the ECA type of debt would be at LIBOR plus 2, 2.5, let's say? Relatively favourable rates?

**James Slattery, Vice-President & Chief Financial Officer**

We would expect that they would be quite favourable rates and quite favourable terms and tenor.

**Onno Rutten, UBS Securities**

Okay. And then the last one on the permitting: have you submitted the ESIA?

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

No, we have not, Onno. The work is being completed as we speak. It's being translated to Spanish and the anticipation is to submit the documents in May.

**Onno Rutten, UBS Securities**

And then you anticipate 12 months and hence the construction decision in Q3 of 2011? Is that correct?

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

That's correct. We anticipated to take approximately a year to review and then subsequently approve and hence the construction decision at the end of a successful approval period.

**Onno Rutten, UBS Securities**

Okay. Thank you very much. I'll hand it over.

**Operator**

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

**Lawrence Smith, Scotia Capital**

Good morning, gentlemen, and congratulations. A couple questions on the economics of the project. When you refer to your NPV base case \$1.7 billion and 15 percent IRR, those are the leveraged case, is that correct?

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

That is correct.

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**Lawrence Smith, Scotia Capital**

And could you give us the unleveraged numbers? That would be the first question.

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

Yes, it's 12.4, if I remember right. I'm just looking around here to get nodding. Is it 12.4?

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**James Slattery, Vice-President & Chief Financial Officer**

It is 12.4. You'll find that in the executive summary, which is on our website.

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

So in the executive summary, Larry, is a table, a parallel table to the levered case, which is the unlevered case, on the same sensitivities.

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**Lawrence Smith, Scotia Capital**

Okay. The other question, and I apologize, I haven't been to the website to pull out details yet. In terms of taxation, you know, my recollection was that the previous agreement was there was no taxes, no income taxes paid until all loans were repaid. Could you just update us on what the status is? Like what's your expectation for tax regime? And then the final question is long-term assumptions on exchange rates, what's embedded in the analysis. Thank you very much.

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

Thanks, Larry. The update on taxes follows lay(sp.) 9, which is the contact law that governs the project, assumes that no taxes will be paid, and our interpretation, our assumption from all of this, unto such time that either the capital, the initial capital has been returned or the third-party debt has been repaid, and so at the earlier of those two points we do assume that we will pay corporate income tax in Panama.

**Lawrence Smith, Scotia Capital**

What is the rate?

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

30 percent, but there is an effort I think on changing that. I'm not quite sure what that (inaudible). Our assumption, Larry, for the model, is 30 percent.

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**Lawrence Smith, Scotia Capital**

And then the long-term assumption on the exchange rates, is it kind of using the current rates or...?

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

Because it's the U.S. dollar to the Canadian dollar. I mean obviously revenue and cost are both in U.S. dollars, because—

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**James Slattery, Vice-President & Chief Financial Officer**

It's all U.S. dollars.

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

It's all U.S. dollars, Larry, so it would only be material from repatriating money. But there's no assumption in any of the models.

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**Lawrence Smith, Scotia Capital**

Okay. Thank you very much.

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**Operator**

Thank you. Once again, please press star one for any questions or comments.

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

**Greg Barnes, TD Newcrest**

Jochen, Now that this mine is in a tropical rainforest and rain is an issue, what is the rainy season and how much rain to you, in fact, get?

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

I think at the coast it's about four metres a year precipitation. Up to four metres a year, five meters a year, you know, which is approximately half, for example, what Ok Tedi has. And that is a lot of rain. So your question toward, you know, is water management a big issue, yes it is. It's a big part of the whole evaluation whether it's construction or operation is it manageable. And I think, again, the reference to, for example, Ok Tedi operating at ten to eleven metres a year and doing that very well is demonstration that it can be done.

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**Greg Barnes, TD Newcrest**

Ok Tedi gets ten to eleven metres a year?

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

Ten to eleven, yes, that's correct. At the mine site, yeah. Ian Pirie, our Vice-President, Projects, can add to that.

