



**FOR IMMEDIATE RELEASE**  
**OCTOBER 24, 2002**

*All amounts are in Canadian dollars, unless otherwise stated.*

**Inmet Mining Corporation**

Suite 1000  
 330 Bay Street  
 Toronto, Canada M5H 2S8

Tel: (1) 416-361-6400

Fax: (1) 416-368-4692

www.inmetmining.com

**INMET MINING ANNOUNCES THIRD QUARTER RESULTS**

**Toronto, Canada** - Inmet Mining Corporation reported net income in the third quarter of 2002 of \$3.7 million or \$0.07 per share, compared to 2001 third quarter net income of \$0.6 million or \$(0.01) per share. Net income in the third quarter of 2002, in comparison to 2001, was positively impacted by higher metal prices and strong earnings from Pyhäsalmi, which was acquired earlier in 2002. Net income in the quarter also includes \$1.4 million in relation to a reduction of stock based compensation liabilities.

For the nine months ending September 30, 2002, net income was \$6.7 million or \$0.10 per share compared to a loss of \$1.1 million or \$(0.10) per share for the same period in 2001. The improvement in net income was largely due to increased sales at Çayeli and Troilus and the acquisition of Pyhäsalmi.

<i>(in thousands except per share figures)</i>	<b>Third Quarter</b>		<b>Nine Months</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
<b>Operations' Earnings</b>				
Çayeli	<b>\$4,351</b>	\$13	<b>\$16,744</b>	\$4,878
Pyhäsalmi	<b>2,673</b>	-	<b>7,093</b>	-
Troilus	<b>2,760</b>	4,392	<b>8,990</b>	6,564
	<b>9,784</b>	4,405	<b>32,827</b>	11,442
Corporate development and exploration	<b>(877)</b>	(1,354)	<b>(3,720)</b>	(3,211)
General and administration	<b>(1,126)</b>	(910)	<b>(3,440)</b>	(3,185)
Stock based compensation	<b>1,366</b>	-	<b>(2,571)</b>	-
Interest and other income (expense)	<b>(1,367)</b>	128	<b>(2,562)</b>	(2,408)
Capital taxes	<b>(333)</b>	(181)	<b>(696)</b>	(408)
Income taxes	<b>(1,763)</b>	(1,514)	<b>(8,949)</b>	(3,297)
Non controlling interest	<b>(1,958)</b>	-	<b>(4,204)</b>	-
<b>Net income (loss)</b>	<b>\$3,726</b>	\$574	<b>\$6,685</b>	\$(1,067)
Accretion on equity component of convertible debentures	<b>\$(939)</b>	\$(863)	<b>\$(2,778)</b>	\$(2,554)
<b>Basic and diluted net income (loss) per share</b>	<b>\$0.07</b>	\$(0.01)	<b>\$0.10</b>	\$(0.10)
<b>Weighted average shares outstanding (000's)</b>	<b>39,283</b>	35,276	<b>38,150</b>	35,343

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Summary of Financial Results

Developments that affect the comparability of reported results include the consolidation of the results of Pyhäsalmi beginning April 1, 2002, the full consolidation of the results of Çayeli beginning April 1, 2002 (previously proportionately consolidated) and, beginning January 1, 2002, accounting for stock based compensation.

The following table analyzes the fluctuations in net income for the respective three month and nine month periods ended September 30, 2002 and 2001:

#### Changes in 2002 Net Income Compared to 2001

<i>(millions of dollars)</i>	<b>Change in Third Quarter</b>	<b>Change in Nine Months</b>
Increase (decrease) in sales volume:		
Çayeli	\$ (1)	\$ 6
Troilus	(1)	3
Increase in metal prices:		
Çayeli	3	1
Troilus	2	4
Increase in operating costs:		
Çayeli	-	(1)
Troilus	(2)	(4)
Acquisition of Pyhäsalmi	2	6
Stock based compensation	1	(3)
Increase in interest expense	(1)	(3)
Other	-	(1)
<b>Change in 2002 net income compared to 2001</b>	<b>\$ 3</b>	<b>\$ 8</b>

### **Sales and cost of sales**

For the quarter and nine months ended September 30, 2002, net sales increased substantially as a result of the consolidation of Çayeli and the acquisition of Pyhäsalmi, which together increased sales by \$15 million in the third quarter and \$43 million for the nine months ending September 30, 2002 compared to the same periods in the prior year. Net sales were also positively affected by higher copper and gold prices in comparison to the prior year. In addition, for the nine months ended September 30, 2002, higher sales volumes at Çayeli and Troilus resulted in an increase in net sales.

Sales by operation, metals and volume for the quarter and nine months ended September 30 were as follows:

<i>(in thousands)</i>	<b>Third Quarter</b>		<b>Nine Months</b>	
	<b>2002</b>	2001	<b>2002</b>	2001
<b>Net sales by operation:</b>				
Çayeli <sup>(1)</sup>	<b>\$15,959</b>	\$8,208	<b>\$51,295</b>	\$21,547
Pyhäsalmi <sup>(1)</sup>	<b>14,890</b>	-	<b>31,404</b>	-
Troilus	<b>22,011</b>	21,186	<b>68,790</b>	57,237
	<b>\$52,860</b>	\$29,394	<b>\$151,489</b>	\$78,784
<b>Net sales by metal:</b>				
Copper <sup>(1)</sup>	<b>\$16,860</b>	\$7,812	<b>\$54,133</b>	\$23,741
Zinc <sup>(1)</sup>	<b>10,254</b>	1,835	<b>24,119</b>	3,564
Gold	<b>19,486</b>	19,230	<b>60,490</b>	50,157
Other	<b>6,260</b>	517	<b>12,747</b>	1,322
	<b>\$52,860</b>	\$29,394	<b>\$151,489</b>	\$78,784

  

	<b>Third Quarter</b>		<b>Nine Months</b>	
	<b>2002</b>	2001	<b>2002</b>	2001
<b>Sales volume</b>				
Copper (tonnes) <sup>(1)</sup>	<b>12,000</b>	6,900	<b>34,900</b>	17,800
Zinc (tonnes) <sup>(1)</sup>	<b>18,200</b>	3,900	<b>41,100</b>	6,800
Gold (ounces)	<b>39,400</b>	42,200	<b>126,700</b>	114,600

<sup>(1)</sup> Sales include 49 per cent of Çayeli's sales up to March 31, 2002 and 100 per cent thereafter. Pyhäsalmi's sales are included commencing on April 1, 2002.

Sales prices realized for the quarter and nine months are summarized as follows:

<b>Prices realized</b>	<b>Third Quarter</b>		<b>Nine Months</b>	
	<b>2002</b>	2001	<b>2002</b>	2001
Copper (U.S.\$/lb)	<b>U.S.\$0.68</b>	U.S.\$0.62	<b>U.S.\$0.71</b>	U.S.\$0.69
Zinc (U.S.\$/lb)	<b>U.S.\$0.35</b>	U.S.\$0.35	<b>U.S.\$0.36</b>	U.S.\$0.38
Gold (U.S.\$/ounce)	<b>U.S.\$322</b>	U.S.\$306	<b>U.S.\$312</b>	U.S.\$298

### Stock based compensation

Inmet's stock based compensation has two components - stock options with attached share appreciation rights ("SARs") and deferred share units ("DSUs"). Individual holders of options (under the SARs) and of DSUs can elect to receive cash instead of shares. For any period, the sum ("stock appreciation") of the period end share price less the relevant grant price, multiplied by the number of vested and vesting options, and DSUs, is recorded as a liability. Any change in this liability from the immediately preceding quarter is included in earnings for the quarter.

