

INMET

MINING

ANNUAL INFORMATION FORM
March 21, 2005
For the year ended December 31, 2004

INMET MINING CORPORATION
330 Bay Street, Suite 1000
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ANNUAL INFORMATION FORM

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1. DATE OF ANNUAL INFORMATION FORM

This Annual Information Form (“AIF”) is dated as of March 21, 2005. Except as otherwise indicated, the information contained in this AIF is as such date.

In this AIF, unless the context otherwise indicates, the words “Corporation”, “we”, “us” and “our” and like terms refer to Inmet Mining Corporation only while “Inmet” refers collectively to Inmet Mining Corporation and its subsidiaries and joint ventures. Unless otherwise indicated, all currency amounts in this Annual Information Form are in Canadian dollars.

Securities regulators encourage companies to disclose forward-looking information to help investors understand a company’s future prospects. This Annual Information Form contains statements about Inmet’s future financial condition, results of operations and business. These are “forward-looking” because we have used what we know and expect today to make a statement about the future. Forward-looking statements usually include words such as *may*, *expect*, *anticipate*, *believe* or other similar words. We believe the expectations reflected in such forward-looking statements are reasonable. However, actual events and results could be substantially different because of the risks and uncertainties associated with our business or events that happen after the date of this Annual Information Form. You should not place undue reliance on forward-looking statements. As a general policy, we do not update forward-looking statements.

2. CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

The Corporation was continued under the laws of Canada by certificate and articles of continuance dated June 1, 1987 and subsequently amalgamated under the laws of Canada with two wholly-owned subsidiaries by certificate and articles of amalgamation dated January 1, 1988. The amalgamated corporation was amalgamated again under the laws of Canada with a wholly-owned subsidiary by certificate and articles of amalgamation dated December 31, 1990. On May 4, 1995, the articles of the Corporation were amended to change the name of the Corporation from “Metall Mining Corporation/Corporation Minière Metall” to “Inmet Mining Corporation/Corporation Minière Inmet”. By Articles of Amalgamation dated January 1, 1999, the Corporation was again amalgamated with a wholly-owned subsidiary. The registered and principal office of the Corporation is 330 Bay Street, Suite 1000, Toronto, Ontario Canada M5H 2S8.

2.2 Intercorporate Relationships

<u>Principal Subsidiaries & Associated Companies</u>	<u>Jurisdiction</u>	<u>Ownership (%)</u>
Çayeli Bakir Isletmeleri A.S. (“ÇBI”)	Turkey	100
Pyhäsalmi Mine Oy (“PMO”)	Finland	100
Ok Tedi Mining Limited (“OTML”)	Papua New Guinea	18
Artvin Bakir Maden Isletmeleri A.S. (“ABMI”)	Turkey	100

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

In 2000, the Corporation implemented a strategy “to grow as a base metal mining company providing superior returns to its shareholders”. In the last three fiscal years, the Corporation has continued to execute this strategy; it has achieved growth through a number of acquisitions and internal initiatives and has positioned itself financially to support future growth.

In March 2002, we acquired through a wholly-owned subsidiary the Pyhäsalmi mine. Pyhäsalmi’s operating performance to date has been exceptional; Pyhäsalmi’s cumulative cash flow by the end of 2004 exceeded our purchase price with the result that the operation has paid for itself in under three years. Over the last three years, we also increased our interest in the Çayeli mine from 49 percent to 100 percent through the purchase of a 6 percent interest from a minority shareholder in March 2002 and the more recent acquisition by a wholly-owned subsidiary of the 45 percent interest of Çayeli that we did not already own from the Republic of Turkey’s Prime Ministry Privatization Administration for US \$49.25 million in September 2004. Over the past two years, we have also increased our exploration and development activities in Turkey through the acquisition by ÇBI of the Rize property located near the Çayeli mine and the Cerattepe property located near Artvin, Turkey. Subject to receipt of regulatory approvals, we anticipate that Cerattepe will be in production by the fourth quarter of 2006. In late 2003, ÇBI commenced a shaft extension project and related development of the deeper part of the Çayeli mine. When completed, we expect that these initiatives will position ÇBI to address mine production challenges that arose in 2004 and enhance its ability to achieve a throughput rate of 1.25 million tonnes per year. We anticipate these initiatives will be completed by mid-2006.

In March 2003, we announced an increase in gold reserves at our Troilus mine from approximately 550,000 ounces to 1 million ounces of recoverable gold, leading to an extension of the mine’s expected life. At the end of 2004, we completed a mill expansion at Troilus, on time and \$2 million

under budget, which we expect will increase mill capacity by at least 15 percent and gold recoveries by 2 percent.

Since 2002, we have participated in revised shareholder arrangements for OTML with our partners, the PNG Sustainable Development Program Limited and the Government of Papua New Guinea, that provide for joint control over OTML's strategic decisions by all shareholders. As a result, as of July 1, 2003, we changed our method of accounting for our 18 percent investment in OTML from cost accounting to proportionate consolidation. See "Ok Tedi Mine" at page 17 of this Annual Information Form.

In July 2003, we crystallised the value of our 3.3 percent net profits interest in the Antamina zinc-copper mine in Peru by selling it for US \$22.5 million. We used the proceeds to pay down the then remaining US \$19.5 million balance of our credit facility that we used to finance, in part, the purchase of Pyhäsalmi. In November 2003, we agreed to receive the sum of approximately \$111 million from Homestake Canada, Inc. in payment of the amount to which we were entitled as a result of a decision of the British Columbia Court of Appeal. The Court of Appeal decision concerned the appeal by Homestake Canada, Inc. and our related cross appeal, of the British Columbia Supreme Court judgment obtained by us in January 2002 in connection with Homestake Canada, Inc.'s failure to complete the purchase of the Troilus mine in 1997. The B.C. Court of Appeal dismissed the appeal by Homestake Canada Inc. and allowed our cross-appeal concerning pre-judgment interest, awarding us pre-judgment interest at the rate prescribed by the B.C. Supreme Court.

In December 2004, we announced the redemption of our \$64,052,000 aggregate principal amount convertible subordinated debentures due September 30, 2007 at the redemption price of \$1,000 per \$1,000 stated principal, together with accrued and unpaid interest. We completed the redemption on January 20, 2005.

4. DESCRIPTION OF THE BUSINESS

4.1 Business of Inmet

The Corporation is a Canadian-based global mining company with interests in four mining operations located around the world:

- Çayeli in Turkey (100 percent owned through ÇBI)
- Pyhäsalmi in Finland (100 percent owned through PMO)
- Troilus in Quebec, Canada (a division of the Corporation)
- Ok Tedi, in Papua New Guinea (18 percent owned through OTML)

As at December 31, 2004, Inmet had approximately 3,000 employees. Each of Inmet's operations is discussed later under this Item.

Inmet's principal products are copper, zinc and gold. Inmet sells all its copper in the form of copper concentrates to international copper smelters and merchants and all of its zinc in the form of zinc concentrates to international zinc smelting companies, as well as to merchants. Our Troilus mine has its gold doré production toll refined and we sell the refined gold in the market. Approximately 70 percent of gold produced at Troilus is sold by us as an element in copper concentrates.

We expect that base metal prices will continue to depend heavily on demand from China with economic growth in the West expected to slow. We believe the current deficit in the supply of copper is likely to keep copper prices high relative to historic averages, at least until the second half of 2005. By then, increasing copper production will likely begin to replenish world inventories. We expect demand for zinc to exceed world supply, which should keep zinc prices high for most of 2005 relative to historic averages. We also expect gold prices to continue to be influenced primarily by the US dollar, which we anticipate will continue to weaken because of the US budget and trade deficits. This should lead to higher US dollar denominated gold prices in 2005.

Inmet pays smelters a processing fee to convert its metal concentrates into refined metal (treatment and refining charge). A smelter will also charge for content losses, which are deductions the smelter makes to handle its own loss of metal in the smelting and refining process. In the case of copper, the deduction is typically 3.5 percent of gross copper revenue and for zinc, the deduction is typically 15 percent. Most contracts also contain provisions for price participation that allow the smelters to increase their fees when metal prices go up, and require them to reduce their fees when metal prices go down. The treatment and refining charge is typically negotiated annually and the forecasted balance between mine supply and smelter demand determines the amount of the charge.

Most of Inmet's copper and zinc concentrates are sold under long-term contracts but some are also sold on the spot market. Treatment and refining charges in the spot market tend to be more volatile. We expect copper treatment and refining charges in 2005 to be approximately double 2004 levels and 2005 zinc treatment charges to be somewhat lower than 2004 levels.

Our gross sales by metal for the years ending December 31, 2004 and 2003 were as follows:

Gross Sales (in thousands)⁽¹⁾

Metal	2004	2003
Copper	\$295,781	\$187,163
Zinc	93,044	82,186
Gold	116,491	102,430
Other	40,990	36,275
Total	\$ 546,306	\$ 408,054

⁽¹⁾ Includes 100 percent of sales from Çayeli, Pyhäsalmi and Troilus, and commencing July 1, 2003, 18 percent of sales from Ok Tedi.

4.2 Inmet's Operations

The following is a description of Inmet's mining operations and other properties. Mineral reserve and mineral resource estimates for each of these are set out on page 23.

Çayeli Mine

Ownership Interest

ÇBI is a wholly-owned subsidiary of the Corporation. It is incorporated under the laws of the Republic of Turkey and its principal asset is the Çayeli copper and zinc mine located in northeastern Turkey. On September 23, 2004, we acquired through a wholly-owned subsidiary the remaining 45 percent interest of ÇBI that we did not already own from the Republic of Turkey's Prime Ministry Privatization Administration for US \$49.25 million.