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**Ian Pirie, Vice-President, Projects**

Yeah, just the second part of your question in terms of when is the wet season there, there is no wet season. It's all wet. It's basically twelve months a year. But the project schedule is based on the assumption that there will be ten months a year of decent productivity and two months of poor productivity or essentially none. So it's a fairly conservative execution schedule for that very reason, that water management is going to be so critical.

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**Greg Barnes, TD Newcrest**

And on start-up, I know we've seen other operations struggle initially with heavy rains. How quickly, the pre-stripping, how quickly you get into rock and how do you handle that in the initial couple of years of the operation?

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**Ian Pirie, Vice-President, Projects**

Yeah, the pre-stripping actually will start three years, almost three years before the operation starts, so it's taken slowly with small equipment initially. Once we get down through the top 20, 25 metres or so, then we start getting into solid rock and bigger equipment and things start moving faster from there. But, again, we've taken a fairly conservative approach to the execution to give us lots of time to do it slowly and completely under control.

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**Greg Barnes, TD Newcrest**

Okay. And you talk in the press release about an expansion in the year 2010 to 225,000 tonnes a year of throughput. Is that because grades—I assume it's because grades are falling off at that point and that maintains production.

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

That's absolutely correct. The initial layout is two lines, two SAG mills (inaudible) configurations, and then in year ten, thereabouts, the copper production would come off because grades drop and so we added a third line, identical line in that year. There are some provisions that were made in the original layout, so there's some initial capital to ensure that the site is properly prepared to accommodate that, and then the capital for that third line is fully accounted for in the financial evaluation in year ten to maintain copper output. So production will actually, throughput will actually go in that year ten from about 150,000 to 225,000 per day.

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**Greg Barnes, TD Newcrest**

And what is that CapEx in anticipation of that expansion, Jochen?

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

The number is—I'm looking at Ian here...

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**Ian Pirie, Vice-President, Projects**

It's approximately \$600 million of the \$1.7 total sustaining capital, as I recall, for the life of mine.

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

And when you look at the, whether it's the cost tables where we amortize sustaining capital or total cost, where we include, ah, when we look at the commercial valuation rate of returns and NPVs, that capital is included in that assessment. And you'll see that in the executive summary. There's more detail on that.

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**Greg Barnes, TD Newcrest**

Okay. And just quickly, Jim, if I can, I know you're looking for a fair amount of project debt, and I've seen several projects run by bigger companies, i.e., Barrick, who have told us they're going to source \$1 billion in project debt from ECA and export development banks and what have you, and it's been two years and they still haven't got it finalized. And this is for Pueblo Viejo. What kind of response are you getting from the export banks and the project or commercial banks to get another or \$2 billion in project debt, initially anyway?

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**James Slattery, Vice-President & Chief Financial Officer**

Well the analysis that we've done so far demonstrates that the project can support \$2.5 billion of debt and the discussions that we've had with, um, probably close to seven or eight ECAs on either export credit financing or import financing related to off-take, gives us sufficient confidence to actually have constructed the table that we put in the press release.

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

Yeah. And I think conceptually, Greg, there probably is a difference, because our funding, (inaudible) funding, would be on the back of off-take, so there is an equivalent or respective smelter in each one that is looking for the off-take, and whether it's LS-Nikko or Arubus, so I think it's a different arrangement than perhaps a more traditional project funding.

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**James Slattery, Vice-President & Chief Financial Officer**

And also PVs got—its circumstances are what its circumstances are, and I can't really comment, wouldn't want to compare our project to that project.

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**Greg Barnes, TD Newcrest**

Okay. Okay, fair enough. Thank you.

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**Operator**

Thank you. The next question is from Peter Campbell from Jennings Capital. Please go ahead.

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**Peter Campbell, Jennings Capital**

Good morning everybody and thank you very much for taking my phone call this morning. Just a couple of questions here. Can you tell me if MPSA has any obligation to fund any of the CapEx on the power plant situation with like Suez Panama?

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

No. What we have is an obligation to enter into a PPA, essentially a take-off agreement on the power, and once we enter into that agreement it obviously becomes an obligation of MPSA. On the funding itself, that funding will be arranged by Suez.