Inmet's share price had increased from \$3.15 at December 31, 2001 to \$6.00 at June 30, 2002 and subsequently declined to \$4.60 at September 30, 2002. As a result of the appreciation in Inmet's share price for the nine months ending September 30, 2002, a charge to earnings of \$2.6 million was recorded. In the third quarter, income of \$1.4 million was recorded to reflect the reduced liability due to the decrease in the share price. The breakdown of stock based compensation costs (income) and the estimated costs for the full year, assuming that Inmet's September 30, 2002 share price of \$4.60 remains unchanged, is as follows:

<i>(in millions)</i>	<b>Third Quarter</b>	<b>Nine Months</b>	<b>Forecast Full Year</b>
Stock options (SARs)	\$ (0.7)	\$ 1.8	\$ 2.5 <sup>(1)</sup>
Deferred share units	(0.7)	0.8	0.8
<b>Total</b>	<b>\$ (1.4)</b>	<b>\$ 2.6</b>	<b>\$ 3.3</b>

<sup>(1)</sup> The full year forecast includes stock options vesting in the fourth quarter.

### **Interest and other income (expense)**

The following table summarizes the major items included in interest and other income (expense):

<i>(in millions)</i>	<b>Third Quarter</b>		<b>Nine Months</b>	
	<b>2002</b>	2001	<b>2002</b>	2001
Interest expense	<b>\$ (2.7)</b>	\$ (0.7)	<b>\$ (5.7)</b>	\$ (2.3)
Interest income, dividends and other	<b>0.3</b>	0.4	<b>0.5</b>	2.1
Foreign exchange gain (loss)	<b>(1.3)</b>	0.8	<b>0.3</b>	0.8
Proceeds from insurance settlement	<b>2.3</b>	-	<b>2.3</b>	-
Litigation costs	-	(0.4)	-	(3.0)
	<b>\$ (1.4)</b>	\$ 0.1	<b>\$ (2.6)</b>	\$ (2.4)

For the three and nine months ending September 30, 2002, interest expense increased from the prior year largely due to the draw down of a U.S.\$30 million credit facility in March 2002. The foreign exchange gains and losses in 2002 are for the most part due to the impact on the credit facility of changes in exchange rates between the United States and Canadian dollar. In September 2002, Çayeli settled an insurance claim relating to damage to its tailings line. The proceeds of \$2.3 million were recorded as income in the quarter, as the book value of the damaged tailings line had been fully written off. The net impact to Inmet's net income after deducting the minority shareholder interest and taxes was \$0.8 million in the quarter. Litigation costs incurred in 2001 relate to the claim against Homestake Canada, Inc. regarding its failure to complete the purchase of Troilus in 1997.

## Summary of Operations

### Çayeli

<i>(100 per cent of production)</i>	<b>Third Quarter</b>		<b>Nine Months</b>		<i>Full year</i>
	<b>2002</b>	2001	<b>2002</b>	2001 <sup>(1)</sup>	<i>Forecast</i>
Ore milled (000's of tonnes)	<b>262</b>	266	<b>797</b>	549	<i>1,030</i>
Grades: Copper	<b>4.4%</b>	4.5%	<b>4.1%</b>	4.6%	<i>4.2%</i>
Zinc	<b>4.9%</b>	4.3%	<b>5.3%</b>	4.4%	<i>5.0%</i>
Recoveries: Copper	<b>88%</b>	92%	<b>86%</b>	91%	<i>86%</i>
Zinc	<b>74%</b>	73%	<b>72%</b>	71%	<i>72%</i>
Production: Copper (tonnes)	<b>10,200</b>	11,000	<b>28,300</b>	22,900	<i>38,000</i>
Zinc (tonnes)	<b>9,500</b>	8,500	<b>30,500</b>	17,100	<i>38,000</i>
Cash costs (per pound/copper)	<b>U.S.\$0.41</b>	U.S.\$0.42	<b>U.S.\$0.44</b>	U.S.\$0.45	<i>U.S.\$0.43</i>
Total costs (per pound/copper)	<b>U.S.\$0.46</b>	U.S.\$0.47	<b>U.S.\$0.48</b>	U.S.\$0.49	<i>U.S.\$0.47</i>
Capital expenditures (millions)	<b>U.S.\$2.1</b>	U.S.\$0.9	<b>U.S.\$5.5</b>	U.S.\$2.5	<i>U.S.\$11.0</i>

<sup>(1)</sup> Çayeli operated for only 15 days in the first quarter of 2001, due to a labour strike.

Throughput at Çayeli during the third quarter was consistent with the prior year and our expectations. Copper production in the third quarter of 2002 was lower than in the third quarter of the previous year due to lower recoveries. For the quarter and the nine months, zinc grades mined in 2002 were higher than 2001 resulting in higher zinc production. Unit costs of U.S.\$0.41 per pound in the third quarter were slightly below 2001 due to higher zinc credits and lower treatment charges, offset by lower copper production.

Operating earnings in the third quarter of 2002 were \$4.4 million, which compares to a breakeven result in the same period last year. Inmet acquired an additional six per cent of Çayeli in the first quarter of this year, bringing its ownership interest to 55 per cent; as a result, effective April 1, 2002, Çayeli was fully consolidated in Inmet's results. Prior to April 1, 2002, Çayeli was proportionately consolidated. The following table illustrates the impact on operating earnings from the full consolidation:

<i>(in thousands)</i>	<b>Third Quarter</b>		<b>Nine Months</b>	
	<b>2002</b>	2001	<b>2002</b>	2001
Çayeli operating earnings:				
Inmet's share of operating earnings (49% up to March 31, 2002 and 55% thereafter)	<b>\$2,393</b>	\$13	<b>\$11,075</b>	\$4,878
Minority interest share	<b>1,958</b>	-	<b>5,669</b>	-
	<b>\$4,351</b>	\$13	<b>\$16,744</b>	\$4,878

Earnings at Çayeli for the three months ending September 30, 2002 were strong compared to the same period in 2001 despite a 34 per cent drop in copper sales volume resulting from the timing of shipments. A higher copper price more than offset the copper sales volume reduction.

The installation of the new tailings pipeline was successfully completed in September at a total cost of U.S.\$4.2 million.

### **Outlook**

Çayeli's 2002 forecasted mill throughput is in excess of one million tonnes of ore. Copper metal production for the full year of 2002 is forecast to meet the objective established at the beginning of the year of 38,000 tonnes. Lower forecasted copper grades compared to the objective are expected to be offset by increased mill throughput and higher copper recoveries. It is expected that total zinc production in 2002 of 38,000 tonnes will fall short of our original objective of 43,000 tonnes. Zinc grades in the fourth quarter are expected to decrease from the third quarter. Original plans included the mining of clastic ore in the last part of the year, which typically results in higher zinc grades and production. With the installation of a new zinc filter planned for the fourth quarter, the mining of clastic ore has been deferred until 2003. Cash costs for the year are now forecast to be U.S.\$0.43 per pound compared to our objective of U.S.\$0.42 per pound due to lower zinc production.