Property Interests and Location

The Çayeli ore body is located within the boundaries of a mining operating license granted by the Government of Turkey, with an area of 203.1 hectares. The operating license expires on July 29, 2044. Eti Holding A.S. is the holder of the operating license and has leased the operating license to ÇBI, for a term that expires on July 29, 2044.

The Çayeli mine is located in the Province of Rize near the Black Sea coast of northeastern Turkey. Situated at an elevation of about 100 metres, the plant site is located on the western flood plain of the Büyükdere River directly across from the town of Madenli about seven kilometres from the Black Sea coast. The town of Çayeli is located where the Büyükdere River enters the Black Sea and lies about 18 kilometres east of the city of Rize.

Geology

Çayeli is a Cretaceous age volcanogenic massive sulphide deposit. The deposit has a known strike length of over 600 metres, extends to a depth of at least 600 metres and varies in thickness from a few metres to 80 metres, averaging about 20 metres. The average dip is 65 degrees to the north-northwest and the deposit is open down dip and to the north. The deposit occurs at the contact between altered footwall felsic volcanic flows and pyroclastic and hanging wall mafic volcanics.

The deposit consists of massive and stockwork sulphides. The mineralization includes pyrite, chalcopyrite and sphalerite with lesser amounts of galena and tetrahedrite. The massive sulphide ore is classified into Yellow Ore, which is zinc poor, Black Ore that is zinc rich and Clastic Ore, which contains copper, zinc and precious metals. In the Clastic Ore, the sphalerite contains inter-growths and inclusions of chalcopyrite and requires batch processing through the mill. Stockwork ore containing pyrite and chalcopyrite in veins occurs stratigraphically below the massive sulphides.

Operations

In 2004, Çayeli produced 26,800 tonnes of copper and 33,400 tonnes of zinc in concentrates at a cash cost per pound of copper of US \$0.63. Copper and zinc recoveries averaged 89 percent and 76 percent, respectively, for the year. Çayeli achieved mill throughput of approximately 765,000 tonnes, significantly below 2003's level as mine production was impacted by insufficient development and lack of available mining areas.

Unit costs were higher in 2004 than in 2003 partially because of higher mining costs and higher smelter processing and freight costs, but mainly because of lower production levels. Direct production costs are relatively fixed at Çayeli and therefore lower copper production increased unit cash costs because fixed costs were allocated over less production. Higher zinc production relative to copper production and higher zinc prices in 2004 decreased unit cash costs because by-product credits were higher. In 2004, costs were also affected by the increasing costs of labour and consumables, mainly due to inflation and the lower value of the US dollar against the Turkish lira. We believe that unit costs will increase by US \$0.05 per pound of copper in 2005 as we expect higher prices for consumables and higher labour costs. We cannot predict with certainty Turkey's rate of inflation or currency exchange rates for the Turkish lira; it is therefore difficult for us to determine how these factors may affect ÇBI 's 2005 results.

ÇBI's production is highly dependent on its ability to mine the budgeted number of underground mining stopes. In 2004, ÇBI mined approximately 100 stopes to achieve its production. These stopes are relatively small and require meticulous planning to minimize turnaround time and ensure efficient mining. Many of the present production areas are below the bottom of the current shaft, resulting in congestion in the ramp used to haul the ore up to the shaft loading pockets. Traffic congestion

improved after concrete placement in the ramp floor was completed in August. The remaining ore blocks in the upper part of the mine have more challenging ground conditions making them difficult to mine. ÇBI has developed a detailed mine plan for 2005 to mine part of the central pillar in the upper levels, increase its rehabilitation efforts and carry out improvements on the ramp.

The stoping sequence of the lower levels of the mine was changed to form a pyramid shaped mining front advancing out from the central pillar to the boundaries of the ore body. ÇBI has also installed a rockmechanical management system to monitor and model ground events. These are all elements of how ground conditions at Çayeli are managed, a critical factor in restoring Çayeli's productivity levels. ÇBI has also restructured its organization to create a more efficient management structure to address the mine's increased complexity and coordinate the development of the Cerattepe project.

A substantial portion of Çayeli's proven and probable mineral reserves are located below the bottom of the existing shaft. During 2004, ÇBI progressed development of its shaft deepening project that involves extending the existing shaft by 286 metres and developing new ore handling facilities at the 570 metre level. The work to deepen Çayeli's shaft is under a fixed price contract for US \$14 million, of which approximately US \$6 million was spent by the end of 2004. The deepened shaft is intended to provide Çayeli with access to its deeper ore and to improve the efficiency of its ore transport below the 900 metre level. To date, shaft sinking has advanced by approximately 240 metres.

During 2005, ÇBI will focus on the lateral and ramp development of the lower part of the deposit and progressing the shaft extension. We estimate the total capitalcost for this, exclusive of the US \$14 million fixed price contract for the shaft extension, to be US \$8 million. Completion of the development and the shaft extension should ensure that ÇBI is well positioned to move towards achieving its throughput target of 1.25 million tonnes of ore milled per year. We expect the shaft project and the lateral and ramp development required to bring the lower mining areas into production to be completed during the second quarter of 2006. Until then, we also expect productivity improvements to be gradual and anticipate a mining rate of approximately 770,000 tonnes in 2005.

Safety performance at Çayeli suffered last year because of an employee fatality on August 21, 2004. ÇBI carried out an evaluation of the factors that contributed to the fatality and has taken steps to reduce the risk of a similar incident.

Negotiations with the Miner's Union at Çayeli commenced early in 2004 for the renewal of the collective bargaining agreement that expired in May 2003. These negotiations were successfully concluded in June 2004 and resulted in a new three-year agreement effective from May 2003.

Approximately 80 percent of Çayeli's copper and zinc concentrates are sold under long-term contracts with the balance sold in the spot market at prevailing market prices. ÇBI's concentrates are shipped out from the port at Rize, located on the Black Sea coast.

As at the end of 2004, ÇBI had approximately 480 employees. We expect Çayeli to continue operations until 2016.

Cerattepe Project

The Cerattepe deposit is located in Artvin Province, in northeastern Turkey, approximately 100 kilometres due east of ÇBI's Çayeli mine, and 60 kilometres south of the Black Sea port of Hopa. It is located in a mountainous region, 3.5 kilometres southwest of the town of Artvin at an elevation of approximately 1700 metres. The site is accessed by two switchback gravel roads. The deposit is owned by ABMI, a wholly-owned subsidiary of ÇBI. In March 2004, ÇBI closed the acquisition of ABMI from an associated entity of Teck Cominco Limited for US \$11 million. ÇBI paid US \$2 million at closing and has two optional installments of US \$4.5 million each for the remainder of the purchase price. If ÇBI chooses not to pay the second installment, it must transfer the shares of ABMI back to the vendor.

The Cerattepe deposit is a volcanogenic massive sulphide deposit, and is host to significant concentrations of copper and zinc with minor lead, silver and gold. It also has a formation of a gold and silver rich gossan above and adjacent to the massive sulphide body. The Cerattepe deposit is comprised of three distinct deposits; a massive sulphide zone that is rich in copper near the base, and copper poor sulphide (low-grade) zone above, and an overlying oxidized gossan zone which is rich in gold.

Technical feasibility work and environmental studies on the Cerattepe project were started by ÇBI in late 2003 and continued through 2004. A feasibility study was completed by mid-2004 by SRK Consulting Inc. This study recommended mining only the higher grade portion of the copper ore body. The development plan for the Cerattepe property calls for ramping down to the deposit, mining the high-grade copper ore from underground and trucking it a distance of approximately 130 kilometres for processing at the Çayeli mill. Mining would be carried out at a rate of approximately 250,000 tonnes per year. Capital costs for the development of the mine are estimated at US \$46 million, including approximately US \$9 million for an expansion of the Çayeli mill from its current capacity of 1.25 million tonnes to 1.5 million tonnes per year that would accommodate additional ore from Cerattepe. Subject to the ÇBI achieving its target rate of 1.25 million tonnes per year, a decision will be made on whether a further mill expansion is required at Çayeli to accommodate the ore from Cerattepe.

At the end of 2004, the Cerattepe project employed 10 people. We expect Cerattepe will employ 90 people in mining activities during its life. We estimate operating costs, including mining, processing, transportation of the ore to Çayeli, general and administration costs and royalties will be US \$40 per tonne of ore milled. We estimate cash costs, inclusive of treatment and refining costs of US \$90 per tonne and US \$0.09 per pound, respectively, will be US \$0.50 per pound of copper.

ABMI is in the process of submitting an environmental impact assessment to the Turkish regulatory authorities and should receive the final permit for a trial mining program during the first half of 2005.

In 2005, we expect US \$11 million will be spent developing Cerattepe and we also expect ÇBI will spend US \$4.5 million on the second installment of the purchase price.

Once the necessary permits are received, ABMI will extend an existing ramp down into the deposit; it currently expects to reach the ore body by the end of 2005. It plans to extract a 25,000 tonne bulk sample after that. The bulk sample will be transported to Çayeli and processed through the Çayeli mill over a period of one to two weeks. The bulk sample and trial mining program are designed to provide the information required to fine-tune the layout of the mine and optimize the metallurgical recovery. Because of the high grades and the relatively small size of the ore body, ABMI is working to ensure that mining and metallurgical recoveries are optimized. As the bulk sample test proceeds, applications for the permits required for production will be made, and if everything advances as we anticipate, full-scale production at Cerattepe should begin in the fourth quarter of 2006. Although the approach to the permit process has been carefully planned, the timing of permits is ultimately in the hands of the Turkish regulatory authorities.

