

CORPORATE PARTICIPANTS

Jochen Tilk

President & Chief Executive Officer

Scott Herr

Vice-President, Mining

James Slattery

Vice-President & Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Onno Rutten

UBS Securities

Greg Barnes

TD Newcrest

David Cotterell

BMO Capital Markets

Peter Campbell

Jennings Capital

PRESENTATION

Operator

Welcome to the Inmet Mining Corporation Second 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 call, please press star zero for operator assistance at any time.

I would like to remind everyone that this conference call is being recorded on Wednesday, July 28, 2010 at 8:30 a.m. Eastern Time.

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

Jochen Tilk, President & Chief Executive Officer

Thank you. Good morning and welcome to the Inmet Second Quarter Conference Call. This call follows our webcast and Q&A session on Las Cruces which was held past Friday morning; we will therefore not provide further comments on Las Cruces other than that July's production is on track to meet our 3,000 tonne target but invite you to ask additional questions you might have at the end of this call.

Our earnings for the second quarter were \$0.86 per share, which includes a \$0.69 per share adjustment for foreign exchange losses. This reflects a strong operational performance of our established operations in line with our production and cost objectives for those operations. We made good progress at Cobre Panamá and have outlined the status of these projects in our press release. Feel free to ask questions at the end of the session.

Scott will now provide you with an update on our operations followed by Jim who will give his update on finance. Scott?

Scott Herr, Vice-President, Mining

Thank you, Jochen, for the opportunity to provide a few remarks regarding the performance of our operations in the second quarter.

At Çayeli, both mine and mill production ran very well during the quarter and we are on track to deliver our planned production of 30,500 of copper and 51,700 tonnes of zinc from 1.2 million tonnes of ore processed. During the period we completed some key improvements at the site with the installation of a new double-deck screen in the mill, rebuilding of the loading pocket, and repair and realignment of the production hoist. Production tonnages and grades were as expected and record rates for hourly and daily mill throughput were established during the quarter.

At Pyhäsalmi we had a solid quarter with production levels slightly above plan and our planning indicates that we are on track to deliver our forecasted results. We are pleased to see increased demand for our pyrite with shipment to China in addition to our usual customers.

At Troilus we have come to the end of an era with the completion of milling at the end of June. Although the stockpile tonnage treated was less than expected, gold grades exceeded our estimates and Troilus completed the quarter with gold production above plan. Reclamation

efforts so far have been very successful in re-establishing vegetation in the mine area and we are moving on with dismantling the facilities and restoring the site.

At Ok Tedi, production during the quarter was affected by a 17-day work stoppage in April. Lower gold grades in the quarter were the result of adjusting the mine plan to defer the processing of high-sulphur ores while we improved the performance of the waste management plant. While we have maintained our previous production forecast, improved sulphur removal is necessary to allow a return to the higher-grade material. Additionally, Ok Tedi is exploring other alternatives for neutralizing the impact of sulphur in the ore.

That concludes my update and I'll turn it over to Jim.

James Slattery, Vice-President & Chief Financial Officer

Thank you, Scott.

Earnings were \$0.86 per share this quarter versus \$1.37 in the same quarter of 2009. Our operating earnings were comparable between the quarters with the benefit of higher metal prices offsetting reduced income from Troilus as a result of that mine reaching the end of its life during the quarter. Another reconciling item is the impact of foreign exchange on our investment and other income line. This generated a swing of almost \$40 million quarter over quarter or approximately \$0.69 a share.

In the second quarter of 2009 we realized a gain of \$18.2 million, primarily from the valuation of U.S. dollar denominated debt at Las Cruces while this quarter we realized a loss of approximately \$21 million, largely on the repatriation of earnings from Finland and Turkey. We can expect less of this impact in the future as we have repaid the U.S. dollar denominated debt at Las Cruces in 2009 and under IFRS, which will be effective as of January 1, 2011, only dividends that represent a return of capital as opposed to a repatriation of income will require the recognition of a previously-deferred foreign exchange gain or loss.

The capital that we have available to fund our growth strategy at the end of the quarter was approximately \$760 million. This includes \$436 million of unrestricted cash as well as \$322 million held in longer maturity government securities. This increased \$67 million from the \$693 million at the end of the first quarter. We'll continue to build this fund as we move towards a development decision for Cobre Panamá.

