



FNX Reports First Quarter Results

TORONTO: May 14, 2009 – **FNX Mining Company Inc. (FNX-TSX)** (“FNX” or the “Company”) reports financial and operational results for the quarter ending March 31, 2009 for its Sudbury Mining Operations and its DMC Mining Services business (“DMC”).

Terry MacGibbon, Chairman and CEO of FNX noted that, “Faced with the unprecedented and rapid deterioration of global markets in general and the mining sector in particular during the second half of 2008, FNX took prudent and decisive actions late in 2008, including suspending nickel production and reducing its work force by nearly 45%. FNX also implemented a policy for 2009 of strict controls on capital, operating and corporate expenditures, preserving a strong balance sheet with zero debt, focusing production on the higher margin copper-precious metal deposits and aggressively advancing development of the LFD at the Levack Mine.” He added “Operating and financial results for the first quarter of 2009 demonstrate that our decisions and spending controls are working. Most expenditures are at or below budget. Cash operating margins returned to acceptable levels and totaled \$12.6 million and \$148 per ton of ore sold during the quarter. Capital expenditures are below budget at \$13.2 million and our cash balance remains strong at \$114.6 million. The development of the LFD is proceeding efficiently and slightly ahead of schedule.”

Mr. MacGibbon also stated “Although FNX remains very positive on its Gold Wheaton (“GLW”) investment and had no intention of writing down that investment (~\$140 million in current and future shares). The GLW financing in March 2009 forced FNX to adjust the Company’s share of GLW’s net book value resulting in a non-cash, accounting-required dilution loss of \$31.2 million. This turned positive earnings of \$5.1 million (\$0.06 per share) to a \$26.2 million loss ((\$0.31) per share) for the first quarter. Excluding the unusual GLW dilution loss, the Company also had a positive adjusted EBITDA of \$12.4 million. We will continue to monitor the Company’s situation in light of economic challenges, and changes in the global commodity markets and in the Sudbury mining camp during the balance of 2009. I am confident that our actions not only positioned the Company to survive the downturn, but to prosper when the markets improve.”

Vale Inco, the Company’s custom processor, announced on April 14, 2009 that it will extend its three week scheduled maintenance shutdown in May by an additional eight weeks from June 1 to July 27, 2009. FNX will continue to deliver ore to the custom mill until the end of May. In addition, the collective agreement between Vale Inco and its largest unionized labour force in Sudbury terminates on May 31, 2009. Any processing facility interruption due to labour relations could also affect FNX. FNX is considering several possible alternatives for its Sudbury Mining Operations and will provide more detailed guidance when it becomes available. FNX has a strong cash position and, regardless of any production interruptions, is well funded to continue the planned development of the LFD for initial pre-production later in 2009. The Company could also continue with the planned underground development and detailed definition drilling at Podolsky. FNX will also implement its expanded surface exploration program utilizing the flow-through funds received after the quarter end.