Mill upgrades to increase the throughput rate by 25 per cent to 1.25 million tonnes per year are proceeding with the installation of a tertiary crusher, new zinc filter and two column flotation cells. Completion of these projects is expected by year end at an expected cost of U.S.\$3.7 million. During 2003, the operation will gradually increase to a mill throughput rate of 1.25 million tonnes per year.

Engineering of the shaft extension commenced in the quarter. Construction of the extension is scheduled to commence in 2003 after detailed design and cost estimates are finalized. The new shaft extension is designed to provide Çayeli with access to resources at depth.

## Pyhäsalmi

Pyhäsalmi's results from operations have been consolidated effective April 1, 2002. The following table summarizes the key operating statistics for Pyhäsalmi.

<i>(100 per cent of production)</i>	<b>Third Quarter</b>	Nine Months <sup>(1)</sup>	<i>Full year</i>
	<b>2002</b>	2002	<i>Forecast</i>
Ore milled (000's of tonnes)	<b>313</b>	922	1,200
Grades: Copper	<b>1.4%</b>	1.2%	1.2%
Zinc	<b>2.7%</b>	2.9%	2.9%
Sulphur	<b>41%</b>	41%	41%
Recoveries: Copper	<b>94%</b>	95%	94%
Zinc	<b>91%</b>	92%	92%
Production: Copper (tonnes)	<b>4,000</b>	10,500	13,000
Zinc (tonnes)	<b>7,600</b>	24,800	32,000
Pyrite (tonnes)	<b>120,100</b>	406,300	600,000
Cash costs (per pound/copper)	<b>U.S.\$0.25</b>	U.S.\$0.25	U.S.\$0.30
Total costs (per pound/copper)	<b>U.S.\$0.43</b>	n/a	U.S.\$0.50
Capital expenditures (millions)	<b>€1.5</b>	€3.7	€6.0

<sup>(1)</sup> The nine month information is included for information purposes only.

Pyhäsalmi's results for the third quarter of 2002 continued to exceed expectation. Mill throughput was higher than the planned annualized rate of 1.2 million tonnes. Copper and zinc grades, as well as recoveries, were higher than anticipated, which resulted in metal production surpassing expectations. Operating costs were lower than originally forecasted as a result of improved productivities in the mine.

In the quarter, Pyhäsalmi contributed \$2.7 million to Inmet's operating earnings and \$7.1 million to September 30. Capital expenditures in the quarter of €1.5 million included the raising of the tailings dam and the installation of an underground backfill raise.

### **Outlook**

In relation to our objectives at Pyhäsalmi, both copper production of 13,000 tonnes and zinc production of 32,000 tonnes are now forecast to exceed our objectives of 11,000 tonnes and 29,000 tonnes, respectively. As a result, cash costs for the full year are expected to be U.S.\$0.30 per pound compared to our objective of U.S.\$0.35 per pound.

## Troilus

<i>(100 per cent of production)</i>	<b>Third Quarter</b>		<b>Nine Months</b>		<i>Full year</i>
	<b>2002</b>	2001	<b>2002</b>	2001	<i>Forecast</i>
Ore milled (000's of tonnes)	<b>1,487</b>	1,413	<b>4,276</b>	4,051	<i>5,700</i>
Strip ratio	<b>2.4</b>	2.1	<b>2.5</b>	1.9	<i>2.4</i>
Grade (grams per tonne)	<b>1.0</b>	1.2	<b>1.1</b>	1.1	<i>1.1</i>
Recoveries	<b>83%</b>	84%	<b>83%</b>	83%	<i>83%</i>
Gold production (ounces)	<b>40,200</b>	45,400	<b>123,300</b>	118,100	<i>161,000</i>
Cash costs (per ounce/gold)	<b>U.S.\$270</b>	U.S.\$212	<b>U.S.\$247</b>	U.S.\$230	<i>U.S.\$255</i>
Total costs (per ounce/gold)	<b>U.S.\$290</b>	U.S.\$230	<b>U.S.\$267</b>	U.S.\$251	<i>U.S.\$276</i>
Capital expenditures (millions)	<b>\$1.0</b>	\$1.4	<b>\$4.6</b>	\$3.4	<i>\$5.4</i>

Mill throughput levels at Troilus continued to exceed expectations in the quarter, averaging 16,300 tonnes per day. As forecasted, gold grades at Troilus have declined due to the mining of lower grade ore as part of the push back of the north pit wall. As a result, gold production in the quarter was 5,200 ounces less than the third quarter of 2001. For the nine months, higher mill throughput led to a four per cent improvement in gold production.

Cash costs of U.S.\$270 per ounce in the quarter were higher than in the same quarter of the prior year as a result of decreased production and higher mining costs due to increased stripping.

Operating earnings declined in the third quarter of 2002 compared to 2001, due primarily to higher mining costs. The positive impact of an increase in realized gold price of U.S.\$16 per ounce and favourable spot terms on concentrate shipments, were offset by lower production and sales. For the nine months, operating earnings improved from last year due to increased gold sales at higher prices, offset somewhat by higher mining costs.

### Outlook

For the full year, gold production is expected to be 161,000 ounces, just below our objective of 163,000 ounces. Mining will continue in the north part of the pit during the fourth quarter at grades and costs consistent to those achieved in the third quarter. As a result, cash costs of U.S.\$255 per ounce by year end should be unchanged from our objective established at the beginning of this year.

## Ok Tedi

<i>(100 per cent of production)</i>		<b>Third Quarter</b>		<b>Nine Months</b>		<i>Full year</i>
		<b>2002</b>	2001	<b>2002</b>	2001	<i>Forecast</i>
Ore milled (000's of tonnes)		<b>7,700</b>	8,000	<b>23,700</b>	24,400	<i>31,000</i>
Grades:	Copper	<b>0.8%</b>	0.9%	<b>0.8%</b>	0.9%	<i>0.8%</i>
	Gold (grams per tonne)	<b>0.8</b>	0.8	<b>0.8</b>	0.8	<i>0.8</i>
Recoveries:	Copper	<b>91%</b>	70%	<b>87%</b>	75%	<i>86%</i>
	Gold	<b>73%</b>	56%	<b>67%</b>	60%	<i>67%</i>
Production:	Copper (tonnes)	<b>55,300</b>	49,900	<b>168,300</b>	158,500	<i>215,000</i>
	Gold (ounces)	<b>148,800</b>	107,500	<b>404,600</b>	354,000	<i>525,000</i>
Cash costs	(per pound /copper)	<b>U.S.\$0.38</b>	U.S.\$0.46	<b>U.S.\$0.43</b>	U.S.\$0.50	<i>U.S.\$0.45</i>
Total costs	(per pound /copper)	<b>U.S.\$0.52</b>	U.S.\$0.63	<b>U.S.\$0.57</b>	U.S.\$0.68	<i>U.S.\$0.60</i>
Capital expenditures	(millions)	<b>U.S.\$0.4</b>	U.S.\$1.1	<b>U.S.\$8.2</b>	U.S.\$22.6	<i>U.S.\$16.5</i>

Ok Tedi had strong operating results during the quarter. Mill throughput averaged 84,000 tonnes per day, moderately below throughput levels achieved in the first half of the year and the prior year. Significantly improved recoveries for copper and gold during the third quarter of 2002 resulted in higher copper and gold production from 2001 third quarter levels. For the nine months ended September 30, 2002, ore milled was moderately below prior year levels, but because of improved recoveries, copper and gold production exceeded levels for the same period last year. Cash costs in each of the three and nine months ended September 30, 2002 continue to be well below 2001 comparable period unit costs as a result of higher gold credits and higher copper production.