And, finally, our total third-party debt outstanding excluding the funding from Leucadia for Las Cruces is approximately \$16 million.

Those were the points I wanted to underline, Jochen. Over to you.

Jochen Tilk, President & Chief Executive Officer

Thank you very much, Jim.

This concludes our brief comments on the second quarter results. I now would like you to open up for questions please.

QUESTION AND ANSWER SESSION

Operator

Thank you. For telephone participants, if you are using a speakerphone today, please lift your handset before making your selection. You may press star one on your telephone keypad to ask a question and if at any time you wish to cancel your question you may press the pound key. Please press star one at this time if you have a question. There will be a brief pause while participants register and we thank you for your patience.

The first question will be from Onno Rutten from UBS Securities. Please go ahead.

Onno Rutten, UBS Securities

Good morning everyone. A few quick questions. Ok Tedi first of all, on the definitive agreement with the authorities for the royalty conversion, could you elaborate a bit more? Because the legislation came through but is there, let's say, renewed negotiations about the terms of the deal or is this just the documentation phase?

Jochen Tilk, President & Chief Executive Officer

Okay, so I'll answer the question, Onno, and you said you had several. The answer is there's no renegotiation on the terms. The legislation came through, it's been ratified by the parliament of Papua New Guinea, and we do expect the conversion of our 18 percent equity interest and a 5 percent NSR royalty to conclude during this quarter.

Onno Rutten, UBS Securities

And at the same terms as previously announced.

Jochen Tilk, President & Chief Executive Officer

Yes, that is correct.

Onno Rutten, UBS Securities

Okay, very good. And then just one more on the submission of the environmental and social assessments in Panama originally that was targeted for Q2. It's now Q3. Could you elaborate on the timeline there and whether this affects the overall schedule for Cobre Panamá?

Jochen Tilk, President & Chief Executive Officer

Yes, Onno, that's correct. The reason for the additional time was that when the ESIA was completed we had to translate it into Spanish because it will be submitted in Spanish. It also went through a review by Panamanian experts to ensure that the ESIA was not only full compliance with the IAC performance criteria but also all the regulations in Panama. That process is nearing completion. The translation is pretty much done. The Panamanian review is done as well. And we do anticipate the document to be submitted before the end of August.

Onno Rutten, UBS Securities

And would this have a direct impact on your construction decision timeline?

Jochen Tilk, President & Chief Executive Officer

No, we don't anticipate that that would be on the critical path. We do anticipate that in the review, you know, that process will take as long as we had anticipated, which is still consistent with our overall prediction.

Onno Rutten, UBS Securities

So 15 months roughly?

Jochen Tilk, President & Chief Executive Officer

Yeah, roughly. As you know, it's in the controls of the authorities once we hand it over, and we'll certainly support that process, but that was our estimate and that still is.

Onno Rutten, UBS Securities

Okay. Thank you very much.

Jochen Tilk, President & Chief Executive Officer

Thanks, Onno.

Operator

Thank you. The next question will be from Greg Barnes from TD Newcrest. Please go ahead.

Greg Barnes, TD Newcrest

Thank you. Jochen, can you give us an update on what the Panamanian government is doing regarding the legislation to allow the Temasek investment?

Jochen Tilk, President & Chief Executive Officer

They're working on it. That's as much as I can say, Greg, because it really is in the hands of the governments. We've had a fair amount of interaction, several meetings, and it is now in the hands of the ministries and the president of the republic.

Greg Barnes, TD Newcrest

Are you getting the least bit concerned about the September 30th deadline?

Jochen Tilk, President & Chief Executive Officer

Well clearly it's a timing issue, and we hope the government will recognize it but, on the other hand, it is in the hands of the governments and we depend on the time, in regards to time, will depend on their reaction, so we'll have to see what they come back with.

Greg Barnes, TD Newcrest

And how flexible do you think Temasek is on that September 30th?

Jochen Tilk, President & Chief Executive Officer

Well I can't speak for Temasek but I think we all recognize, all parties involved, that in processes like this where governments have to provide answers or actions that the timing can be different, and as long as we recognize it all then we'll come to some form of resolution.

Greg Barnes, TD Newcrest

Okay. Just switching gears quickly back to Çayeli, you reported four ground falls during the quarter. How serious were they? And obviously I recognize you had record performance at the mine but, still, it's a little bit concerning that there were four ground falls and you have been working for some time on ground control there.