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**Peter Campbell, Jennings Capital**

Okay, perfect. Just a couple of questions then on Temasek. Is there any obligation in the private placement that you maintain a certain minimum percentage ownership of Cobre Panama?

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

No, there's not. But, you know, there's no minimum number but obviously our objective is to retain as much of the project as we find to be prudent.

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**Peter Campbell, Jennings Capital**

Okay. And then one last question on Temasek. I was just quickly reviewing their portfolio. This appears to be, is it not, their first foray into like metals market, mining industry, that kind of thing?

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

No, I don't believe so. From what I understand, Temasek has been rather active in the areas of commodities. I mean I can't speak for them but I do believe they've been quite active in looking at different aspects and investing in the commodity industry.

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**Peter Campbell, Jennings Capital**

Okay. And they've invested previously in Latin America? Like Central America, South America?

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

I'm not aware of that. I don't know.

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**Peter Campbell, Jennings Capital**

Okay, thanks. And then I guess one final question. I hope I'm not out of line asking this but yesterday also you announced that the remediation work was completed on Las Cruces and I'm just wondering if you have a comment on, if all the remediation objectives were met, like during that timeframe.

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

Yeah, we anticipated the question, Peter, and that was the reason actually for the press release, to allow to comment on it, but really beyond what we said in that, there's not much more to say. We were pleased with the completion. We did complete all the plan activities, so everything that we have said we would do, we did, and, you know, in fact, we did a bit more. During the process we identified other opportunities and we had the capacity so we addressed a couple more issues. So, yes, we finished everything.

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**Peter Campbell, Jennings Capital**

Okay, terrific. That's all the questions that I have. Thank you very much.

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**Operator**

Thank you. The next question is from Ian Howat from National Bank Financial. Please go ahead.

**Ian Howat, National Bank Financial**

Good morning everyone. This will be the last one, for me anyways. A couple of questions.

Just you were talking about comparing this to Ok Tedi and eleven metres of rain and five metres. Ok Tedi doesn't have a tailings. Is it going to be a big issue with running your tailings operation with the amount of rain?

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

Well, again, it goes to water management. It's a very different setting in Panama than it would be in the area of Papua New Guinea where the Ok Tedi mine is, and the ability to construct a tailings pond and actually doing it in a technically, geotechnically and otherwise sound matter is key.

You know, obviously without that, Cobre Panama as a project would not have had an opportunity to advance. So a tailings impoundment that's managed to the current high standards is absolutely key in this design. And obviously, you know, through this engineering process we found that it's very doable.

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**Ian Howat, National Bank Financial**

Okay. With regards to the executive summary, is the FEED study actually going to be fully on SEDAR or somewhere we can access it?

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

No, that is not the plan. The executive summary contains every bit of information that's relevant and so we believe it's really sufficient to post it. It's already 90 pages and, you know, the full FEED study would be gigabytes of information and I don't know how many—

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**Ian Howat, National Bank Financial**

Okay, that's fine. In one table, table 1.2, you provide details of mine, of throughput every year; would it be possible to get a table with your actual metal production every year? You do a sort of summary by 10-year periods or something, but that would be—

**James Slattery, Vice-President & Chief Financial Officer**

Yeah, the executive summary has all of the mining data by year and by quarter for the first two years, tonnes, grade, recoveries, stripping; everything to populate your model with.

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**Ian Howat, National Bank Financial**

Okay. I'm looking at that, but... And then what is your assumption on smelter treatment terms?

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**Ian Pirie, Vice-President, Projects**

It's currently, well the assumption is 70 and 7.

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**Ian Howat, National Bank Financial**

Okay, so enough to keep the smelters alive?

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**Ian Pirie, Vice-President, Projects**

We hope so.

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**Ian Howat, National Bank Financial**

Okay. All right, thanks very much.

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

Thank you, Ian, and all the best.

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**Operator**

Thank you. The next question is from David Cotterell from BMO Capital Markets. Please go ahead.