For the nine months ending September 30, 2002, Inmet has received \$6.0 million in dividends from Ok Tedi. The dividends have been recorded as a reduction in the carrying value of Inmet's investment in Ok Tedi.

### Outlook

During the quarter, water levels in the Fly River periodically dropped below navigable levels as a result of reduced rainfall caused by El Niño drought conditions. This has resulted in some disruption to the shipment of concentrates. During this time, Ok Tedi has continued at full production rates and has stockpiled concentrates, which will be shipped as river levels permit.

Ok Tedi's forecasted copper production for the full year has increased to 215,000 tonnes compared to the objective of 208,000 tonnes due to higher mill throughput and improved recoveries. Gold production will fall short of the objective, which is now expected at approximately 525,000 ounces for the full year. Cash costs for the year have been revised downward to U.S.\$0.45 per pound from the objective of U.S.\$0.48 per pound. These forecasts have been prepared on the basis that the El Niño conditions will not impact operations in the fourth quarter.

Replacement of the mill shell in one of Ok Tedi's two SAG mills was rescheduled from the fourth quarter of 2002 to the beginning of 2003, which will result in a 50 per cent throughput reduction over a seven week period in the first quarter of 2003.

### **Liquidity and Financial Condition**

Consolidated cash and short-term investments at September 30, 2002 were \$71 million, an increase of \$1 million in the quarter. A summary of consolidated sources and uses of cash and short-term investments for the three months and nine months ended September 30 is as follows:

#### ***Sources and Uses of Consolidated Cash and Short-Term Investments***

<i>(millions of Canadian dollars)</i>	<b>Third Quarter</b>		<b>Nine Months</b>	
	<b>2002</b>	2001	<b>2002</b>	2001
<b>Cash provided by (used in) operating activities:</b>				
Çayeli	\$ 5.3	\$ 0.2	\$ 21.2	\$ 2.2
Pyhäsalmi	6.0	-	12.3	-
Troilus	5.2	5.6	25.1	3.4
Ok Tedi	-	-	6.0	8.0
Corporate development and exploration	(0.9)	(1.3)	(3.7)	(3.2)
General and administration	(1.1)	(0.9)	(3.4)	(3.2)
Other	(4.5)	1.7	(4.8)	(4.3)
	<b>10.0</b>	5.3	<b>52.7</b>	2.9
<b>Cash provided by (used in) investing and financing activities:</b>				
Acquisition of Pyhäsalmi	-	-	(64.4)	-
Acquisition of 6% of Çayeli (net of cash acquired)	-	-	(3.2)	-
Credit facility borrowing, net of repayments	(1.9)	-	45.6	-
Capital expenditures	(6.7)	(3.0)	(16.8)	(6.6)
Other	(0.7)	(1.4)	(6.6)	(6.8)
Increase (decrease) in cash	<b>0.7</b>	0.9	<b>7.3</b>	(10.5)
Cash and short-term investments				
Beginning of period	<b>70.5</b>	65.9	<b>63.9</b>	77.3
End of period	<b>\$ 71.2</b>	\$ 66.8	<b>\$ 71.2</b>	\$ 66.8

## Cash flows from operating activities

The following table highlights the significant changes in operating cash flows between the three months and nine months ended September 30, 2002 and 2001:

<b><i>Changes in 2002 Operating Cash Flows Compared to 2001</i></b>		
<i>(millions of dollars)</i>	<b>Change in Third Quarter</b>	<b>Change in Nine Months</b>
Increased (decreased) sales volume at Çayeli and Troilus	\$ (2)	\$ 9
Increased metal prices	5	5
Addition of Pyhäsalmi operating cash flows	6	12
Additional Çayeli cash flows as a result of consolidation effective April 1, 2002	2	8
Decrease in Ok Tedi dividends	-	(2)
Increased operating costs	(2)	(5)
Decrease (increase) in non-cash working capital at Çayeli	(2)	6
Decrease in non-cash working capital at Troilus	1	20
Other	(3)	(3)
<b>Increase in 2002 operating cash flows compared to 2001</b>	<b>\$ 5</b>	<b>\$ 50</b>

As illustrated in the table above, the acquisition of Pyhäsalmi, and the full consolidation of Çayeli helped to offset decreases in sales volumes in the quarter and contributed to increased cash flow over the same period in 2001. For the nine months ended September 30, increased sales volumes at Çayeli and Troilus as well as decreases in non-cash working capital, mainly receivables, at Çayeli and Troilus in addition to the acquisition of Pyhäsalmi and the full consolidation of Çayeli, have helped to increase operating cash flows by \$50 million from the same period in 2001.

## Cash flows from investing and financing activities

Capital expenditures were higher in the quarter and the year due to capital costs associated with the replacement of the tailings pipeline and mill upgrades at Çayeli and the inclusion of Pyhäsalmi's capital spending.

### *Financing*

In March, to finance in part the purchase of Pyhäsalmi, Inmet drew down U.S.\$30 million of its revolving credit facility. In July, as a result of the Ok Tedi dividend received in June, a mandatory prepayment of half of this dividend of U.S.\$1.2 million was made reducing the loan balance to U.S.\$28.8 million. There are no scheduled loan repayments in 2002. The credit facility bears interest at a rate of LIBOR plus three per cent in 2002.

## Financial condition

Inmet's key financial ratios as at September 30, 2002 compared to June 30, 2002 and December 31, 2001 are summarized below.

<i>Financial ratios</i>			
	<b>September 30, 2002</b>	June 30, 2002	December 31, 2001
Current ratio	<b>2.2</b>	2.4	3.7
Debt to equity	<b>35%</b>	37%	10%
Debt to total capitalization	<b>26%</b>	27%	9%

The change in these ratios from December 31, 2001 is primarily a result of the acquisitions of Pyhäsalmi and Çayeli in March 2002.

## Risks

Inmet's earnings and cash flows are significantly affected by fluctuations in metal prices and exchange rates. The sensitivity of Inmet's annualized net income to changes in metal prices and to changes in foreign currency rates, are as follows:

	<b>Change in Metal Prices</b>	<b>Effect on Net Income <sup>(1)</sup></b>	<b>Effect Per Share</b>
Copper (per pound)	U.S.\$0.10	\$13 million	\$0.33
Zinc (per pound)	U.S.\$0.10	\$6 million	\$0.15
Gold (per ounce)	U.S.\$10.00	\$1 million	\$0.03
	<b>Change in Exchange Rate</b>	<b>Effect on Net Income</b>	<b>Effect Per Share</b>
Canadian dollar/U.S. dollar	C\$0.05	\$3 million	\$0.08
Canadian dollar/Euro	C\$0.05	\$1 million	\$0.03

*(1) Calculations include hedging in place at December 31, 2001. Calculations assume that all dividends received from Ok Tedi are recorded in income.*

In 2000, Inmet had entered into the following gold hedging transactions:

***Gold Hedging Position as at September 30, 2002***

Troilus:	Ounces	Price
2002 forward gold sales	18,000	U.S.\$319
2003 forward gold sales	72,000	U.S.\$319
2004 forward gold sales	72,000	U.S.\$319
2005 forward gold sales	19,000	U.S.\$320

In 2001, Inmet had entered into the following currency hedging transactions:

***Currency Hedging Position as at September 30, 2002***

Troilus:	US dollars	Rate
2002 bought put options	\$4.5 million	\$1.5033
2002 sold call options	\$4.5 million	\$1.5933
2003-05 bought put options	\$46.5 million	\$1.5033
2003-05 sold call options	\$46.5 million	\$1.5933

The gold hedges equate to approximately 48 per cent of remaining 2002 forecasted production at Troilus at an average price of U.S.\$319 per ounce. The currency hedge equates to approximately 33 per cent of forecast United States dollar cash flow from Troilus for 2002. All hedging transactions are under margin free facilities. Inmet has not hedged any of its base metals exposure.