Table 1 - Financial and Operating Highlights	Q1 2009	Q1 2008
<u>Consolidated</u>		
Revenue	48,953	140,716
Net Earnings (Loss) (C\$000)	(26,151)	24,063
Basic Earnings (Loss) per Share (C\$)	(0.31)	0.28
Diluted Earnings per Share (C\$)	(0.31)	0.28
Adjusted Net Earnings (C\$000)	5,100	24,063
Adjusted Earnings (Loss) per Share (C\$)	0.06	0.28
Cash and Cash Equivalents (C\$000)	114,572	29,137
Cash Flow from Operating Activities (C\$000)	(2,673)	55,796
Cash Flow per Share (C\$)	(0.03)	0.66
Adjusted EBITDA (C\$000)	12,385	48,280
<u>Mining Operations</u>		
Total Revenue (C\$000)	35,485	91,323
Cash Operating Costs (C\$000)	22,906	45,232
Cash Operating Margin (C\$000)	12,579	46,091
Depreciation and Amortization (C\$000)	3,032	8,593
Operating Margin (C\$000)	9,547	37,498
Net Earnings (Loss) (C\$000)	(25,188)	25,019
Cash Flow From Operating Activities (C\$000)	1,356	55,153
Total Ore Sold (tons)	105,044	284,899
Nickel Ore Sold (tons)	4,415	199,054
Grade of Nickel Ore Sold (%Ni)	1.8	1.3
Payable Metal Sold – Nickel (000 lbs)	1,177	3,492
Copper Ore Sold (tons)	100,629	85,845
Grade of Copper Ore Sold (%Cu)	5.6	4.2
Payable Metal Sold – Copper (000 lbs)	9,718	6,892
Payable Metal Sold – Total Precious Metals (oz)	7,415	7,272
Minesite Revenue per Ton Sold (C\$)	366	321
Cash Operating Costs per Ton Sold (C\$)	218	159
Minesite Cash Operating Margin per Ton Sold (C\$)	148	162
Realized Nickel Price (US\$/lb)	5.00	14.43
Realized Copper Price (US\$/lb)	1.77	3.84
Exchange Rate (C\$ /US\$)	1.24	1.00
<u>DMC Mining Services</u>		
Total Revenue (C\$000)	13,468	49,393
Cash Operating Costs (C\$000)	13,273	46,984
Cash Operating Margin (C\$000)	195	2,409
Net Earnings (Loss) (C\$000)	(963)	(956)
Cash Flow from Operating Activities(C\$000)	(4,029)	643

Certain of the above items are considered to be non-GAAP performance measures (see below)

Consolidated revenues for the first quarter were \$49.0 million, compared to \$140.7 million in the first quarter of 2008. Operating activity cash flow was \$10.4 million and, after \$13.1 million of cash outflow for non-cash working capital, the consolidated cash flow from operating activities for this quarter was (\$2.7) million or (\$0.03) per share, compared to \$55.8 million (\$0.66 per share) in the comparable period of 2008. Adjusted EBITDA for the first quarter was \$12.4 million, compared to \$48.3 million during the same period in 2008.

Cash and cash equivalents as at March 31, 2009 were \$114.6 million, compared to \$129.6 million as at December 31, 2008. Working capital at the end of this reporting period was \$137.2 million, compared to \$130.1 million as at December 31, 2008. FNX continues to have zero debt.

After including the \$31.2 million dilution loss resulting from the GLW common share issuance, FNX incurred a loss of \$26.2 million ((\$0.31) per share) on consolidated revenues of \$49.0 million in the first quarter of 2009, compared to net earnings of \$24.1 million (\$0.28 per share) in the first quarter of 2008 on consolidated revenues of \$140.7 million. Excluding the GLW dilution loss, the Company had adjusted earnings of \$5.1 million (\$0.06 per share). The quarterly loss also included a positive provisional pricing adjustment of \$8.5 million and a non-taxable dilution loss of \$31.2 million for the Company's share of the change in net book value of GLW as a result of their common share issuance in March of 2009. Table 1 summarizes the key financial and operating measures.

Mining Operations

Production from Sudbury Mining Operations during the quarter generated revenues of \$35.5 million, compared to revenues of \$91.3 million in the same period in 2008. Sudbury Mining Operations shipped a total of 105,000 tons of ore during the first quarter, primarily (88%) from the Podolsky Mine. This excludes approximately 74,500 tons of production which included normal inventory levels and a batch metallurgical test, stockpiled predominately on surface at the end of the quarter. Most of this inventory was processed in April 2009 and revenue and associated costs will be recognized in second quarter results.

Total payable metals for the first quarter were 1.2 million pounds of nickel, 9.7 million pounds of copper and 7,415 ounces of platinum, palladium and gold. The average realized prices for metals in this quarter were US\$5.00 per pound for nickel, US\$1.77 per pound for copper, US\$1,654 per ounce of gold, US\$1,883 per ounce of platinum and US\$278 per ounce for palladium, all of which were higher than quoted market prices and resulted in a positive price adjustment of \$8.5 million. The average minesite revenue per ton of ore shipped was \$366, while the average cash operating cost per ton of ore shipped was \$218 leaving an average minesite cash operating margin per ton of ore shipped of \$148, compared to \$321, \$159 and \$162, respectively, in the same period of 2008.