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**David Cotterell, BMO Capital Markets**

Good morning, Jochen. Good morning everybody. Look, I've just got two questions for you. The first one is about your long lead items. I noticed that you said that you wanted to get the coast road in place by the beginning of 2014. I guess that's going to give you quite a fair bit of time in terms of ordering your SAG mills and ball mills.

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

We have already ordered them. So they've been ordered two years ago now?

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**Unknown Speaker**

Yep.

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

Yeah. So, David, the ball mills and the SAG mills have been ordered two years ago, so that's done. And on the other part of your question, Ian, if you would like to respond?

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**Ian Pirie, Vice-President, Projects**

Yeah, it's the big items like the ball mills and SAG mills, as you point out, that will come in on that coast road and depend on the coast road being completed. A couple of other things like transformers and the large mining equipment too that will come up that road. So it's fairly key in the overall schedule of things.

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**David Cotterell, BMO Capital Markets**

I'm guessing that's going to be a fairly heavy-duty road then?

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**Ian Pirie, Vice-President, Projects**

It will be, but it will also be a private road so it will be well controlled and suitable obviously or built to withstand the loads that are required.

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**David Cotterell, BMO Capital Markets**

I was actually thinking more about the rainfall as well.

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

But again, you know, I'll take, you know, comparison, you know, in Ok Tedi, Ok Tedi's facilities are at Kiunga, which is over 200 kilometres away from the mine site, and the road there is heavily used to transport every bit of equipment that comes in, and it's every bit of rainfall

there, and so very, very doable. And I think we do have the benefit—I'm not saying that resolves all the concerns but we do have the benefit of good precedents of operations that run in this type of environment and do it very well.

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**David Cotterell, BMO Capital Markets**

Okay. I guess my second question is somewhat similar. I saw that you're looking at getting some fairly large trucks; I'm just thinking about a couple of other companies out there that operate in Southeast Asia and also, I guess, in Africa, where they've had issues with the rainfall and working and operating in open pits. Is there a thought towards maybe getting some smaller trucks as well in case—I mean obviously you have a rainfall period through the whole year, but is there a thought to getting some smaller trucks in case these bigger ones get into trouble?

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

Yeah. David, a really good question, a very specific question that I can't really answer at this point in time. you know, I think this is the layout done by experts at this stage but I think there's lots of opportunity to look at all the specifics now and answer some of those questions. You're absolutely right, it's very relevant, but we now have between, you know, doing the basic engineering phase and to moving toward a final decision, about a year, and that gives us plenty of opportunity to really collect and analyze and finalize those answers.

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**David Cotterell, BMO Capital Markets**

Okay. No problem. Thank you very much.

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**Operator**

Thank you. Once again, please press star one for any questions or comments.

The next question is from Onno Rutten from UBS Securities. Please go ahead.

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**Onno Rutten, UBS Securities**

Yes, thanks for taking a follow-up question. Is there any reason why the agreement with Temasek would not have

been made conditional to receiving the environmental permits?

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

Is there any reason...

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**Onno Rutten, UBS Securities**

What I'm trying to get to is you seem to be very confident on getting the environmental permits on the project. Wouldn't, ah, related to Nawojka's question, why wouldn't you have made the private placement conditional to getting the permits in place for the project?

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

Yeah, I don't see the point. I don't think it's much of a function of the confidence of getting the permit. We obviously do, given where we are in this project. If you look at the investments that we have made, if you look at the work that's already been invested, you know, we obviously assume very much so that the permit will eventually and finally be issued, so not quite sure why we would carve out a condition of this placement upon getting this permit.

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**Onno Rutten, UBS Securities**

Okay, no, I think you answered my question. You don't see any substantial risks, either from an environmental permitting or social economic perspective that this project would, in any way, be blocked by the local authorities.