Pyhäsalmi Mine

Ownership Interest

On March 19, 2002, a subsidiary of the Corporation acquired from a subsidiary of Outokumpu Oyj, all of the issued and outstanding shares of PMO, the owner of the Pyhäsalmi mine. It also acquired associated mining concessions and over 3,000 hectares of other exploration claims located in Finland.

Property Interests and Location

The Pyhäsalmi mine is located in central Finland, four kilometres southeast of the town of Pyhäjärvi, on Lake Pyhäjärvi. There are three cities (Oulu, Jyväskylä and Kuopio) served by airports within a two hour drive from the mine. A rail spur joins the mine to the national network and to the port of Kokkola, located 170 kilometres to the west on the Gulf of Bothnia.

Pyhäsalmi's mining concession consists of two leases; a mining lease totaling 59.2 hectares and an auxiliary lease totaling 352.4 hectares. The mining lease covers all the mineralization and the mine itself

and the auxiliary lease covers all other areas used for mining purposes. PMO holds both mining concession leases.

Geology

The Pyhäsalmi deposit is a copper zinc volcanogenic massive sulphide deposit of Proterozoic age. The mineralization is hosted by altered felsic and mafic volcanics. The enveloping alteration zone is at least four kilometres long and one kilometre at its widest point. Alteration in the felsic volcanics includes sericite and cordierite dominated mineralogies. In the altered mafic volcanics, cordierite, anthophyllite and garnet dominate. The metamorphic grade is upper amphibolite facies.

The upper part of the Pyhäsalmi deposit was mined between 1962 and 2001 and has now been depleted. Deep drilling in 1996 by Outokumpu Oyj, the previous owner, led to the discovery of an extension to the deposit below the +1050 metre level.

The newer deep deposit is located between the +1050 metre level (from surface) and the +1416 metre level. Its maximum length is 420 metres and maximum width is 200 metres. The inner part of the lens consists of massive pyrite with low copper and zinc values. This core is surrounded by massive chalcopyrite-pyrite and the outer rim consists of massive sphalerite-pyrite. Main sulphide minerals are pyrite (65 percent), chalcopyrite (three percent), sphalerite (four percent) and pyrrhotite (three percent). The ore is very coarse grained.

Operations

We expect Pyhäsalmi to operate until 2016. The operation includes a 1,450 metre deep, fully automated hoisting shaft and uses the latest technology. The mill is capable of processing at a rate of approximately 1.3 million tonnes of ore per annum. The resulting copper and zinc concentrates are of high quality, with grades of approximately 30 percent copper and 55 percent zinc, respectively. Pyhäsalmi benefits from low transportation costs to customer smelters located in Finland operated by Boliden AB. The mine is also Europe's leading producer of high purity pyrite concentrate, used in fertilizer production and to generate electricity and produce sulphuric acid. Pyhäsalmi has approximately 210 employees.

In 2004, Pyhäsalmi produced 15,500 tonnes of copper, 37,200 tonnes of zinc and 692,000 tonnes of pyrite at a cash cost per pound of copper of US \$0.09. Unit costs were lower than in 2003 because of higher by-product revenues, largely as a result of higher zinc prices. However, unit direct production costs, unit smelter processing charges and freight costs increased from 2003. Pyhäsalmi's operating costs are in euros, and in 2004, the euro appreciated by about 10 percent relative to the US dollar. This increased unit cash costs by US \$0.06 per pound of copper. Pyhäsalmi's costs were also affected

by higher smelter processing charges that increased because of higher metal prices, that in turn increased content losses and price participation charges.

Pyhäsalmi is a deep operation at the beginning of its extraction cycle. We expect the ground conditions at Pyhäsalmi to become more challenging as the mine matures, and if these are not properly managed, there is a risk of production loss. To ensure that the current and long-term mine plans adequately address these concerns, Pyhäsalmi has developed a rock-mechanical management system to review all aspects of ground control such as support methods, monitoring, modelling, expert reviews and audits to alleviate part of this risk. This includes a seismic monitoring system, the results of which are fed into a database to monitor and analyze all ongoing seismic activities. In addition, Pyhäsalmi has a detailed life-of-mine plan that uses the compact layout and known geometry of the Pyhäsalmi ore body to optimize stope design and mining cycles.

In 2004, Pyhäsalmi began a process of moving towards compliance with a new environmental regulatory framework introduced in Finland under European Union regulations and applied for a new environmental permit. We expect the new permit will require monitoring to detect potential impacts to air, water and the biosphere. The new permit will also cover mine closure and financial assurance requirements. The permit application made by Pyhäsalmi proposes emission limits for discharges to water and air that we believe are appropriate and protective. It also includes an estimate of closure costs that is consistent with Pyhäsalmi's previous estimates. We do not expect the new environmental permit to be issued until late 2005 at the earliest.

We anticipate that pyrite production will be lower in 2005 by about 150,000 tonnes because of the cancellation of one of Pyhäsalmi's pyrite contracts. We expect our subsidiary that purchased PMO will receive the equivalent of lost profit, if any, from the cancellation under a compensation agreement with Outokumpu Oyj entered into when we acquired Pyhäsalmi. Any compensation received would be reflected as a reduction in the 2002 purchase price for Pyhäsalmi. Pyhäsalmi is in the process of evaluating the option of increasing copper and zinc concentrate production to compensate for the reduction in pyrite revenue.

We expect Pyhäsalmi's unit costs to increase in 2005 because of higher smelter processing charges and our assumption that the cost of consumables will also increase. In addition, lower zinc and pyrite production is planned in 2005 and we expect metal credits to decrease accordingly.

The mill has planned two significant capital investments for 2005 to upgrade the pyrite concentrate dryer and the zinc pressure filter. Pyhäsalmi will also focus on improving its safety performance in 2005.

Troilus Mine

Ownership Interest

The Corporation owns a 100 percent interest in the Troilus gold and copper mine in northern Quebec. Troilus operates as a division of the Corporation.

Property Interests and Location

The Troilus property encompasses one mining lease covering an area of 840 hectares, and surrounding and adjacent to the mining lease, 481 unpatented claims covering a total area of 7,511 hectares. The property also includes five surface leases over an area of 1,502 hectares which includes the tailings lease, camp site, solid waste disposal site and access road.

The Troilus property is located some 175 kilometres north of Chibougamau at an elevation of 400 metres. It can be reached by following Route 167 paved road for 23 kilometres and Route du Nord gravel road for 108 kilometres and an all-weather dirt road extension from the Route du Nord for the final 44 kilometres. The site is located on Category III lands under the James Bay and Northern Quebec Agreement.

Geology

The Troilus disseminated gold and copper deposit is located in the eastern section of the Archean Frotet-Evans greenstone belt. The host rocks consist predominately of mafic lavas and intrusives with lesser intermediate to felsic volcanoclastic metasediments intruded by numerous sills and dykes of felsic porphyries.

Gold generally occurs as electrum and native gold. The gold occurs as discrete grains, from 20 to 4,000 microns in diameter, along sulphide grain boundaries, along fractures within the sulphides and along grain boundaries in small quartz veinlets. The mineralization contains two to three percent sulphides. Sulphides are pyrite, chalcopyrite, pyrrhotite, and rare sphalerite. The sulphides form disseminations, tiny veinlets, and narrow semi-massive seams that are controlled by both foliation and fractures. The mineralization occurs within a zone of potassic altered in-situ brecciation at the margin of a mafic intrusive. Mineralization also occurs in felsic dykes cutting the zone.

Reserves are reported from two zones: the principal ore body, the 87 Zone, and one satellite ore body, the J-4 Zone. The mineralized zone strikes in a northeast-southwest direction, dips at approximately 55 degrees to 65 degrees to the northwest. The 87 Zone ranges in width from 10 metres to 100 metres and has a strike length of 1,000 metres.

Operations

In 2004, Troilus produced 149,000 ounces of gold and 4,800 tonnes of copper at a cash cost per ounce of gold of US \$263. Gold production was lower than for 2003 because of lower gold grades. Lower production meant higher direct production costs per ounce but higher by-product credits helped to lower unit cash costs. Troilus' costs are largely in Canadian dollars and in 2004, the Canadian dollar strengthened relative to the US dollar, which increased unit cash costs by US \$23 per ounce.

The average mill throughput rate was 16,600 tonnes per day. We expect Troilus to continue to operate through 2009.

In March 2004, a mill expansion was approved involving the installation of a larger secondary crusher and new ball mill circuit. The expansion was completed in December 2004 at a cost of \$16.5 million, \$2 million less than budgeted. We anticipate that the expansion will increase mill capacity by at least 15 percent and increase gold recoveries by two percent.

Since January 1, 2004, all copper concentrate production from Troilus has been sold under a three year agreement with an international metals merchant. Contracts for the refining of gold doré are negotiated on an annual basis. We sell the refined gold in the open market.

In 2005, Troilus will mine from both the J-4 and 87 pits. This should provide Troilus the flexibility it needs to ensure a sufficient supply of feed to the mill to meet the throughput capacity of the expanded mill. Troilus should also see cost savings of \$0.75 million from a quality improvement program for every one percent improvement in costs. However, we expect overall operating costs to increase in 2005 because of significantly higher prices for consumables, such as steel, fuel and explosives. We expect unit costs to increase in 2005 compared to 2004 because of lower metal credits since we anticipate less copper to be produced.

The Corporation is a party to an impact and benefits agreement with the Mistissini Band of the Cree, in accordance with applicable provisions of the James Bay and Northern Quebec Agreement, for the employment from the local Cree community of Mistissini. The agreement formalizes the relationship between Troilus and the Cree community and sets out, among other things, an employment objective that 25 percent of the workforce at Troilus will be Cree. Of Troilus' 285 employees, approximately 17 percent are Cree.