At the Podolsky Mine, production for this reporting period achieved the planned mining rate of 1,000 tons per day. Tight grade control delivered ore at 10% above planned grades and initial narrow vein mining in the upper parts of the 2000 Deposit progressed well and initial stage performances indicated that grades can be maintained (See Table 2).

At the McCreedy West Mine, most of the stockpiled tonnage came from large scale, bulk mining at the PM Deposit, while 15–20% was contributed from narrow vein mining of the 700 Deposit. Only 12,700 tons of ore were shipped from the Levack Complex during the quarter consisting of 8,300 tons of copper-precious metal ore and 4,400 tons of nickel-copper ore (See Table 3).

Capital expenditures during the quarter totaled \$13.2 million versus a budget of \$19.3 million, with the difference being delayed until later this year.

First quarter safety performance for Sudbury Operations consisted of zero lost time injuries and eight medical aid injuries for a Lost Time Injury Frequency Rate ("LTIFR") of 0.0 and a Total Medical Injury Frequency Rate ("TMIFR") of 6.9. This compares to a LTIFR and TMIFR of 0.0 and 7.0 in the first quarter of 2008 and 0.0 and 6.7 respectively in the fourth quarter of 2008. There were no reportable environmental incidents in the first quarter of 2009.

Tables 2 and 3 summarize first quarter production statistics from the Podolsky operations and Levack Complex, respectively.

Table 2 – Production and Sales Summary		
Podolsky Mine	Q1 - 2009	Q1 - 2008
Ore Sold (tons)		
Copper Ore	92,349	24,112
Grade of Ore Sold		
Copper Ore (%Cu)	6.0	11.7
Payable Metal Sold		
Nickel (000s lbs)	799	342
Copper (000s lbs)	9,352	4,635
TPM (ozs)	3,923	2,726
Metal Sales and Costs		
Minesite Revenue (\$/ton of ore sold)	331	1,068
Cash Cost (\$/ton of ore sold)	213	359
Minesite Cash Operating Margin (\$/ton of ore sold)	118	709

Table 3 – Production and Sales Summary		
Levack Complex	Q1 - 2009	Q1 - 2008
Ore Sold (tons)		
Nickel Ore	4,415	199,054
Copper Ore	8,280	61,733
Total Ore Sold	12,695	260,787
Grade of Ore Sold		
Nickel Ore (%Ni)	1.8	1.3
Copper Ore (%Cu)	1.4	1.2
Payable Metal Sold		
Nickel (000s lbs)	378	3,150
Copper (000s lbs)	366	2,257
TPM (ozs)	3,492	4,546
Metal Sales and Costs		
Minesite Revenue (\$/ton of ore sold)	618	251
Cash Cost (\$/ton of ore sold)	252	140
Minesite Cash Operating Margin (\$/ton of ore sold)	366	111

Development

At the Levack Mine, the primary focus for 2009 is the development of the LFD in preparation for initial pre-production later in 2009. The advance of the LFD access ramp during the quarter was ahead of its scheduled location by approximately 100 ft. The access ramp began this quarter at the 3135 Level and ended it at the 3310 Level, a vertical advance of 175 vertical ft. Level accesses are being cut at every vertical 60 ft and are positioned to allow future access on the 3270, 3330 and 3390 levels. Work to rehabilitate the Levack No. 2 Shaft below the 2950 Level to the bottom of the shaft at

the 3600 Level continued to within 310 ft of the 3600 Level. Access to the 3600 Level is expected to be completed by mid-2009 to be followed by installation of the rock handling system and level rehabilitation.

Development at the Podolsky Mine during this quarter focused on advancing the main access ramp and completing related lateral development. Total advancement during the first quarter was 1,891 ft and included lateral work on the 2000, 2075, 2300 and 2375 Levels plus access ramp development downwards to the 2150 Level and upwards 2225 Level. The main access ramp will be connected internally later in 2009 to support ongoing stope access. The 2000 Level was driven through Grey Gabbro ore and development ore was stored underground until metal accountabilities are in place.