Approximately 68 per cent of Inmet's September 30, 2002 indebtedness bears interest denominated at floating interest rates. The sensitivity in 2002 of Inmet's annualized operating cash flow and net after-tax earnings to a one per cent fluctuation in interest rates is projected to be \$0.5 million, or approximately \$0.01 per share.

**Other**

In January 2002, Inmet received judgment from the British Columbia Supreme Court in an action against Homestake Canada, Inc. regarding the failure of Homestake to complete the purchase of the Troilus mine in 1997. The judgment awarded Inmet \$88.2 million in lieu of specific performance. Homestake has appealed the judgment and Inmet expects to shortly receive Homestake's written arguments concerning the appeal. Inmet has filed a cross-appeal to deal, in part, with the fact that no interest was awarded on the \$88.2 million. Both the appeal and cross-appeal are scheduled to be heard in June 2003.

At September 30, 2002 and October 24, 2002 Inmet had 39,283,100 common shares outstanding.

**About Inmet** - Inmet is a Canadian based international mining company. Inmet's mining operations and investments produce copper, zinc and gold, and Inmet's growth strategy is focused on finding quality base metal reserves. Inmet's operating base consists of four competitive mining operations: Çayeli, Troilus, Pyhäsalmi and Ok Tedi.

- 30 -

For further information, please contact:  
Richard Ross  
President and Chief Executive Officer  
(1) 416-860-3974

### **THIRD QUARTER CONFERENCE CALL**

Please listen in to Inmet's third quarter conference call at 10:30 a.m. (ET) on Friday, October 25, 2002 at [www.newswire.ca/webcast/pages/InmetMining20021025/](http://www.newswire.ca/webcast/pages/InmetMining20021025/) for the live audio simulcast.

*Visit our website: [www.inmetmining.com](http://www.inmetmining.com)*

### **CAUTIONARY STATEMENT**

Some of the disclosures included in this press release represent forward-looking information. Such statements are subject to inherent risks and uncertainties as they are based on assumptions and estimates related to future economic and market conditions. While the reasonableness of these assumptions is reviewed regularly by management, unusual or unanticipated events could cause actual results to differ materially from those stated in the forward-looking information.

**INMET MINING CORPORATION**  
**CONSOLIDATED PRODUCTION AND UNIT COSTS**

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2002	2001	2002	2001
<b>PRODUCTION</b> (Inmet's share)				
<b>COPPER</b> (tonnes)				
Ok Tedi	10,000	8,900	30,300	28,500
Çayeli	5,600	5,400	15,000	11,200
Pyhäsalmi	4,000	-	7,300	-
Troilus	1,700	2,100	5,500	5,900
	<u>21,300</u>	<u>16,400</u>	<u>58,100</u>	<u>45,600</u>
<b>ZINC</b> (tonnes)				
Çayeli	5,200	4,200	16,200	8,400
Pyhäsalmi	7,600	-	16,600	-
	<u>12,800</u>	<u>4,200</u>	<u>32,800</u>	<u>8,400</u>
<b>GOLD</b> (ounces)				
Troilus	40,200	45,400	123,300	118,100
Ok Tedi	26,800	19,300	72,800	63,700
	<u>67,000</u>	<u>64,700</u>	<u>196,100</u>	<u>181,800</u>
<b>PYRITE</b> (tonnes)				
Pyhäsalmi	120,100	-	232,100	-
<b>UNIT COSTS</b>				
<b>Çayeli</b> (U.S.\$ per pound of copper)				
Direct cash costs	\$0.33	\$0.28	\$0.38	\$0.30
Copper processing charges and freight	0.24	0.24	0.25	0.27
Net metal credits	(0.16)	(0.10)	(0.19)	(0.12)
<b>Cash cost</b>	<u>0.41</u>	<u>0.42</u>	<u>0.44</u>	<u>0.45</u>
Amortization and other non cash costs	0.05	0.05	0.04	0.04
<b>Total cost</b>	<u>\$0.46</u>	<u>\$0.47</u>	<u>\$0.48</u>	<u>\$0.49</u>
<b>Pyhäsalmi</b> (U.S.\$ per pound of copper)				
Direct cash costs	\$0.68	-	\$0.75	-
Copper processing charges and freight	0.21	-	0.22	-
Net metal credits	(0.64)	-	(0.72)	-
<b>Cash cost</b>	<u>0.25</u>	<u>-</u>	<u>0.25</u>	<u>-</u>
Amortization and other non cash costs	0.18	-	0.19	-
<b>Total cost</b>	<u>\$0.43</u>	<u>-</u>	<u>\$0.44</u>	<u>-</u>
<b>Troilus</b> (U.S.\$ per ounce of gold)				
Direct cash costs	\$301	\$238	\$287	\$259
Capitalization of stripping costs	-	(10)	(7)	(3)
Processing charges and freight	41	51	45	54
Metal credits	(72)	(67)	(78)	(80)
<b>Cash cost</b>	<u>270</u>	<u>212</u>	<u>247</u>	<u>230</u>
Amortization and other non cash costs	20	18	20	21
<b>Total cost</b>	<u>\$290</u>	<u>\$230</u>	<u>\$267</u>	<u>\$251</u>
<b>Ok Tedi</b> (U.S.\$ per pound of copper)				
Direct cash costs	\$0.57	\$0.54	\$0.56	\$0.57
Processing charges and freight	0.19	0.21	0.21	0.22
Metal credits	(0.38)	(0.29)	(0.34)	(0.29)
<b>Cash cost</b>	<u>0.38</u>	<u>0.46</u>	<u>0.43</u>	<u>0.50</u>
Amortization and other non cash costs	0.14	0.17	0.14	0.18
<b>Total cost</b>	<u>\$0.52</u>	<u>\$0.63</u>	<u>\$0.57</u>	<u>\$0.68</u>

(note - the production and unit costs for Pyhäsalmi represent the operation's results from April 1, 2002)