2004 was a remarkable year for safety at Troilus. At the end of 2004 Troilus surpassed 1.1 million employee and contractor man hours without a lost time injury. This achievement is particularly significant given the construction activity and the number of contractors on the site during the mill expansion project.

In 2005, Troilus is implementing a formal community engagement and dialogue strategy and, in response to an environmental review, is establishing an environmental training program and an internal inspection team. It is also embarking on its first round of environmental effects monitoring and making improvements to its tailings management system.

Ok Tedi Mine

Ownership Interest

OTML, the owner of the Ok Tedi mine, has operated as an independent company since the February, 2002 transfer by BHP Billiton Limited of its equity interest in OTML to PNG Sustainable Development Program Limited (“SDPL”). SDPL is independent of the Government of Papua New Guinea and BHP Billiton Limited and has a mandate to fund sustainable development in Papua New Guinea. The shareholder arrangements entered into in 2002 to give effect to the transfer were given the force of law under legislation passed by the National Parliament of Papua New Guinea in December, 2001.

The Corporation continues to maintain an 18 percent interest in OTML with SDPL holding a 52 percent interest and the Government of Papua New Guinea holding the other 30 percent. The OTML board structure provides for six directors: one nominee from each shareholder and three independent directors, each with international mining experience who are appointed by mutual agreement of the shareholders. The revised shareholders agreement does not obligate the Corporation to fund any cash requirements of Ok Tedi.

Since February, 2002, a new environmental regime and long-term mine closure planning process has been in effect for the Ok Tedi mine. As part of the new environmental regime, OTML submitted a change notice to convert the test dredging operation into a permanent one to mitigate the future impact of aggradation build-up in the Ok Tedi and Fly River systems. The annual dredging cost is included in OTML’s cash operating costs. In addition, OTML established a tax-deductible fund to which it will contribute cash over the balance of the remaining mine life for reclamation of the mine site, the cost of which is currently estimated to be US \$100 million.

SDPL is mandated to use future dividend payments from OTML to fund current and long-term sustainable development projects in Papua New Guinea and in particular, the Western Province. Almost all communities affected by the operation of the Ok Tedi mine provided their consent to its continued operation under community mine continuation agreements (“CMCAs”) between each such community and OTML. Under the CMCAs, OTML and its shareholders are released from claims relating to future environmental impacts and OTML will provide the equivalent of approximately \$42 million in compensation to affected communities over the remaining life of the mine.

Property Interests and Location

The Ok Tedi mine is located on Mount Fubilan in the remote Star Mountains region of PNG approximately 18 kilometres east of the international border with the Indonesian province of Papua at an elevation of 1800 metres above sea level. The ore body consists of a massive copper and gold porphyry deposit. Ore treatment facilities are 1.6 kilometres away at Folomian, 420 metres below the mine. The mine and the nearby processing plant are situated on the upper reaches of the Ok Tedi River, a major tributary of the Fly River. The Fly River is the primary mine supply and copper concentrate transport route. Use of the river is in part governed by “Arrangements for the Use of the Fly River for the Ok Tedi project”, a 1981 agreement between Papua New Guinea and Indonesia. The town of Tabubil, 22 kilometres from the mine, currently houses the operating personnel and their families.

OTML owns and operates the Ok Tedi mine by virtue of the Mining (Ok Tedi Agreement) Act of 1976 (as amended) and under various mining leases under grant from the Government of Papua New Guinea.

Geology

Copper and gold mineralization at Ok Tedi is typical of many gold-rich porphyry-related copper deposits in the circum-Pacific Island Arc Terranes. The main body of mineralization at Ok Tedi is related to the intrusion and alteration of a monzonite porphyry stock. Subsequent leaching and re-deposition of copper minerals produced a leached cap and an enriched copper zone, which overlies protore sulphide mineralization. Significant residual gold mineralization was dominant in the leach cap where copper was removed in the weathering process. Similar gold values extended downwards into the copper mineralization in an annulus about a barren quartz stockwork core roughly centred in the Fubilian monzonite porphyry intrusive. The gold values correlate well with copper in the primary sulphide mineralization. Skarn ore is developed where flat lying and sub-vertical faults locally controlled hydrothermal fluids and subsequent metasomatic alteration of the sedimentary rocks surround the intrusions.

Operations

Ok Tedi is an open-cut operation in which about 80,000 tonnes of ore and 152,000 tonnes of overburden are mined each day. In 2004, Ok Tedi produced 173,400 tonnes of copper and 524,500 ounces of gold at a cash cost of US \$0.55 per pound of copper. Mill throughput of 26.2 million tonnes was achieved.

Production in 2004 was affected by a failure of one of Ok Tedi's two SAG mills early in the year. This mill was repaired and Ok Tedi resumed full operations in March 2004. Near the end of 2004, dry

weather resulted in shipping delays, which reduced the Corporation's share of sales by about \$8 million. At Ok Tedi, concentrate is transported as a slurry through a 157 kilometre pipeline from the mine to the river port of Kiunga, the concentrate is filtered, dried and stockpiled. Dried concentrate is loaded onto barges and sent 800 kilometres down the Fly River to a silo vessel in the Gulf of Papua for export. When rainfall levels are low, sand banks in the river prevent the barges from passing and concentrates are stockpiled at the river port. Low water levels also delayed shipments of supplies of fuel and explosives to the mine, causing Ok Tedi to suspend its waste mining for several weeks during the fourth quarter. This did not have a direct impact on ore production, and the operation caught up with its waste mining when normal rainfalls subsequently resumed. To manage dry periods in the future, Ok Tedi is improving its concentrate and supply management and is looking at adding storage capacity to its existing fuel tanks. If prolonged dry weather conditions should occur in 2005, the mine may have to cut back or suspend production, which would have an impact on operating results.

Operating spending at Ok Tedi was higher than in 2003 because of higher smelter processing charges and freight, increased maintenance costs, and higher costs for fuel and other consumables. Operating costs in 2005 are expected to be higher because of expected higher fuel prices and consumption and increases in the cost and volume of consumables. Ok Tedi is implementing a formal cost review and management process to search for opportunities to improve costs, targeting cost savings of five percent.

Unit costs are also expected to increase, reflecting the higher expected operating costs and higher smelter processing charges and freight.

In 2005, Ok Tedi intends to upgrade and relocate its in-pit crusher to gain access to higher grade skarns, which should be mined in 2006 and 2007. Ok Tedi also expects to install a new gravity gold circuit which should improve gold recovery by 10,000 to 20,000 ounces a year.

In 2004, Ok Tedi completed a revision to its resource model and its mineral reserves, increasing reserves and grade estimates and effectively adding one year to the mine's current life. We expect that Ok Tedi will continue to operate until at least 2013. Ok Tedi has 1,990 employees.

Ok Tedi discharges both tailings and waste rock into the Ok Tedi River. These discharges have led to adverse impacts to the environment in and around the Ok Tedi and Fly Rivers, which include sediment buildup in the river beds, resulting in overbank flooding, forest die-back and reduced navigability. There is also potential for acid drainage to result from these mine-related sediments deposited in the Ok Tedi and Fly Rivers. These sulphide-bearing sediments may be prone to oxidation if exposed to air during prolonged periods of dry weather; they may then form dilute sulphuric acid if subsequently exposed to water. As a result, Ok Tedi maintains a program to detect

the presence and monitor the effects of these sediments as part of its effort to better understand the potential for future acid drainage, and should it occur, how this can be managed.

As part of its environmental program, Ok Tedi also dredges the river close to the village of Bige to reduce the buildup in sedimentation in the Ok Tedi and Fly Rivers. In 2004, Ok Tedi spent US \$30 million on its dredging program. Ok Tedi has carried out further evaluation of the potential impact of acid drainage on the environment and determined that there is significant potential that the dredge sands at Bige could generate acid. Ok Tedi is continually assessing the benefits the dredge program has on reducing forest die-back downstream against the potential negative environmental impact of acid drainage from the dredge sand stockpiles. Because of the acid drainage potential, Ok Tedi has evaluated a series of acid drainage mitigation measurements and has begun to implement the recommended measures.

Effective community relations are critical to Ok Tedi's success. During 2005, Ok Tedi will continue to implement the CMCA's and prepare for the mid-term review of them in 2006, which may result in a revision of payments made to communities.

As of July 1, 2003, the Corporation changed its method of accounting for its 18 percent investment in Ok Tedi from cost accounting to proportionate consolidation. This method of accounting reflects the new governance arrangements in place at Ok Tedi following the withdrawal of BHP Billiton Limited as a shareholder of OTML that provide for joint control over OTML's strategic decisions by all shareholders. Ok Tedi's balance sheet and results from operations have been proportionately consolidated effective July 1, 2003 and since then are disclosed as a separate segment in the Corporation's segmented financial statements. Prior to July 1, 2003, the Corporation cost accounted for its 18 percent investment in Ok Tedi.

Safety, Environmental and Community Affairs

We expect that all of our employees, in their interactions with other employees, our communities, our shareholders and all other stakeholders, will:

- Ensure a safe and healthy working environment and demonstrate safe working practices
- Demonstrate social and environmental responsibility in what they do
- Consult and listen to others
- Treat others fairly and respectfully

Safety

We are deeply committed to safety at all of our operations. Employees and contractors are expected to work safely and immediate action is taken to correct any unsafe behaviors. We invest considerable time and resources in training, effective communication, workplace inspections, safety meetings, job safety analysis and developing risk-based behaviours as management system tools that foster a safety culture. We benchmark our safety performance against statistics of the Mines and Aggregates Safety and Health Association, an Ontario workplace organization for safe mining. In respect of safety and health management, all operations must address the following: occupational health; accident/incident investigation and reporting; safety meetings; workplace inspections; personal protective equipment; training; and job safety analysis.