Exploration

First quarter exploration expenditures were under budget by nearly 60% at \$1.0 million and more than half of that was spent at Rob's/LFD.

Exploration activities during first quarter were focused on Rob's/LFD development support and delineation. A backlog of core from Rob's/LFD underground drilling was cleared early in the quarter, while new drilling platforms were developed simultaneously. Drilling with one underground rig restarted in late January from the LFD access ramp. By the end of March, the drill rig had completed 10,147 ft in 16 completed holes and one in-progress hole from setups on the 3060 Level vent raise and 3130 Level remuck. Drilling from these two setups tested Rob's/LFD between the 3300 and 3350 Levels. The drilling traced a Ni-Cu trunk vein along a strike length of 325 ft on the 3300 Level and a mixture of Ni-Cu and Cu-Ni veins on the 3350 Level.

Another drill will be moved onto 3270 and 3300 Level drilling platforms in the second quarter to test between the 3400 and 3500 Levels of Rob's/LFD.

At the Podolsky Property, 2009 exploration will focus on the surface testing of the new quartz diorite offset environment discovered in 2008. During the first quarter, applications for permits and access planning were the focus in preparation for mobilizing a drill in May.

At the end of the first quarter, an annual internal review of the Company's NI 43-101 reserve and resource estimates was completed and disclosed. The updated estimates were detailed in the Q4 and 2008 full year Management Discussion and Analysis, which is filed on SEDAR.

On April 28, 2009, the Company announced the sale on a private placement basis of 2,173,914 flow-through common shares of the Company at a price of \$6.90 per share for gross proceeds of \$15.0 million. The proceeds will be used for Canadian Exploration Expenses ("CEE") related to the exploration of the Company's Canadian properties located in Ontario.

DMC Mining Services

Revenues from DMC totaled \$13.5 million for the three months ended March 31, 2009. The operating margin for the same period was \$0.2 million. Net earnings for the period, after administrative costs, depreciation and amortization expenses, was a loss of \$1.0 million. Operating cash flow for the period was \$0.6 million and, after the net change in non-cash working capital of \$4.6 million, cash flow from operating activities was (\$4.0) million.

Overall, the business climate in mining contracting in the United States remains robust mainly due to the gold sector, while in Canada contracting budgets have been severely impacted by current market

conditions. As at the end of March, DMC had a backlog of work to complete totaling \$36.8 million with 250 active employees.

During the quarter, DMC reported one lost time injury and two medical aid injuries. The LTIFR for the quarter was 1.5 and the TMIFR was 4.6, compared to a LTIFR of 0.4 and a TMIFR of 3.5 for the first quarter of 2008.

Investments

The current investment portfolio consists primarily of 360 million common shares of GLW, which had a market value of approximately \$90 million at quarter end. In addition, FNX has a renegotiated note receivable dated July 16, 2010 for \$50 million of additional GLW common shares, which has both a call and put option on the issue price. This derivative must be fair valued at the end of each reporting period and any changes credited or debited to earnings. As a result, the carrying value of the note receivable as at March 31, 2009 was approximately \$35.8 million.

There were no sales or purchases in other investment positions during first quarter and their collective fair value as at March 31, 2009 was approximately \$4.6 million.

Share Capital

On April 2, 2009, 1,672,000 common share purchase options were granted to directors, officers and employees of the Company in accordance with the Company's Stock Option Plan, representing 2% of the issued and outstanding shares of the Company. In addition, 240,000 deferred share units were issued on April 2, 2009 to certain officers of the Company.

There were 84,876,776 common shares and 3,694,667 stock options outstanding on April 2, 2009 for a total fully diluted share count of 88,571,443. There were also 313,249 deferred share units in effect after the April 2, 2009 issue.