Scott Herr, Vice-President, Mining

Yeah, of those ground falls, three of them were in active stopes. We are mining in some areas that I'll call a little more difficult, both in the upper part of the mine and in some of the northern areas down in the lower part of the mine. They give us some concern and they've caused us to change a little bit just how we do our ground support within the stopes, how we do our overcuts and drilling. We have the flexibility, certainly we had the flexibility to change our mine plan a little bit so that it didn't cause us disruptions in production. Sure, we're concerned about it; nothing out of the ordinary though.

Greg Barnes, TD Newcrest

Okay, thank you.

Operator

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

David Charles, GMP Securities

Yes, no, Greg asked my question. It was on the changes to the Panamanian mineral resource code. So I have n more questions. Thank you.

Operator

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

David Cotterell, BMO Capital Markets

Good morning gentlemen. I've just got two quick ones for you. The first one is just a follow on from Greg's question on the fallen ground. Is this any different to last quarter when you had three falls of ground? Because it kind of looks like there's a pattern developing here.

Scott Herr, Vice-President, Mining

No, it's not really any different than that. Perhaps we've elevated a reporting a little bit. In one case in this quarter we had some equipment involved that caused us some concern otherwise nothing out of the ordinary.

David Cotterell, BMO Capital Markets

Okay. I guess I was just thinking given the fact that you said that you're working on your ground control but it seems to have got a little bit worse this quarter. But I guess you guys are well aware of it.

Scott Herr, Vice-President, Mining

Yeah, sure we are. And there's particular areas of the mine that have different levels of requirement so we're watching that.

David Cotterell, BMO Capital Markets

Okay. The other one, Jochen, was more directed at you I suppose.

In terms of financing for Cobre Panamá would you guys look at doing, say, a gold stream deal? I guess that's sort of emerged over the last couple of years and recently we've had a couple of deals involving those with new

projects. Would you see that as something that you would pursue?

Jochen Tilk, President & Chief Executive Officer

Thanks, David. Very good question.

Most certainly something that we have contemplated. I wouldn't go as far as saying that we will pursue it but it's something that we have contemplated, we have looked at it, and we put that in the basket of options for financing. So in the context of all other alternatives, debt financing, equity, and whatever options we have, that is one of them.

The question on whether or not we eventually will consider it depends very much on available terms. It's a matter of costs and what is the least expensive form of financing. So in this context we've basically determined that we've got time to think about it. It's something that we probably look at again as we get closer to construction or even beyond that decision, because the terms will inevitably improve.

So the answer is yes we have contemplated it, we have deferred it for now, we're looking at the context of all of our options and it's a matter of terms and therefore price and cost of financing that will ultimately determine whether we'll pursue it.

David Cotterell, BMO Capital Markets

Okay, excellent. Thanks very much.

Operator

Thank you. As a reminder, if you have a question you may press star one on your telephone keypad.

The next question will be from Peter Campbell from Jennings Capital. Please go ahead.

Peter Campbell, Jennings Capital

Thank you very much and good morning. One quick question on Troilus: Is there any salvage value associated with any remaining equipment there or the mill?

Scott Herr, Vice-President, Mining

Sure there's some salvage value and we're taking advantage of that where we can. The mobile equipment, we have contracts for its sale. The mill itself, the salvage value of the equipment serves to reduce the cost of rehabilitation, so that's really where it comes into play.

Peter Campbell, Jennings Capital

What might be the like total salvage value for both the equipment and the mill if you're able to find buyers for it?

Jochen Tilk, President & Chief Executive Officer

Yeah, Peter, you know, it's an amount that I wouldn't think has great relevance presumably from your perspective. You know, you talking about potentially a few million bucks that offsets some of the cost. We've never really contemplated that being a contributor to it so it's a bonus with a benefit.

Peter Campbell, Jennings Capital

Okay, that's it. That's all I had. Thank you very much.

Operator

Thank you. There are no further questions at this time so I'll turn the meeting back to you, Mr. Tilk.

Jochen Tilk, President & Chief Executive Officer

Well thank you very much. This concludes our second quarter analyst call. Thank you all for your participation and we'll speak to you again in three months. Thank you.

Operator

Thank you. The conference call has now concluded. Please disconnect your telephone lines at this time and we thank you for your participation.