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

Well let me answer the question maybe a bit broader, Onno. You know, when we developed, when anyone develops a project of that size there's many risks. I think the key risks are certainly environmental, social, there are technical risks, some of them have been mentioned here. one of the other risks of course is funding and financing and I think the first couple of questions that came today were all related to financing, and what we do as a company is we're effectively de-risking the project. We're managing it. The FEED study is one component and I think people will concur now that we de-risked substantial elements of that because we demonstrated that it's technically and commercially viable. The other one

element that we're de-risking is financing and the relationship that we entered with Temasek is a big part of that, to provide comfort that Inmet can proceed on that one. And another component is the environmental approval process. But if you make every step conditional on the other one you'll never progress and so, you know, we proceed with them in parallel and not necessarily in sequence. And I think that is the right way of managing these big projects.

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**Onno Rutten, UBS Securities**

Okay. Okay, thanks for the clarity. That's it for me.

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**Operator**

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

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**David Charles, GMP Securities**

Yes, good morning, Jochen and everybody. Just a question. I mean given the scale of the project is significantly larger, both from the financing side and even the project itself, I'm just wondering what will that mean, in essence, for your owners team? I mean, if I'm not mistaken, you took the owners team that had been in place, or as many people as possible that were available, from Las Cruces and moved them over to Cobre Panama and I'm just wondering with the new partners, et cetera, what exactly happens to the owners team? Does it get bigger? Will it be more difficult to manage? How do you see all that?

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

Yeah, David, it's a really good question, and, again, certainly project execution is another component of potential risk and so on. We have taken a very clear, very different approach as we embarked on advancing this project. Cobre Las Cruces has been an experience for us but when you look at the magnitude of Cobre Las Cruces versus Cobre Panama, it is very different, and so the challenge will be very different as well.

There are some people who have moved from this project and are part of the owners team, but just to give you an idea of numbers, when we look at Cobre Panama the owners team will likely be in the range of, you know, somewhere around 300 people, and that's a very large owners team. And when you look at 300 people

representing the owner then you will appreciate it's a much different scale than Cobre Las Cruces. And many of these people, the majority of them of course, will come from the outside. There will be experienced project people who we will retain.

The other component which is very different will be what sort of contractual arrangements we will have with the EPCM and moving forward and, you know, what concepts we can evaluate there. There are many options to contractually bind contractors in a different way and we're taking a far more sophisticated approach. It takes longer, it takes many more resources, but given the capital investment side of the project it's absolutely warranted. So a different approach and as we move along we will communicate that.

We've said a few things in the press release about some of the risk assessments that we've done, the parties involved in this process, we made reference to a consultant firm that we've retained, and as we move along we'll update you on project execution and how we mitigate that risk.

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**David Charles, GMP Securities**

Maybe just to sort of—can you maybe put that 300 people in perspective? I mean, you know, obviously the people that you work with have a lot of experience in building these very big projects; I'm just wondering if you were to take a big project that's out there maybe underway in construction at the moment, I mean, how many people would they have onboard as part of their owners team?

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

Yeah, it's very different. It depends. Because, as you know, there's two fundamental ways of doing it. One is an EPCM, which is a process in which you would retain a lot of the construction management. The other one—but, you know, you do that under cost-plus arrangement or target-price arrangements. The other one is an EPC, which is effectively a lump-sum approach and some of the risk, not all but some of the risk, is then shifted to the contractors. And, you know, we are in the process of evaluating all of that. And there are hybrids in between those two. And that will determine, in addition to other factors, what the size of your owners team will be. So you can't just say it's perhaps 300 at Cobre Panama but it might be 200 or 400 at another place. But, generally speaking, generally speaking, you will find that any project of that size will have an owners team in the same

magnitude as the numbers I just said. I think there would be a fair amount of consistency. Subject to what contract strategy the owners have taken.

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**David Charles, GMP Securities**

Excellent. Maybe just, ah, and this is always, you know, rear-view mirror stuff and it's a very difficult question to ask, but clearly, if I looked just at your stock chart, I mean, you had a stock price as early as the beginning of this year that was above \$70 a share. And clearly these transactions with Temasek or other people require a lot of negotiation over a long period of time. I'm just wondering how do you feel about the fact that you're doing the private placement now with the stock substantially lower? I mean I'm just wondering how, as a management team or as a Board, you sort of come to sort of cut the baby in half to a certain extent?