**INMET MINING CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

(thousands of Canadian dollars)	<b>September 30</b> <b>2002</b>	December 31 2001
	(Unaudited)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and short-term investments (note 3)	<b>\$71,228</b>	\$63,871
Accounts receivable	<b>47,507</b>	42,273
Inventories	<b>30,641</b>	20,071
Future income tax asset	<b>3,894</b>	4,542
	<b>153,270</b>	130,757
Investments	<b>66,890</b>	72,845
Capital assets	<b>224,718</b>	88,508
Future income tax asset	<b>3,752</b>	4,366
Other assets	<b>12,655</b>	13,209
	<b>\$461,285</b>	\$309,685
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	<b>\$53,741</b>	\$30,130
Current portion of long-term debt	<b>15,078</b>	5,158
	<b>68,819</b>	35,288
Long-term debt (note 3)	<b>69,205</b>	16,981
Reclamation liabilities	<b>44,372</b>	36,397
Other liabilities	<b>11,444</b>	8,664
Future income tax liability	<b>7,373</b>	-
Non controlling interest	<b>20,274</b>	-
<b>SHAREHOLDERS' EQUITY</b>		
Convertible debentures	<b>40,191</b>	37,413
Share capital (note 2)	<b>227,372</b>	215,678
Contributed surplus	<b>66,999</b>	66,999
Deficit	<b>(106,533)</b>	(109,800)
Foreign currency translation account	<b>11,769</b>	2,065
	<b>239,798</b>	212,355
	<b>\$461,285</b>	\$309,685

(see accompanying notes)

**INMET MINING CORPORATION**  
**SEGMENTED BALANCE SHEETS**

(thousands of Canadian dollars)

**As at September 30, 2002**

(Unaudited)

	<b>CORPORATE</b>	<b>ÇAYELI (Turkey)</b>	<b>PYHÄSALMI (Finland)</b>	<b>TROILUS (Canada)</b>	<b>TOTAL</b>
<b>ASSETS</b>					
Cash and short-term investments	\$39,482	\$22,522	\$9,224	-	\$71,228
Other current assets	10,502	23,228	23,005	25,307	82,042
Investments	66,890	-	-	-	66,890
Capital assets	43,322	55,332	97,426	28,638	224,718
Other assets	12,892	592	-	2,923	16,407
<b>TOTAL ASSETS</b>	<b>\$173,088</b>	<b>\$101,674</b>	<b>\$129,655</b>	<b>\$56,868</b>	<b>\$461,285</b>
<b>LIABILITIES</b>					
Current liabilities	\$17,881	\$30,290	\$9,880	\$10,768	\$68,819
Long-term debt	64,205	5,000	-	-	69,205
Reclamation liabilities	44,372	-	-	-	44,372
Other liabilities	5,754	1,667	-	4,023	11,444
Future income tax liability	-	5,653	1,720	-	7,373
Non controlling interest	-	20,274	-	-	20,274
<b>TOTAL LIABILITIES</b>	<b>\$132,212</b>	<b>\$62,884</b>	<b>\$11,600</b>	<b>\$14,791</b>	<b>\$221,487</b>

**As at December 31, 2001**

	<b>CORPORATE</b>	<b>ÇAYELI (Turkey)</b>	<b>PYHÄSALMI (Finland)</b>	<b>TROILUS (Canada)</b>	<b>TOTAL</b>
<b>ASSETS</b>					
Cash and short-term investments	\$59,528	\$4,343	-	-	\$63,871
Other current assets	13,040	14,692	-	39,154	66,886
Investments	72,845	-	-	-	72,845
Capital assets	42,778	17,475	-	28,255	88,508
Other assets	14,358	309	-	2,908	17,575
<b>TOTAL ASSETS</b>	<b>\$202,549</b>	<b>\$36,819</b>	<b>-</b>	<b>\$70,317</b>	<b>\$309,685</b>
<b>LIABILITIES</b>					
Current liabilities	\$11,656	\$10,926	-	\$12,706	\$35,288
Long-term debt	12,064	4,917	-	-	16,981
Reclamation liabilities	36,397	-	-	-	36,397
Other liabilities	3,630	562	-	4,472	8,664
<b>TOTAL LIABILITIES</b>	<b>\$63,747</b>	<b>\$16,405</b>	<b>-</b>	<b>\$17,178</b>	<b>\$97,330</b>

**INMET MINING CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)

(thousands of Canadian dollars except per share amounts)	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	2002	2001
Sales	\$52,860	\$29,394	\$151,489	\$78,784
Cost of sales	(38,341)	(23,316)	(107,993)	(62,910)
Amortization	(4,735)	(1,673)	(10,669)	(4,432)
	9,784	4,405	32,827	11,442
Corporate development and exploration	(877)	(1,354)	(3,720)	(3,211)
General and administration	(1,126)	(910)	(3,440)	(3,185)
Stock based compensation (note 4)	1,366	-	(2,571)	-
Investment and other income (expense)	1,312	835	3,121	(144)
Interest expense	(2,679)	(707)	(5,683)	(2,264)
Capital tax expense	(333)	(181)	(696)	(408)
Income tax expense	(1,763)	(1,514)	(8,949)	(3,297)
Non controlling interest	(1,958)	-	(4,204)	-
<b>Net income (loss)</b>	<b>\$3,726</b>	<b>\$574</b>	<b>\$6,685</b>	<b>(\$1,067)</b>
Accretion on equity component of convertible debentures	(939)	(\$863)	(2,778)	(2,554)
<b>Basic and diluted net income (loss) per share</b>	<b>\$0.07</b>	<b>(\$0.01)</b>	<b>\$0.10</b>	<b>(\$0.10)</b>
<b>Weighted average shares outstanding (000's)</b>	<b>39,283</b>	<b>35,276</b>	<b>38,150</b>	<b>35,343</b>

(see accompanying notes)

**INMET MINING CORPORATION**  
**SEGMENTED STATEMENTS OF OPERATIONS**

(thousands of Canadian dollars)

**For the nine months ended September 30, 2002**

(Unaudited)

	<b>CORPORATE</b>	<b>ÇAYELI (Turkey)</b>	<b>PYHÄSALMI (Finland)</b>	<b>TROILUS (Canada)</b>	<b>TOTAL 2002</b>
Sales	-	\$51,295	\$31,404	\$68,790	\$151,489
Cost of sales	-	(31,882)	(19,987)	(56,124)	(107,993)
Amortization	-	(2,669)	(4,324)	(3,676)	(10,669)
	-	16,744	7,093	8,990	32,827
Corporate development and exploration	(3,720)	-	-	-	(3,720)
General and administration	(3,440)	-	-	-	(3,440)
Stock based compensation	(2,571)	-	-	-	(2,571)
Investment and other income	801	2,320	-	-	3,121
Interest expense	(4,034)	(1,369)	(280)	-	(5,683)
Capital tax expense	(696)	-	-	-	(696)
Income tax expense	(1,146)	(6,826)	(977)	-	(8,949)
Non controlling interest	-	(4,204)	-	-	(4,204)
<b>Net income (loss)</b>	<b>(\$14,806)</b>	<b>\$6,665</b>	<b>\$5,836</b>	<b>\$8,990</b>	<b>\$6,685</b>

**For the nine months ended September 30, 2001**

(Unaudited)

	<b>CORPORATE</b>	<b>ÇAYELI (Turkey)</b>	<b>PYHÄSALMI (Finland)</b>	<b>TROILUS (Canada)</b>	<b>TOTAL 2001</b>
Sales	-	\$21,547	-	\$57,237	\$78,784
Cost of sales	-	(15,202)	-	(47,708)	(62,910)
Amortization	-	(1,467)	-	(2,965)	(4,432)
	-	4,878	-	6,564	11,442
Corporate development and exploration	(3,211)	-	-	-	(3,211)
General and administration	(3,185)	-	-	-	(3,185)
Investment and other income (expense)	(144)	-	-	-	(144)
Interest expense	(1,709)	(555)	-	-	(2,264)
Capital tax expense	(408)	-	-	-	(408)
Income tax recovery (expense)	1,101	(4,398)	-	-	(3,297)
<b>Net income (loss)</b>	<b>(\$7,556)</b>	<b>(\$75)</b>	<b>-</b>	<b>\$6,564</b>	<b>(\$1,067)</b>

<sup>(1)</sup> "Other" includes shut down operations.