Forward-Looking Statement

Certain information included in this press release, including information relating to future financial or operating performance and other statements that express management's expectations or estimates of future performance constitute "forward-looking statements." Such forward-looking statements include, without limitation, (i) estimates of future capital expenditures; (ii) estimates regarding timing of future development and production; and (iii) estimates of future costs towards profitable commercial operations. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, interpretation and implications of drilling and geophysical results; estimates regarding timing of future capital expenditures and costs towards profitable commercial operations. Other factors that could cause actual results, developments or events to differ materially from those anticipated include, among others, increases/decreases in production; volatility in metals prices and demand; currency fluctuations; cash operating margins; cash operating cost per pound sold; costs per ton of ore; variances in ore grade or recovery rates from those assumed in mining plans; reserves and/or resources; the ability to successfully integrate acquired assets; operational risks inherent in mining or development activities, and legislative factors relating to prices, taxes, royalties, land use, title and permits, importing and exporting of minerals and environmental protection. Accordingly, undue

reliance should not be placed on forward-looking statements. These forward-looking statements are made as at the date hereof and the Company does not undertake any obligation to update publicly or revise any such forward-looking statements or any forward-looking statements contained in any other documents whether as a result of new information, future events or otherwise, except as may be required under applicable securities law. For a more detailed discussion of such risks and other factors, see the Company's latest filings with Canadian securities regulators.

CONFERENCE CALL

FNX will be hosting a First Quarter Conference Call on May 14, 2009 at 10:00am Eastern Time.

CONFERENCE CALL numbers are:

Live in North America:

Toll-Free Access: 1-888-789-9572 or 416-695-7806

Ask for the FNX Mining Conference Call

Replay Access information:

Toll-Free Access: 1-800-408-3053 or 416-695-5800

Passcode: 4426101#

Available until June 12, 2009 at Midnight EST

Slides for the conference call may be accessed on the Company's website www.fnxmining.com

For further information, please contact:

Terry MacGibbon, Chairman and Chief Executive Officer

Ronald P. Gagel, Senior Vice President and Chief Financial Officer

David Constable, Vice President Investors Relations

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Note: The unaudited balance sheet, statement of operations and statement of cash flow are appended to this news release



Consolidated Balance Sheets

(in thousands of Canadian dollars)

(Unaudited)

As at	March 31 2009	December 31 2008
	\$	\$
Assets		
Current		
Cash and cash equivalents	114,572	129,561
Accounts receivable	51,053	59,324
Inventory	7,677	2,307
Prepaid and other assets	1,770	1,504
	175,072	192,696
Investments	4,601	4,009
Investment in Gold Wheaton	184,840	215,620
Property, plant and equipment	443,579	435,114
Reclamation deposits	6,485	6,485
	814,577	853,924
Liabilities		
Current		
Accounts payable and accrued liabilities	21,205	36,136
Deferred revenue	16,618	26,433
	37,823	62,569
Long-term deferred revenue	375,890	368,969
Mine closure and site restoration	5,474	5,393
Future income and resource taxes	62,476	60,499
	443,840	434,861
	481,663	497,430
Shareholders' equity		
Share capital	571,750	571,750
Contributed surplus – stock-based compensation	14,924	13,741
Retained earnings (deficit)	(246,731)	(220,580)
Accumulated other comprehensive income (loss)	(7,029)	(8,417)
	332,914	356,494
	814,577	853,924



Consolidated Segmented Balance Sheets

(in thousands of Canadian dollars)