Environment

Mining, by its nature, has an impact on the environment. The biggest concern in mitigating these potential impacts is how we manage mine waste, specifically waste rock and tailings.

We have adopted the principles contained in the Mining Association of Canada (MAC) guides *“Management of Tailings Facilities”* and *“Developing an Operations, Maintenance and Surveillance Manual for Tailing and Waste Management Facilities”* to ensure we responsibly manage tailings. Improvements to our systems continue. Our senior management performed a review of 2004 tailings performance and, as a result, we broadened our existing tailings management policy at wholly-owned sites to include all mine waste. This change means that the same standards will apply to waste rock and other forms of mine waste as currently apply to tailings management.

Closure and Reclamation

Çayeli’s remaining mine life is 12 years. When the mine is closed, Çayeli’s infrastructure will be dismantled and any remaining waste rock will be placed underground in the mine. The current closure cost estimate is US \$6.6 million

Pyhäsalmi’s remaining mine life is 12 years. When the mine is closed, the major activity will be rehabilitating the surface area, including covering and re-vegetating the tailings impoundments. The current closure cost estimate is 1.2 million euros.

Troilus’ remaining mine life is five years. When the mine is closed, the major activities will be re-vegetating the waste rock dumps and tailings impoundment and stabilizing the open pit. The current closure cost estimate is \$4.1 million.

Ok Tedi’s remaining mine life is nine years. When the mine is closed, the major activities will be removal of the mine infrastructure. The current closure cost estimate is US \$100 million.

Inmet also has a number of reclamation projects involving closed mining properties including: Copper Range in Michigan, USA; Winston Lake in Schreiber, Ontario, Canada; Sturgeon Lake, Canada near Ignace, Ontario, Canada; Norbec, in northern Quebec, Canada; and Samatosum, near Barriere, British Columbia, Canada. Reclamation spending in 2004 was \$3.8 million, compared to \$4.1 million in 2003. In 2005, we expect reclamation spending to be approximately \$4 million. Reclamation activities at Inmet's closed properties progressed according to plan during 2004. Most of the discrete reclamation projects at the closed properties have been completed; long-term treatment of mine-impacted water is being performed at several sites.

Community Affairs

Except at Ok Tedi, where there has been substantial, long-term community engagement, formal engagement and dialogue plans are not in place at Inmet's mining operations. To date, except at Ok Tedi, engagement and dialogue with communities of interest (COI) has been informal. We have developed and implemented formal engagement and dialogue plans at two of our closed properties, Samatosum and Winston Lake. We intend to implement formal plans at all wholly-owned operations over the next few years.

All active operations have formal procedures for addressing concerns and complaints. Concerns and complaints at the closed properties under active management are handled on a case-by-case basis.

Mineral Reserves and Resources

The following table presents the Corporation's mineral reserves and resources as estimated as at December 31, 2004 and 2003, respectively⁽¹⁾⁽²⁾:

	Corporation's Interest	2004						2003					
		Tonnes (x 1000)	Cu %	Zn %	Au g/t	Ag g/t	S %	Tonnes (x 1000)	Cu %	Zn %	Au g/t	Ag g/t	S %
Operating Properties													
<i>Mineral Reserves</i>													
Çayeli													
• Proven	100	5,440	4.0	5.7	0.6	43	-	6,560	4.0	5.7	0.7	43	-
• Probable	100	8,850	3.1	5.1	0.4	42	-	9,370	3.2	5.4	0.5	45	-
• Total	100	14,290	3.4	5.3	0.5	42	-	15,930	3.6	5.6	0.6	44	-
Pyhäsalmi													
• Proven	100	14,060	1.2	2.4	-	-	41	15,090	1.2	2.7	-	-	40
• Probable	100	1,950	1.1	2.6	-	-	40	600	1.1	2.9	-	-	40
• Total	100	16,010	1.2	2.4	-	-	41	15,690	1.2	2.7	-	-	40
Troilus⁽⁶⁾													
• Proven	100	5,170	0.1	-	0.6	1.1	-	4,870	0.1	-	0.6	1.1	-
• Probable	100	27,970	0.1	-	0.9	1.1	-	31,660	0.1	-	0.9	1.1	-
• Total	100	33,140	0.1	-	0.9	1.1	-	36,530	0.1	-	0.9	1.1	-
Ok Tedi													
• Proven	18	225,600	0.9	-	1.0	-	-	212,300	0.9	-	1.0	-	-
• Probable	18	24,100	0.8	-	1.3	-	-	33,200	0.6	-	0.7	-	-
• Total	18	249,700	0.8	-	1.1	-	-	245,500	0.9	-	0.9	-	-
<i>Mineral Resources^(3, 5)</i>													
Çayeli													
• Indicated	100	500	4.4	3.9	-	-	-	-	-	-	-	-	-
• Inferred	100	3,200	4.5	4.9	-	-	-	3,200	3.8	5.9	-	-	-
Pyhäsalmi													
• Measured	100	15,000	0.8	1.0	-	-	44	11,100	0.8	0.6	-	-	43
• Indicated	100	-	-	-	-	-	-	6,000	0.8	0.8	-	-	43
• Total		15,000	0.8	1.0	-	-	44	17,100	0.8	0.7	-	-	43
Development Properties													
<i>Mineral Reserves</i>													
Cerattepe													
• Probable	100	1,560	8.8	1.1	1.4	33	-	1,320	10.0	0.5	1.3	29	-
<i>Mineral Resources⁽⁴⁾</i>													
Petaquilla													
• Indicated	48	1,096,500	0.5	-	0.1	-	-	1,096,500	0.5	-	0.1	-	-
Izok													
• Indicated	100	16,500	2.2	11.4	-	60	-	16,500	2.2	11.4	-	60	-

- (1) There are no known environmental, permitting, legal, taxation, political or other relevant issues that would materially affect the estimates of mineral reserves.
- (2) Mineral reserves and mineral resources are shown on a 100 percent basis for each property.
- (3) Mineral resources do not have demonstrated economic viability.
- (4) Mineral resources for Petaquilla and Izok have been calculated using appropriate dilution and mining recovery factors.
- (5) Çayeli and Pyhäsalmi mineral resources are in addition to mineral reserves. Mineral resources for Çayeli and Pyhäsalmi are insitu.
- (6) Mineral reserve estimate for Troilus includes a small amount of inferred mineral resources, representing approximately 1.4% of total mineral reserves for Troilus that have been included in the Troilus life-of-mine plan. Inferred mineral resources are considered to be too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. Exclusion of the inferred mineral resource from the Troilus life-of-mine plan would reduce the net present value of the Troilus mine by one percent.

Notes to Mineral Reserves and Resources

Estimates for all operations except Ok Tedi are prepared by or under the supervision of a qualified person as defined in National Instrument 43-101. Ok Tedi's estimates are prepared by competent persons as defined in the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves (the Australasian Code). . Excepted as noted, mineral reserves and mineral resources have been estimated in accordance with definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum.

Çayeli

Estimates prepared at December 31, 2004 under the joint supervision of:

- Joseph Boaro, P.Eng. (Technical Manager, Çayeli)
- Robert Sim, P.Geol. (Sim Geological).

Estimates are based on the following assumptions:

- copper price: US \$0.90 per pound (based on a copper equivalent cut-off grade of 2.5 percent).

Pyhäsalmi

Estimates prepared at December 31, 2004 under the supervision of Frank Balint, P.Geol. (Vice-President, Corporate Development, Inmet).

Estimates are based on the following assumptions:

- copper price: US \$0.90 per pound
- exchange rate: €1.00 = US \$1.10
- net smelter return cut-off: €21.50 per tonne.

Troilus

Estimates prepared at December 31, 2004 under the supervision of Eric Lamontagne, P.Eng. (Chief Engineer, Troilus).

Estimates are based on the following assumptions:

- gold price: US \$335 per ounce
- a cut-off grade of 0.45 grams of gold per tonne
- exchange rate: C \$1.50 = US \$1.00.

Ok Tedi

Estimates prepared at December 31, 2004 by Ok Tedi Mining Limited (OTML) according to the Australasian Code. The competent persons responsible for the estimate were Andrew Sharp (Manager Mine Planning, OTML) and Michael J. Humphreys (Senior Resource Analyst, OTML). Estimates for Ok Tedi have not been independently verified by Inmet. Frank Balint, P. Geol. (Vice-President, Corporate Development, Inmet) has reviewed the relevant definitions of proven and probable reserves under the Australasian Code, and has concluded that the confidence levels used to categorize the reserves are consistent with those required under CIM definitions.

Estimates are based on the following assumptions:

- copper price: US \$0.90 per pound
- gold price: US \$350 per ounce.

Ceratepe

Estimates were prepared during a 2004 feasibility study and valid as of December 31, 2004 under the joint supervision of:

- Ken Reipas, P.Eng. (SRK Consulting)
- Michael Michaud, P.Geol. (SRK Consulting);

and in consultation with:

- Ian Pirie, P.Geol. (Project Manager, Cerattepe).

Estimates are based on a copper price of US \$0.90 per pound.

Petaquilla

Estimates were prepared in 1998 by H.A. Simons, an independent engineering firm, before the adoption of National Instrument 43-101. We believe the estimates continue to be relevant and reliable, and use categories that are consistent with the CIM definitions.