**INMET MINING CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

(thousands of Canadian dollars)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2002	2001	2002	2001
<b>Cash provided by (used in) operating activities <sup>(1)</sup></b>				
Net income (loss)	\$3,726	\$574	\$6,685	(\$1,067)
Add (deduct):				
Amortization	4,735	1,673	10,669	4,432
Future income tax	1,273	(364)	1,966	832
Non controlling interest	1,958	-	4,204	-
Other	(1,093)	140	1,049	1,751
Distributions in excess of earnings from Ok Tedi	-	-	5,954	7,967
Reclamation costs, net of related asset sales	(1,256)	(1,084)	(1,354)	(1,796)
Net change in non-cash working capital	653	4,382	23,531	(9,225)
	<b>9,996</b>	<b>5,321</b>	<b>52,704</b>	<b>2,894</b>
<b>Cash provided by (used in) investing activities</b>				
Acquisitions and dispositions (note 2)	87	-	(67,543)	925
Capital assets	(6,685)	(3,001)	(16,815)	(6,556)
Long-term stockpile	-	(552)	-	(2,445)
Short-term investments	(9,986)	(3,347)	20,306	10,242
	<b>(16,584)</b>	<b>(6,900)</b>	<b>(64,052)</b>	<b>2,166</b>
<b>Cash used in financing activities</b>				
Long-term debt:				
Borrowing (note 3)	-	-	47,430	-
Repayment	(3,948)	(1,240)	(7,360)	(3,701)
Deferred financing costs	(31)	-	(1,659)	-
Issue of share capital	23	-	23	-
Share buyback	-	-	-	(2,270)
	<b>(3,956)</b>	<b>(1,240)</b>	<b>38,434</b>	<b>(5,971)</b>
<b>Foreign exchange gain on cash held in foreign currency</b>	<b>1,303</b>	<b>432</b>	<b>577</b>	<b>726</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(9,241)</b>	<b>(2,387)</b>	<b>27,663</b>	<b>(185)</b>
<b>Cash and cash equivalents:</b>				
Beginning of period	60,946	34,707	24,042	32,505
End of period	51,705	32,320	51,705	32,320
<b>Short-term investments</b>	<b>19,523</b>	<b>34,512</b>	<b>19,523</b>	<b>34,512</b>
<b>Cash and short-term investments (note 3)</b>	<b>\$71,228</b>	<b>\$66,832</b>	<b>\$71,228</b>	<b>\$66,832</b>
(see accompanying notes)				
<b>(1) Cash used in operations includes the following payments:</b>				
Interest	\$1,939	\$383	\$4,142	\$2,797
Taxes	\$398	\$1,848	\$3,653	\$4,243

**INMET MINING CORPORATION**  
**SEGMENTED STATEMENTS OF CASH FLOWS**

(thousands of Canadian dollars)

**For the nine months ended September 30, 2002**

(Unaudited)

	<b>CORPORATE</b>	<b>ÇAYELI (Turkey)</b>	<b>PYHÄSALMI (Finland)</b>	<b>TROILUS (Canada)</b>	<b>TOTAL 2002</b>
<b>Cash provided by (used in):</b>					
<b>Operating activities</b>					
Before net change in working capital	(\$7,009)	\$12,594	\$10,352	\$13,236	\$29,173
Net change in working capital	1,099	8,618	1,983	11,831	23,531
	(5,910)	21,212	12,335	25,067	52,704
<b>Investing activities</b>	(56,543)	(7,356)	(4,213)	(4,562)	(72,674)
<b>Financing activities</b>	42,556	(4,122)	-	-	38,434
<b>Cash acquired on acquisition</b>	-	7,876	746	-	8,622
<b>Foreign exchange gain on cash held in foreign currency</b>	-	33	544	-	577
<b>Intercompany/divisional funding (distributions)</b>	20,157	536	(188)	(20,505)	-
<b>Increase in cash and cash equivalents</b>	260	18,179	9,224	-	27,663
<b>Cash and cash equivalents:</b>					
<b>Beginning of period</b>	19,699	4,343	-	-	24,042
<b>End of period</b>	19,959	22,522	9,224	-	51,705
<b>Short-term investments</b>	19,523	-	-	-	19,523
<b>Cash and short-term investments</b>	\$39,482	\$22,522	\$9,224	-	\$71,228

**For the nine months ended September 30, 2001**

(Unaudited)

	<b>CORPORATE</b>	<b>ÇAYELI (Turkey)</b>	<b>PYHÄSALMI (Finland)</b>	<b>TROILUS (Canada)</b>	<b>TOTAL 2001</b>
<b>Cash provided by (used in):</b>					
<b>Operating activities</b>					
Before net change in working capital	(\$2,158)	\$2,451	-	\$11,826	\$12,119
Net change in working capital	(590)	(252)	-	(8,383)	(9,225)
	(2,748)	2,199	-	3,443	2,894
<b>Investing activities</b>	9,951	(1,896)	-	(5,889)	2,166
<b>Financing activities</b>	(3,565)	(2,406)	-	-	(5,971)
<b>Foreign exchange gain on cash held in foreign currency</b>	20	706	-	-	726
<b>Intercompany/divisional funding (distributions)</b>	4,502	(6,948)	-	2,446	-
<b>Increase (decrease) in cash and cash equivalents</b>	8,160	(8,345)	-	-	(185)
<b>Cash and cash equivalents:</b>					
<b>Beginning of period</b>	14,625	17,880	-	-	32,505
<b>End of period</b>	22,785	9,535	-	-	32,320
<b>Short-term investments</b>	34,512	-	-	-	34,512
<b>Cash and short-term investments</b>	\$57,297	\$9,535	-	-	\$66,832

<sup>(1)</sup> "Other" includes shut down operations.

**INMET MINING CORPORATION**  
**CONSOLIDATED STATEMENTS OF DEFICIT**

(Unaudited)

(thousands of Canadian dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	2002	2001
Deficit, beginning of period				
As previously reported	<b>(\$109,320)</b>	(\$128,560)	<b>(\$109,800)</b>	(\$125,228)
Prior year's adjustment to reflect change in accounting for stock based compensation (note 4)	-	-	<b>(640)</b>	-
As restated	<b>(109,320)</b>	(128,560)	<b>(110,440)</b>	(125,228)
Net income (loss)	<b>3,726</b>	574	<b>6,685</b>	(1,067)
Accretion on equity component of convertible debentures	<b>(939)</b>	(863)	<b>(2,778)</b>	(2,554)
Deficit, end of period	<b>(\$106,533)</b>	(\$128,849)	<b>(\$106,533)</b>	(\$128,849)

**INMET MINING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Significant Accounting Policies**

The interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements except for the change, as described in note 4. The interim consolidated financial statements should be read in conjunction with Inmet's annual consolidated financial statements included in its 2001 Annual Report.