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

I'm not quite sure if I understood the last part of your question—

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**David Charles, GMP Securities**

Yeah, no, I'm just trying to work out what your trade-off is. I mean obviously you've got a long-term partner in Temasek but, you know, would they have been a long-term partner at \$70 as much as they are at \$54?

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

Well I can't speak for them but, you know, as I mentioned in my introduction, we entered this partnership with them a long time ago. You know certainly, on this particular transaction, months ago and getting to know each other years ago. And I think Temasek has always taken a long-term view. They had taken a long-term view on copper prices, they have taken a long-term view on Inmet's long-term strategy and then, more specifically, which led to that transaction, on Cobre Panama.

You know, the timing of this transaction was mostly driven by the completion of the FEED study and advancing this project and ensuring that when we go public and present projects to people that we have a real case of moving forward and, as I said earlier, which includes financing. So that's the driver. And when you say, you know, how does management feel about it? I can tell you we feel very good about it. We worked years

on the FEED study and moving this project to a state where I think people will agree that it's a high-quality project with a very high probability of moving forward. So we view it as very positive.

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**David Charles, GMP Securities**

Excellent. Thank you very much.

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**Operator**

Thank you. Once again, please press star one for any questions or comments.

The next question is from Pierre Vaillancourt from Macquarie Capital

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**Pierre Vaillancourt, Macquarie Capital**

Hi. Wondered if you could just walk us through the milestones going forward here, just right through construction. I just want to get a sense on the project milestones and permitting milestones and (inaudible).

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

Thanks, Pierre. You're coming across a bit muffled on your phone but I understand that you asked that we would just give a few comments, make a few comments on the various milestones. So I'll turn it over to Ian.

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**Ian Pirie, Vice-President, Projects**

Thanks, Jochen. The main milestones in moving the project forward obviously are the next stage, and I'm talking strictly from a technical perspective here, are the basic engineering, which will be started later this summer or early fall and will take approximately 12 months. At that point the project moves into, assuming all required permits and approvals are in place the project would move into a site capture and site preparation stage, which again goes for about 12 months. It's quite a large site. There's a port site and a mine site that are separated obviously by about 30 kilometres, so some of that will take a little longer, but certainly between 12 and 18 months. And then beyond that there's the actual heavy civil foundation and construction period which will take us into, assuming our start date is correct, and that's all dependent on when the final approvals are obtained,

but assuming we start September 2011 we expect to be going into a commissioning stage in the later part of 2015 and be producing concentrate ready for sale early in 2016.

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**Pierre Vaillancourt, Macquarie Securities**

And what about the permits?

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**Ian Pirie, Vice-President, Projects**

Permits are very much dependent on the approval period for the environmental impact assessment. As Jochen mentioned, we'll be filing that in the second quarter of this year. And we are anticipating between the approval for the ESIA and the permits that will come once that approval is granted approximately 15 months before we can actually get on the ground and start site preparation.

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**Pierre Vaillancourt, Macquarie Capital**

You mentioned financing, fully financed in time for a production decision (inaudible)...

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

That's correct. Fully financed at the time of the production decision.

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**Pierre Vaillancourt, Macquarie Securities**

Right. Okay. Just one other thing; with respect to the power arrangement, what power costs are you assuming there in your operating costs?

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**Ian Pirie, Vice-President, Projects**

Our estimate, and it's a fairly sophisticated estimate because it's based on a good understanding of what the capital cost will be and what the costs, the cold costs will be and what the other operating costs will be, and profits we're using \$0.08 a kilowatt hour.

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**Pierre Vaillancourt, Macquarie Capital**

All right, thanks.

**Operator**

Thank you. There are no further questions registered. I would like to return the meeting to Mr. Tilk.

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

Well thank you very much for all those questions. It's a pleasure to provide answers.

We look forward to providing you with additional updates in the coming months and I think, you know, we made some really good progress and are certainly very excited about this. So thank you very much.

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**Operator**

Thank you. That concludes today's conference call. Please disconnect your lines at this time. Thank you for your participation.