As at March 31, 2009	Mining	DMC	Total
Assets	\$	\$	\$
Cash and cash equivalents	108,304	6,268	114,572
Accounts receivable	36,036	15,017	51,053
Other current assets	8,055	1,392	9,447
	152,395	22,677	175,072
Investments	4,601	-	4,601
Investment in Gold Wheaton	184,840	-	184,840
Property, plant and equipment	419,534	24,045	443,579
Reclamation deposits	6,485	-	6,485
	767,855	46,722	814,577
Liabilities			
Accounts payable and accrued liabilities	16,859	4,346	21,205
Deferred revenue	16,396	222	16,618
	33,255	4,568	37,823
Long-term deferred revenue	375,890	-	375,890
Mine closure and site restoration	5,474	-	5,474
Future income and resource taxes	61,573	903	62,476
	442,937	903	443,840
	476,192	5,471	481,663
As at December 31, 2008	Mining	DMC	Total
Assets	\$	\$	\$
Cash and cash equivalents	120,131	9,430	129,561
Accounts receivable	44,459	14,865	59,324
Other current assets	2,823	988	3,811
	167,413	25,283	192,696
Investments	4,009	-	4,009
Investment in Gold Wheaton	215,620	-	215,620
Property, plant and equipment	409,718	25,396	435,114
Reclamation deposits	6,485	-	6,485
	803,245	50,679	853,924
Liabilities			
Accounts payable and accrued liabilities	28,469	7,667	36,136
Deferred revenue	25,456	977	26,433
	53,925	8,644	62,569
Long-term deferred revenue	368,969	-	368,969
Mine closure and site restoration	5,393	-	5,393
Future income and resource taxes	59,374	1,125	60,499
	433,736	1,125	434,861
	487,661	9,769	497,430



Consolidated Statements of Operations

(in thousands of Canadian dollars except earnings per share)

(Unaudited)

For the three months ended March 31	2009	2008
	\$	\$
Operating revenues	48,953	140,716
Operating expenses		
Expenses, excluding depreciation and amortization	36,179	92,216
Depreciation and amortization	4,251	10,890
	40,430	103,106
	8,523	37,610
Expenses		
Administration	2,967	2,675
Depreciation	234	220
Stock-based compensation	1,353	1,174
Dilution loss	31,238	-
Other expenses (income)	(3,547)	(2,822)
	32,245	1,247
Earnings (loss) before taxes and other items	(23,722)	36,363
Income and resource taxes recovery (expense)	(2,199)	(12,300)
Share of loss of equity investee	(230)	-
Net earnings (loss) for the period	(26,151)	24,063
Basic earnings (loss) per share	(0.31)	0.28
Diluted earnings (loss) per share	(0.31)	0.28



Consolidated Segmented Statements of Operations

(in thousands of Canadian dollars)

(Unaudited)

For the three months ended March 31, 2009

	Mining	DMC	Total
	\$	\$	\$
Operating revenues	35,485	13,468	48,953
Operating expenses			
Expenses, excluding depreciation and amortization	22,906	13,273	36,179
Depreciation and amortization	3,032	1,219	4,251
	25,938	14,492	40,430
	9,547	(1,024)	8,523
Expenses			
Administration	2,967	-	2,967
Depreciation	234	-	234
Stock-based compensation	1,150	203	1,353
Dilution loss	31,238	-	31,238
Other expenses (income)	(3,283)	(264)	(3,547)
	32,306	(61)	32,245
Earnings (loss) before taxes and other items	(22,759)	(963)	(23,722)
Income and resource taxes recovery (expense)	(2,199)	-	(2,199)
Share of loss of equity investee	(230)	-	(230)
Net earnings (loss) for the period	(25,188)	(963)	(26,151)

For the three months ended March 31, 2008

	Mining	DMC	Total
	\$	\$	\$
Operating revenues	91,323	49,393	140,716
Operating expenses			
Expenses, excluding depreciation and amortization	45,232	46,984	92,216
Depreciation and amortization	8,593	2,297	10,890
	53,825	49,281	103,106
	37,498	112	37,610
Expenses			
Administration	2,675	-	2,675
Depreciation	220	-	220
Stock-based compensation	598	576	1,174
Other expenses (income)	(2,423)	(399)	(2,822)
	1,070	177	1,247
Earnings (loss) before taxes	36,428	(65)	36,363
Income and resource taxes recovery (expense)	(11,409)	(891)	(12,300)
Net earnings (loss) for the period	25,019	(956)	24,063



Consolidated Statements of Cash Flow

(in thousands of Canadian dollars)

(Unaudited)

