

# Çayeli

	three months ended September 30			nine months ended September 30			<i>revised objective 2011</i>
	2011	2010	change	2011	2010	change	
Tonnes of ore milled (000's)	<b>312</b>	275	+13%	<b>880</b>	859	+2%	<b>1,200</b>
Tonnes of ore milled per day	<b>3,400</b>	3,000	+13%	<b>3,200</b>	3,100	+2%	<b>3,300</b>
Grades (percent)	copper	3.4	-9%	<b>3.1</b>	3.2	-3%	<b>3.2</b>
	zinc	<b>6.5</b>	+5%	<b>6.2</b>	6.3	-2%	<b>5.9</b>
Mill recoveries (percent)	copper	78	-5%	<b>74</b>	77	-4%	<b>75</b>
	zinc	<b>68</b>	-	<b>68</b>	71	-4%	<b>68</b>
Production (tonnes)	copper	<b>7,100</b>	-3%	<b>20,100</b>	21,500	-7%	<b>28,400</b>
	zinc	<b>13,900</b>	+19%	<b>36,900</b>	38,200	-3%	<b>48,000</b>
Cost per tonne of ore milled (C\$)	<b>\$81</b>	\$81	-	<b>\$81</b>	\$76	+7%	<b>\$81</b>

## Higher grades increase zinc production this quarter

Mill throughput at Çayeli was strong this quarter, and in line with its annual 1.2 million tonne objective. In August 2011, we mined over 107,000 tonnes of ore, setting an all-time record, and have now mined more than 100,000 tonnes of ore per month for four consecutive months. This increase in performance is the result of improved mine planning processes, the implementation of a mine control system, and additional rehabilitation resources.

Copper grades year to date are slightly lower than last year, but we expect higher grades in the last quarter this year and have not revised our view on average grades. Recoveries for both copper and zinc this year are lower than 2010 because of the difficulties associated with processing ore containing bornite minerals. Copper production was therefore slightly below 2010 and our expectations.

Zinc grades this quarter were higher than the third quarter of 2010 because of variation in ore types. In conjunction with higher mill throughput, this resulted in significantly higher zinc production this quarter.

Cost per tonne of ore milled year to date was higher than 2010 mainly because of higher royalty costs (pushed up by higher realized metals prices), additional ground support costs and increased costs for consumables. This change was, however, consistent with our expectations and the objective for the year.

### 2011 outlook and revised objectives

Production levels in 2011 should remain at approximately 1.2 million tonnes. We continue to expect copper grades to be 3.2 percent for the year but we have lowered our expected copper recoveries from 80 percent to 75 percent to recognize lower recoveries year to date. Therefore we have reduced our copper production objective by 2,500 tonnes to 28,400 tonnes.

We have increased our zinc grade objective from 5.6 percent to 5.9 percent to reflect actual performance for the first nine months of the year and we have increased our zinc production objective by 2,300 tonnes to 48,000.