Estimates include an assessment for mining dilution and recovery and are based on the following assumptions:

- an open pit mine plan with an overall strip ratio of 1.1 to 1
- net smelter return cut-off: US \$3.10 per tonne of ore
- copper price: US \$1.10 per pound.

Izok

Estimates were prepared in March 1994 by Strathcona Mineral Services Limited, an independent consulting firm, before the adoption of National Instrument 43-101. We believe the estimates continue to be relevant and reliable, and use categories that are consistent with the CIM definitions.

Estimates include appropriate mining dilution and recovery factors, and are based on the following assumptions:

- 90 percent of the resource can be mined from an open pit with an overall strip ratio of 3.2 to 1, and the remainder can be mined from underground
- net smelter return cut-off: US \$30 per tonne of ore
- zinc price: US \$0.59 per pound
- copper price: US \$0.90 per pound.

Exploration

Izok, Nunavut

Ownership Interest

The Corporation owns a 100 percent interest in the Izok property in Nunavut. A feasibility study was completed in 1994.

Property Interests and Location

The Izok zinc, copper, and lead ore deposits are located approximately 360 kilometres north of Yellowknife, in the west Kitikmeot Region of the territory of Nunavut. Access to the property is by air from Yellowknife and Edmonton. The project is located in an isolated and uninhabited area north of the treeline, in deep permafrost and with a severe climate. There are no roads or communities within the project area and all required infrastructure would need to be constructed.

Geology

The Izok deposit is situated in the Archean age Slave Geological Province of Nunavut. It is a volcanogenic massive sulphide deposit consisting of five separate lenses of sulphides. Host rocks consist of a variety of felsic volcanic rocks (rhyolites), mafic intrusive rocks (gabbro), felsic intrusive rocks (dacite, granite) and minor sediments. The volcanic rocks are strongly altered in response to the hydrothermal processes which produced the sulphides.

Four of the five known sulphide lenses (Central, Northwest, North and South deposits) are ideally suited for open pit mining while the fifth lens (Inukshuk) is a rod shaped body plunging to the east that will require underground mining.

There are three distinct types of massive sulphides, all of which have been subject to metamorphic processes which have led to the coarsening of the original grain size. Polymetallic sulphides containing zinc, copper and lead are dominant with lesser zinc-rich sulphides (high zinc, some copper, minor lead) and copper-rich sulphides (high copper, some zinc, low lead). These three types occur in distinct zones which influence both reserve calculations and mine planning

The Project

Substantial infrastructure costs associated with the property's remote location have been an impediment to development of this project. In August, 2001, the then Canadian Federal Department of Indian Affairs and Northern Affairs (now Indian and Northern Affairs Canada) announced that the Federal Government of Canada would provide \$3 million as part of funding to determine the feasibility of constructing a road and port in the Kitikmeot region of Nunavut with the Government of Nunavut and the private sector contributing a further \$3 million. The proposed road would extend

approximately 368 kilometres from the proposed port site on Bathurst Inlet to the Izok property. The feasibility study concerning the road and port was completed prior to the end of the first quarter of 2002 and a project description was filed in April 2002 with the regulatory authorities. The Nunavut Impact Review Board (NIRB) subsequently recommended that the project be sent for environmental review under Part 5 of Article 12 of the Nunavut Land Claims Agreement. This recommendation was approved by the Canadian Federal Minister for Indian Affairs and Northern Development in mid-2004 and guidelines for the completion of an environmental impact assessment report were issued by NIRB in November 2004.

Petaquilla, Panama

Ownership Interest

The Corporation has a 48 percent equity interest in a Panamanian corporation, Petaquilla Minera S.A. (“PMSA”), which owns the Petaquilla property in Panama. Petaquilla Minerals Ltd. (formerly Adrian Resources Ltd.) (“PML”) has a 52 percent interest in PMSA, of which Teck Cominco Limited (“Teck”) can earn a 26 percent interest by funding a feasibility study on the property and carrying PML’s remaining 26 percent interest through to production.

Property Interests and Location

The Petaquilla property comprises 136 square kilometres and is located 120 kilometres west of Panama City and 10 kilometres from the Caribbean coast.

Geology

Copper, gold and molybdenum porphyry mineralization was discovered in the Petaquilla River region of central Panama during a regional survey by a United Nations Development Program (UNDP) team in 1968. Subsequent exploration outlined the Botija and Petaquilla porphyry deposits, which developed around granodioritic stocks within and peripheral to the Oligocene Petaquilla batholith. In addition to significant epithermal mineralization in a more distal setting to the batholith, several mineralized prospects and deposits have been identified.

The Project

In January 1998, Teck completed a final feasibility study, which evaluated the Petaquilla porphyry deposits at daily ore throughput rates of 90,000 and 120,000 tonnes per day. The study concluded that Petaquilla has high infrastructure requirements (power, port and access) which add to the capital cost (projected to be US \$1 billion for a 90,000 tonne per day operation). As a result, a production decision cannot be anticipated until capital costs can be reduced. In addition, the effect of 1999 Panamanian legislation that places a portion of the property within a projected Panama Canal

watershed area must be clarified before any production decision could be made. Activities within the watershed area are to be governed by regulations (having the force of law) to be made by the Panama Canal Authority (“PCA”). To date, no such regulations affecting the property have been promulgated by the PCA.

Subsequent to August 1999, the PCA announced that it was planning to utilize, among others, the Caimito and Cocle del Norte river systems as reservoirs for increased water and power supply for the Canal. The proposal contemplated flooding of certain areas to the level of 100 metres above sea level. The creation of such a reservoir would significantly impact any mine development on the property. The uncertainty arising from the announced PCA proposals caused Minera Petaquilla to serve notice in August 2000 upon the Panamanian Minister of Commerce and Industry that a force majeure situation exists under the contract law that serves to extend, by the period of force majeure, the time for performance of obligations on the part of Minera Petaquilla required to preserve title to the concession as well as the term of the concession comprising the property itself. The Minister has indicated that he does not believe that a force majeure situation exists. In December, 2004, the Corporation, PML and Teck entered into a letter of intent that envisions, subject to approval by the Government of Panama, a potential phased development of the Petaquilla project, the first phase being the development of the Molejon gold deposit, situated within the Petaquilla property, by PML as a sole-risk stand-alone gold mine. However, such letter of intent does not constitute a decision by the shareholders of PMSA to proceed with development of the Petaquilla project on a larger scale.

Other Exploration

The Corporation continues an exploration effort that is oriented towards base metals and focused geographically on areas that are located in proximity to its wholly-owned operations as well as Sweden. In 2004, exploration expenditures by the Corporation and its subsidiaries were \$4.4 million, compared with \$2.9 million in 2003. The Corporation also continues to evaluate selected exploration opportunities in areas, such as Central and South America, endowed with large copper producers and that include deposit types capable of greater than 50,000 tonnes per annum of copper production.

4.3 Risk Factors

The following are certain risk factors relating to Inmet’s business.

Risks Inherent in the Mining Business

The business of exploring for minerals is inherently risky by its nature. Few properties that are explored are ultimately developed into producing mines.

Mineral properties are often non-productive for reasons that cannot be anticipated in advance. Even after the commencement of mining operations, such operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruptions of production, increases in production costs, monetary losses, legal liability and adverse government action.

We maintain insurance against risks that are typical in the mining industry in amounts that we believe to be reasonable. However, insurance against certain risks, including certain liabilities for environmental pollution, may in the future not be available to us or to other companies within the industry. Because the life of a mine is limited by its mineral reserves, we continually seek to replace and expand mineral reserves through the exploration of our existing properties as well as through acquisition of interests in new properties or in companies which own such properties. There is no assurance that we will be successful in our efforts to do so.

Metal Prices and Exchange Rates

Inmet's earnings are derived from the sale of the metals in concentrates it produces and fluctuate with changes in the market prices for the refined metals. These prices are affected by many factors beyond our control, including global and regional demand and supply, political and economic conditions, exchange rates relative to the US dollar, expectations for inflation, speculative activities and production costs in major producing regions. Inmet does not hedge the prices of the base metals that it produces and a reduction in the market price of one or more of these metals could materially adversely affect the value and amount of our reserves and our business, financial condition, liquidity and results of operations. We have a metal price hedging policy that limits the amount of production that can be hedged to 50 percent of recoverable reserves and restricts the amount of hedging that we can transact with any one counterparty, which must be highly rated. Because of the high cost nature of our Troilus mine, we use hedging instruments (forward sales contracts) to manage changes in the gold price. Ok Tedi also uses forward sales for about 10 percent of its annual production. Although we enter into hedging transactions, there can be no assurance that we will not be adversely affected by fluctuating metal prices.

Almost all of our revenues are earned in US dollars. Fluctuations in currency exchange rates can have a significant impact on our results since operating costs of our operations are incurred mostly in currencies other than the US dollar. We use option contracts to hedge against changes in the US dollar. While these contracts are intended to limit the exposure to currency rate changes, they may not eliminate the potential for such changes to have an adverse effect on us.

Reserve and Production Estimates

Our reported mineral reserves as of December 31, 2004 are estimated quantities of proven and probable mineral reserves that under present and anticipated conditions can be legally and economically mined and processed by the extraction of their mineral content. We determine the amount of our mineral reserves in accordance with applicable regulatory requirements and established mining standards. The volume and grade of reserves actually recovered and rates of production from our present mineral reserves may be less than geological measurements of the reserves. Market price fluctuations in copper, gold, zinc and other metals and exchange rates, and changes in operating and capital costs may in the future render certain mineral reserves uneconomic to mine. In addition, short-term operating factors relating to mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different ore grades, may cause us to modify mineral reserves or our operations to be unprofitable in any particular fiscal period.