For the three months ended March 31

	2009	2008
	\$	\$
Operating activities		
Net earnings (loss) for the period	(26,151)	24,063
Non-cash items		
Depreciation and amortization	4,485	11,110
Stock-based compensation	1,183	1,174
Future income and resource taxes	2,199	8,974
Amortization of Gold Wheaton deferred revenue	(2,139)	-
Mark-to-market and accretion of Gold Wheaton note receivable	(688)	-
Loss on disposal of fixed assets	-	(94)
Decrease in value of investments held-for-trading	3	38
Share of loss of equity investee	230	-
Dilution loss	31,238	
Other	18	(244)
	10,378	45,021
Net change in non-cash working capital	(13,051)	10,775
	(2,673)	55,796
Financing activities		
Common shares issued	-	340
Investing activities		
Investments	-	(10,000)
Property, plant and equipment	(13,111)	(52,660)
	(13,111)	(62,660)
Effect of exchange rate changes on cash	795	501
Change in cash and cash equivalents for the period	(14,989)	(6,023)
Cash and cash equivalents – beginning of period	129,561	35,160
Cash and cash equivalents – end of period	114,572	29,137



Consolidated Segmented Statements of Cash Flow

(in thousands of Canadian dollars) (Unaudited)

For the three months ended March 31, 2009

	Mining	DMC	Total
Operating activities	\$	\$	\$
Net earnings (loss) for the period	(25,188)	(963)	(26,151)
Non-cash items			
Depreciation and amortization	3,266	1,219	4,485
Stock-based compensation	980	203	1,183
Future income and resource taxes	2,199	-	2,199
Amortization of Gold Wheaton deferred revenue	(2,139)	-	(2,139)
Mark-to-market and accretion of Gold Wheaton note	(688)	-	(688)
Share of loss of equity investee	230	-	230
Dilution loss	31,238	-	31,238
Other	(124)	145	21
	9,774	604	10,378
Net change in non-cash working capital	(8,418)	(4,633)	(13,051)
	1,356	(4,029)	(2,673)
Financing activities	-	-	-
Investing activities			
Property, plant and equipment	(13,183)	72	(13,111)
Effect of exchange rate changes on cash	-	795	795
Change in cash and cash equivalents for the period	(11,827)	(3,162)	(14,989)
Cash and cash equivalents – beginning of period	120,131	9,430	129,561
Cash and cash equivalents – end of period	108,304	6,268	114,572

For the three months ended March 31, 2008

	Mining	DMC	Total
Operating activities	\$	\$	\$
Net earnings (loss) for the period	25,019	(956)	24,063
Non-cash items			
Depreciation and amortization	8,813	2,297	11,110
Stock-based compensation	598	576	1,174
Future income and resource taxes	8,974	-	8,974
Loss on disposal of fixed assets	-	(94)	(94)
Decrease in value of investments held-for-trading	38	-	38
Other	(244)	-	(244)
	43,198	1,823	45,021
Net change in non-cash working capital	11,955	(1,180)	10,775
	55,153	643	55,796
Financing activities			
Common shares issued	340	-	340
Investing activities			
Investments	(10,000)	-	(10,000)
Property, plant and equipment	(50,783)	(1,877)	(52,660)
	(60,783)	(1,877)	(62,660)
Effect of exchange rate changes on cash	-	501	501
Change in cash and cash equivalents for the period	(5,290)	(733)	(6,023)
Cash and cash equivalents – beginning of period	24,247	10,913	35,160
Cash and cash equivalents – end of period	18,957	10,180	29,137



Consolidated Statements of Retained Earnings (Deficit)

(in thousands of Canadian dollars)

(Unaudited)

For the three months ended March 31

	2009	2008
	\$	\$
Retained earnings (deficit) – beginning of period	(220,580)	167,960
Net earnings (loss) for the period	(26,151)	24,063
Retained earnings (deficit) – end of period	(246,731)	192,023

Consolidated Statements of Comprehensive Income (Loss)

(in thousands of Canadian dollars)

(Unaudited)

For the three months ended March 31

	2009	2008
	\$	\$
Net earnings (loss) for the period	(26,151)	24,063
Other comprehensive income (loss), net of tax		
Unrealized gain (loss) on available for sale investments	593	(2,075)
Cumulative translation adjustment	795	670
Comprehensive income (loss)	(24,763)	22,658