**2. Acquisitions**

During 2002, the following acquisitions were made. The payments in the following table reflect the amount of cash paid in 2002 less cash acquired:

<i>(thousands of dollars)</i>	<b>Note</b>	
Pyhäsalmi	2(a)	\$64,380
Çayeli	2(b)	3,163
		<b>\$67,543</b>

**2(a) Acquisition of Pyhäsalmi**

In March 2002, Inmet finalized the acquisition of 100 per cent of the Pyhäsalmi copper and zinc mine located in central Finland from Outokumpu Oyj. The acquisition has been accounted for using the purchase method. The balance sheet has been consolidated effective March 31, 2002, and the results from operations have been consolidated effective April 1, 2002.

The preliminary allocation of the purchase price, based on consideration paid, is summarized as follows:

<i>(thousands of dollars)</i>	
<b><i>Net assets acquired:</i></b>	
Cash	\$ 746
Other current assets	21,988
Capital assets	87,860
Current liabilities	(9,745)
Reclamation and other liabilities	(9,121)
	<b>\$ 91,728</b>
<b><i>Consideration:</i></b>	
Cash, including transaction costs	\$ 66,940
Promissory note (note 3(b))	13,068
Common shares	11,720
	<b>\$ 91,728</b>

Inmet issued four million common shares, the value of which was determined based on the average market price of Inmet's common shares over a 10 day period before and after the terms of the acquisition were agreed to and announced on December 19, 2001 of \$2.93 per share.

Pyhäsalmi is considered a reportable operating segment and as such, at September 30, 2002, has been identified separately in Inmet's segmented disclosure.

## **2(b) Acquisition of Çayeli**

During March 2002, Inmet completed its purchase from Gama Endüstri A.S. of an additional six per cent interest in Çayeli Bakir Isletmeleri A.S., owner and operator of the Çayeli copper and zinc mine located in Turkey . The purchase increases Inmet's interest in Çayeli to 55 per cent. The acquisition has been accounted for using the purchase method. Inmet's 49 per cent investment had been accounted for using the proportionate consolidation method. With the increase of Inmet's investment to 55 per cent, the balance sheet has been fully consolidated effective March 31, 2002, and the results from operations have been fully consolidated effective April 1, 2002.

The allocation of the purchase price, based on consideration paid, is summarized as follows:

<b><i>Net assets acquired:</i></b>	
Cash	\$ 7,876
Other current assets	13,709
Capital assets	33,105
Other assets	314
Current liabilities	(12,820)
Long-term debt	(4,240)
Reclamation and other liabilities	(1,167)
Future income tax liability	(5,840)
Less - non-controlling interest	(19,898)
<b>Total consideration</b>	<b>\$11,039</b>

### 3. Long Term Debt

#### 3(a) Revolving Credit Facility

In February 2002, Inmet entered into a credit agreement with a syndicate of Canadian and international banks to finance in part the acquisition of Pyhäsalmi. In March 2002, U.S.\$30 million of the U.S.\$40 million Revolving Credit Facility was drawn down.

Borrowings under the Revolving Credit Facility are denominated in United States dollars. Interest rates vary based on the prior period's debt service coverage ratio, however, for the period through December 31, 2002 the rate is LIBOR plus 3.0 per cent.

The Revolving Credit Facility is secured by share pledge guarantees from Inmet's Pyhäsalmi and Çayeli mines as well as an assignment of certain receivables. Failure at any time during the term for the debt service coverage ratio to be at least a specified minimum or for Inmet to maintain a minimum cash level of U.S.\$15 million constitutes a default under the Revolving Credit Facility. The Revolving Credit Facility also provides for customary events of default including a change of control of Inmet; however, there are no restrictions on Inmet paying dividends or making other distributions to shareholders so long as the Revolving Credit Facility is in good standing. Inmet has the right to prepay the Revolving Credit Facility at any time.

Reductions in the amount available on the U.S.\$40 million Revolving Credit Facility are as follows:

<i>(thousands of United States dollars)</i>	
2003	\$4,000
2004	8,000
2005	8,000
2006	20,000
	<b>\$40,000</b>

In addition, Inmet is subject to certain mandatory prepayments in the event of asset sales, debt issuances and certain other cash inflows, including dividends from Ok Tedi.

In July, Inmet made a mandatory prepayment representing 50 per cent of the net Ok Tedi dividend received in June 2002. After the prepayment, the outstanding balance on the facility was U.S.\$28.8 million.

### **3(b) Promissory Note**

As part of the consideration for the purchase of Pyhäsalmi, Inmet issued a €4 million 10-year six per cent promissory note to Outokumpu Oyj. The promissory note had a fair value of € million (\$13 million) at the date of issue. No principal repayments are required until maturity.

## **4. Stock Based Compensation**

In December 2001, the Canadian Institute of Chartered Accountants issued Recommendations relating to the recognition, measurement, and disclosure of stock based compensation made in exchange for services provided by employees. Inmet adopted the new Recommendations for its year beginning January 1, 2002.

Inmet's stock option plans provide that, on exercise, the option holder has the right, rather than acquiring the optioned shares, to accept in cash an amount equal to the difference between the option price and the then market value. In these circumstances the recommendation requires Inmet to adopt a fair value based method of accounting whereby compensation expense will be recorded over the term that the stock options vest based on the market value of the Inmet shares. As a result, a compensation expense of \$1.8 million was recorded in the nine months ending September 30, 2002. For the three months ending September 30, 2002, a recovery of \$0.7 million was recorded reflecting the decrease in the share price from June 30, 2002 to September 30, 2002. For the full year 2001, \$0.6 million was charged to opening retained earnings.

In addition, Inmet revalued its outstanding deferred share units at period end prices, which resulted in an expense for the nine months of \$0.8 million and a recovery in the quarter of \$0.7 million.

The total impact of stock based compensation for the nine months and quarter was a \$2.6 million expense and a recovery of \$1.4 million, respectively.

Changes to stock options outstanding for the nine months ended September 30, 2002 are as follows:

<b>Treasury Plan</b>		
<b>2002</b>	<b>Options</b>	<b>Weighted Average Exercise Price</b>
Balance, January 1, 2002	2,316,000	\$3.59
Options exercised		
For the quarter ended March 31	(1,000)	\$1.75
For the quarter ended June 30	(24,500)	\$2.21
For the quarter ended September 30	(7,500)	\$3.00
Options terminated		
For the quarter ended March 31	-	-
For the quarter ended June 30	(3,000)	\$1.75
For the quarter ended September 30	-	-
<b>Balance, September 30, 2002</b>	<b>2,280,000</b>	<b>\$3.61</b>

<b>Supplementary Plan</b>		
<b>2002</b>	<b>Options</b>	<b>Weighted Average Exercise Price</b>
Balance, January 1, 2002	808,000	\$2.32
Options granted		
For the quarter ended March 31	-	-
For the quarter ended June 30	10,000	\$5.80
For the quarter ended September 30	-	-
Options exercised		
For the quarter ended March 31	(1,500)	\$1.75
For the quarter ended June 30	(24,250)	\$1.75
For the quarter ended September 30	-	-
Options terminated		
For the quarter ended March 31	-	-
For the quarter ended June 30	(4,500)	\$1.75
For the quarter ended September 30	-	-
Balance, September 30, 2002	787,750	\$2.39