No assurance can be given that the indicated amount of ore will be recovered or that it will be recovered at prices assumed by Inmet in determining mineral reserves. Mineral reserve estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative of the entire ore body. As more knowledge and understanding of the ore body is obtained, the reserve estimates may change significantly, either positively or negatively.

Inmet prepares estimates of future production for particular operations. These production estimates are based on, among other things, reserve estimates; assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; and estimated rates and costs of mining and processing. Inmet's actual production may vary from estimates for a variety of reasons, including actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the mineral reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; risks and hazards associated with mining, natural phenomena, such as inclement weather conditions, floods, and earthquakes; and unexpected labor shortages or strikes. No assurance can be given that production estimates will be achieved. Failure to achieve production estimates could have a material adverse impact on our future cash flows, earnings, results of operations and financial condition.

Environmental Risk

Inmet's operations and investments are subject to environmental laws and regulations in Canada and in other countries, controlling not only the mining of and exploration for mineral properties, but also the possible effects of such activities upon the environment. Permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. Future legislation and regulations could cause additional costs, capital expenditures, restrictions and delays at existing operations or in the development of properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of reclamation plans, Inmet must comply with known standards and existing laws and regulations which may entail greater or lesser costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The potential for changes in laws and regulations creates significant uncertainty with regard to the actual environmental and reclamation costs that Inmet could incur in the future. In addition, environmental and regulatory review has become a long, complex and uncertain process which can delay the opening of a new mine or prolong decommissioning activities at closed mines. Regulatory developments or changes in the assessment of conditions at closed sites can also cause substantial variances, positive or negative, from prior estimates of reclamation liabilities.

Competitive Risk

Our primary interests are in copper and gold and to a lesser extent in zinc. These products are sold at world market prices over which we have no influence. However, we somewhat reduce our exposure to cyclical swings in individual metal prices and foreign currencies through the diverse geographic settings of our operations and the variety of products they produce. Since we have no control over the prices of our principal products, our competitive position depends on our ability to control operating costs. The cost structure of each operation in which we have an interest depends on the location, grade and nature of the ore body as well as the skills of the operation's management. Our competitive position also depends on our ability to expand on mineral reserves through exploration and acquisitions. We may encounter strong competition from other mining companies in connection with the acquisition of mining properties or companies.

Energy and Power Supply and Prices

Inmet's operations, by their nature, use large amounts of power and energy. Obtaining a secure supply of energy and power at a reasonable cost is subject to many factors, including global and regional supply and demand, political and economic conditions, problems that can affect local production and delivery and relevant regulatory regimes. Even a temporary interruption of supply could adversely affect an operation. An increase in power and energy prices could adversely affect

our business, financial condition, liquidity and results of operations.

Access to Markets

Demand for metals may be influenced by regulatory and voluntary initiatives to restrict or eliminate the use of certain metals in specific products or applications. Such initiatives could affect supply and demand and depress metal prices.

Political Risk

Inmet operates or holds investments in Papua New Guinea and Turkey. We do not regard the nature of these countries as a significant deterrent to operation or investment. Inmet's operations and investments outside Canada could be adversely affected by war, civil disturbances and activities of foreign governments that limit or disrupt markets, restrict the movement of funds or supplies or result in the restriction of contractual rights or the taking of property without fair compensation. These operations and investments could also be adversely affected by changes in Canadian laws and regulations relating to foreign trade, investment and taxation. In order to mitigate political risk, we have from time to time entered into joint venture arrangements with local partners and international financing agencies. We do not currently maintain political risk insurance.

Legal Risk

The nature of our business subjects us, our subsidiaries and joint ventures to numerous regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of business. The results of these legal proceedings cannot be predicted with certainty. There can be no assurances that these matters will not have a material adverse effect on us.

5. DIVIDENDS

The declaration of dividends is within the discretion of the Corporation's Board of Directors. The Corporation has not paid any dividends on its outstanding common shares since its inception. The current policy of the Corporation is not to pay dividends but to reinvest all earnings in order to enhance the financial condition of the Corporation and to finance further development of its business. The Board of Directors may review this policy from time to time.

6. DESCRIPTION OF CAPITAL STRUCTURE

6.1 General Description of Capital Structure

The Corporation's articles provide for three classes of shares: an unlimited number of common shares; an unlimited number of preferred shares; and an unlimited number of subordinate voting participating shares"). The Corporation has 41,723,782 issued and outstanding common shares.

Common Shares

Each common share entitles the holder to receive notice of and attend all meetings of shareholders and to five votes held at any meeting of shareholders. Each common share also entitles the holder, subject to the prior rights of the holders of the preferred shares, to participate equally with the holders of the subordinate voting participating shares, as to any dividends declared by the directors and as to any distribution of assets upon liquidation, dissolution or winding-up of the Corporation, without preference or distinction. Common shares cannot be subdivided, consolidated or otherwise changed unless all of the common shares and subordinate voting participating shares are also subdivided, consolidated or otherwise changed at the same time, in the same proportion, and in the same time manner.

Preferred Shares

The preferred shares are issuable in series. The directors are authorized to fix, before issuance, the number, designation, rights, privileges, restrictions and conditions of the preferred shares of each series. The preferred shares rank prior to the subordinate voting participating shares and the common shares with respect to the payment of dividends and the distribution of assets on liquidation, dissolution or winding-up. Except as may be provided in the rights, privileges, restrictions and conditions of any series of preferred shares, or as otherwise provided regarding matters on which the holders of preferred shares are entitled by law to vote as a class, the holders of preferred shares are not entitled to notice of or to attend or vote at any meeting of shareholders.

Subordinate Voting Participating Shares

Each subordinate voting participating share entitles the holder thereof to receive notice of and to attend all meetings of the shareholders and to one vote at any such meeting. Each subordinate voting participating share also entitles the holder, subject to the prior rights of the holders of the preferred shares, to participate equally with common shareholders, as to any dividends declared by the directors and as to any distribution of assets upon liquidation, dissolution or winding-up of the Corporation, without preference. None of the subordinate voting participating shares can be subdivided,

consolidated or otherwise changed unless all of the subordinate voting participating shares and the common shares are subdivided, consolidated or otherwise changed at the same time, in the same proportion and in the same manner.

6.2 Ratings

Credit ratings provide investors with an independent measure of credit quality of an issue of securities and are indicators of the likelihood of payment and of the capacity and willingness of a company to meet its financial commitment on an obligation in accordance with the terms of an obligation.

Currently, none of our securities are rated by any rating agency. Should our securities be rated in future, there is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency if in its judgment circumstances warrant such revision or withdrawal.

7. MARKET FOR SECURITIES

7.1 Trading Price and Volume

Our common shares trade on the Toronto Stock Exchange (TSX) under the symbol: "IMN". The following table sets out the high and low closing price and trading volume of our common shares on the TSX for 2004 on a monthly basis.

Month	High	Low	Volume Traded
January	\$19.15	\$15.45	7,479,980
February	\$20.49	\$15.60	5,659,097
March	\$21.45	\$18.00	3,390,664
April	\$21.00	\$16.35	4,854,383
May	\$17.99	\$15.25	8,953,506
June	\$18.52	\$16.19	4,855,716
July	\$19.12	\$17.60	2,192,850
August	\$19.25	\$17.75	4,402,919
September	\$22.04	\$18.00	4,032,584
October	\$22.25	\$18.85	3,802,899
November	\$20.08	\$18.50	5,705,021
December	\$21.54	\$18.49	3,370,834

We redeemed our \$64,052,000 aggregate principal amount convertible subordinated debentures due September 30, 2007 on January 20, 2005 at the redemption price of \$1,000 per \$1,000 stated principal, together with accrued and unpaid interest. Holders of approximately \$66,000 of the debentures elected to convert their debentures into our common shares, resulting in the issuance of 3,058 common shares from our treasury.

8. DIRECTORS AND OFFICERS

8.1 Directors and Officers

Directors

<u>Name and Municipality of Residence</u>	<u>Securities Owned</u>	<u>Principal Occupation</u>
David R. Beatty, O.B.E. Toronto, Ontario		Mr. Beatty is Professor of Strategic Management and director of the Clarkson Centre for Business Ethics and Board Effectiveness at the University of Toronto's Rotman School of Management. He is also the Managing Director of the Canadian Coalition for Good Governance
Director Since 2003 Common Shareholdings Deferred Stock Units Held	20,000 Nil	Mr. Beatty is Inmet's Lead Director. He also chairs the Corporate Governance and Nominating Committee and is a member of the Compensation Committee.
2004 Meeting Attendance: Board (11/11) Compensation (3/3) Corporate Governance and Nominating (2/2)		
Paul E. Gagné Senneville, Quebec		Mr. Gagné is a corporate director. From 1998 to 2002 he was a consultant to Kruger Inc. (forest products) and prior to that, he was Chief Executive Officer of Avenor Inc., a pulp, paper and wood products company. Mr. Gagné is a Canadian chartered accountant.
Director Since 1996 Common Shareholdings Deferred Stock Units Held	5,300 26,414	Mr. Gagné chairs the Audit Committee and the Safety, Health and Environment Committee.
2004 Meeting Attendance: Board (11/11) Audit (4/4) Safety, Health and Environment (3/3)		
W. Warren Holmes Timmins, Ontario		Mr. Holmes is President and Chief Executive Officer of Nuinsco Resources Limited (mineral exploration). Prior to July 2002, he was Senior Vice-President, Canadian Mining Operations at Falconbridge Limited (mining/metallurgy).
Director Since April 29, 2004 Common Shareholdings Deferred Stock Units Held	3,000 Nil	Mr. Holmes is a member of the Safety, Health and Environment Committee.
2004 Meeting Attendance: Board (7/7) Safety, Health and Environment (1/1)		

<u>Name and Municipality of Residence</u>	<u>Securities Owned</u>	<u>Principal Occupation</u>
Oyvind Hushovd Oakville, Ontario		Mr. Hushovd is Chairman and Chief Executive Officer of Gabriel Resources Ltd. (mining). Prior to March 2002, he was President and Chief Executive Officer of Falconbridge Limited (mining/metallurgy).
Director Since 2002 Common Shareholdings Deferred Stock Units Held	Nil 3,393	Mr. Hushovd is a member of the Audit Committee and the Safety, Health and Environment Committee.
2004 Meeting Attendance: Board (8/11) Audit (4/4) Safety, Health and Environment (3/3)		
Jyrki Juusela, Ph.D. Helsinki, Finland		Dr. Juusela is a corporate director. Prior to January 2005, he was President and Chief Executive Officer of Outokumpu Oyj (metallurgy).
Director Since 2002 Common Shareholdings Deferred Stock Units Held	Nil 3,013	As of February 2005, Dr. Juusela is a member of the Corporate Governance and Nominating Committee and the Compensation Committee.
2004 Meeting Attendance: Board (10/11)		
Richard A. Ross Nobleton, Ontario		Mr. Ross is the Corporation's Chairman and Chief Executive Officer. Prior to February 2005, he was President and Chief Executive Officer. Mr. Ross is a Canadian chartered accountant.
Director Since 1999 Common Shareholdings Deferred Stock Units Held	30,000 Nil	
2004 Meeting Attendance: Board (10/11)		
James M. Tory, Q.C. Toronto, Ontario		Mr. Tory is a corporate director and Chair Emeritus at Torys LLP.
Director Since 1987 Common Shareholdings Deferred Stock Units Held	68,125 25,073	Mr. Tory chairs the Compensation Committee and is also a member of the Audit Committee and the Corporate Governance and Nominating Committee.
2004 Meeting Attendance Board (11/11) Audit (4/4) Compensation (3/3) Corporate Governance and Nominating (2/2)		

Each director holds office until the next annual meeting of shareholders of the Corporation or until a successor is appointed.

Officers

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation in Previous Five Years</u>
Steven Astritis Toronto, Ontario (holds 12,500 shares)	Vice-President, General Counsel and Secretary	Vice-President, General Counsel and Secretary of the Corporation; prior to July 2001, Associate General Counsel and Assistant Secretary, Noranda Inc. (mining/metallurgy)
Frank Balint Toronto, Ontario (holds 20,572 shares)	Vice-President, Corporate Development	Vice-President, Corporate Development of the Corporation
Craig Ford Oakville, Ontario (holds 2,700 shares)	Vice-President, Safety, Environmental & Community Affairs	Vice-President, Safety, Environmental and Community Affairs of the Corporation; prior to January 2005, Director, Safety, Environmental and Community Affairs of the Corporation
Wendy Kaufman Oakville, Ontario (holds 3,000 shares)	Vice-President, Controller	Vice-President, Controller of the Corporation; prior to February 2005, Controller of the Corporation
Oliver R.E. Merton Oakville, Ontario (holds 13,100 shares)	Vice-President, Commercial	Vice-President, Commercial of the Corporation
Jo-Anne Oswald Toronto, Ontario (holds 16,000 shares)	Vice-President, Finance and Chief Financial Officer	Vice-President, Finance and Chief Financial Officer of the Corporation; prior to January 2001, Vice-President, Treasurer of the Corporation; prior to April 2000, Vice-President, Controller of the Corporation
Richard Ross Nobleton, Ontario (holds 30,000 shares)	Chairman and Chief Executive Officer	Chairman and Chief Executive Officer of the Corporation; prior to February 2005, President and Chief Executive Officer of the Corporation
Stuart Tevendale Whitby, Ontario	Treasurer	Treasurer of the Corporation; prior to August 2003, Commercial and Finance Manager, Çayeli Bakir Isletmeleri A.S.
Jochen Tilk Toronto, Ontario (holds 35,000 shares)	President and Chief Operating Officer	President and Chief Operating Officer of the Corporation; prior to February 2005, Executive Vice-President and Chief Operating Officer of the Corporation; prior to August 2003, Executive Vice-President of the Corporation; prior to August 2002, Vice-President, Operations of the Corporation.

The directors and senior officers of the Corporation as a group own beneficially, directly or indirectly, or exercise control or direction over, less than one per cent of our issued and outstanding common shares.

8.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To our knowledge, no director or executive officer of the Corporation, is, or has been in the last ten years, a director or executive officer of an issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days, (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days, or (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except for Mr. Beatty, who is also a director of Thistle Mining Inc. (“Thistle”). On January 7, 2005, Thistle announced that it obtained an order to commence Thistle's restructuring under the *Companies' Creditors Arrangement Act* (“CCAA”). On February 4, 2005, Thistle announced that it had obtained from the Ontario Superior Court of Justice an order granting it an extension to March 31, 2005 of protection under the CCAA. The Toronto Stock Exchange suspended Thistle's common shares from trading effective December 31, 2004 by the Toronto Stock Exchange due to the announced restructuring.

9. TRANSFER AGENT AND REGISTRAR

Our transfer agent and registrar is CIBC Mellon Trust Company. It maintains the register of transfers for our common shares at its principal office in Toronto, Ontario.

10. MATERIAL CONTRACTS

An amended and restated shareholders rights plan agreement dated as of March 1, 2004 between the Corporation and CIBC Mellon Trust Company as rights agent was ratified by our shareholders on April 29, 2004. The rights plan is intended to provide the Corporation's board of directors with sufficient time, in the event of a public take-over bid for our common shares, to pursue alternatives to enhance or protect shareholder value. It is designed to provide the Corporation with adequate time to assess the merits of competing take-over bids and provide shareholders with full information with which to make their own assessments. It is also designed to encourage persons seeking to acquire control of the Corporation to do so by means of a public takeover bid available to all shareholders, giving them the opportunity to share in the premium that an acquirer is likely to pay upon any acquisition of control of the Corporation.

11. EXPERTS

11.1 Names of Experts

Our Consolidated Financial Statements for the year ended December 31, 2004 included in our 2004 Annual Report filed under National Instrument 51-102 Continuous Disclosure (NI 51-102), portions of which are incorporated by reference to this AIF, have been audited by KPMG LLP.

The qualified persons as defined by National Instrument 43-101 or competent persons as defined by the Australasian Code who have prepared or supervised the preparation of the Corporation's mineral reserve and mineral resource estimates as at December 31, 2004 are identified in the Notes to Mineral Reserves and Resources at page 24 and 25.

11.2 Interests of Experts

No person or company named or referred to in this Item owns beneficially, directly or indirectly, or exercises control or direction over one percent or more of the Corporation's issued and outstanding common shares.

12. AUDIT COMMITTEE

12.1 Audit Committee Charter

A copy of the Audit Committee Charter is annexed as Schedule 1.

12.2 Composition of the Audit Committee

The members of the Audit Committee are Paul E. Gagné (Chairman), Oyvind Hushovd and James M. Tory. Each member of the Audit Committee is independent and financially literate within the meaning of Multilateral Instrument 52-110 – Audit Committees.

Following is a brief summary of the education and experience of each Audit Committee member that is relevant to the performance of their duties in that capacity.

Mr. Gagné is a Canadian chartered accountant. He is a former Chief Executive Officer of Avenor Inc., a pulp, paper and wood products company.

Mr. Hushovd is Chairman and Chief Executive Officer of Gabriel Resources Ltd. From 1996 to 2002 he was President and Chief Executive Officer of Falconbridge Limited and prior to that held senior positions within that company, including that of Chief Financial Officer.

Mr. Tory is Chair Emeritus at Torys LLP. During a lengthy legal career, Mr. Tory has focused on general corporate law, acting for many of Canada's leading corporations, banks and investment dealers.

The Audit Committee operates under a written charter. The Audit Committee and the Corporate Governance and Nominating Committee review at least annually the Charter to ensure compliance with applicable regulatory requirements as well as best practices.

The Audit Committee's principal function is to assist the Board in fulfilling its oversight responsibilities with respect to (1) the quality, integrity and appropriateness of the Corporation's financial reporting; (2) the quality, integrity and performance of the Corporation's systems of internal controls regarding finance, accounting and ethics; (3) the quality, performance and independence of the Corporation's external auditors; and (4) the Corporation's compliance with legal and regulatory requirements.

The Audit Committee is responsible for reviewing our financial reporting procedures, internal controls and risk management practices as they relate to financial reporting, and the terms of engagement and performance of the external auditors. The Audit Committee is also responsible for reviewing our interim financial statements and annual financial statements, management's discussion and analysis of financial condition and results, and annual report, prior to their approval by the Board. In fulfilling its mandate, the Audit Committee receives, among other information, quarterly reports from management with respect to: (i) significant accounting transactions and financial matters that required significant professional judgment in arriving at the financial statements; (ii) risk management, including metals and currency hedging; (iii) exploration and capital spending in relation to approved budgets; and (iv) reports from the internal auditors relating to our system of internal controls. The Audit Committee meets regularly with the external auditors and internal auditors in the absence of management. The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and has direct access to the external auditors, the internal auditors and any of our officers or employees as well as all of our books and records. At the request of any Audit Committee member, the Audit Committee may retain, at our expense, accounting, legal or other consultants or experts it deems necessary to perform its duties.

12.3 External Auditor Service Fees

The following table shows fees paid to KPMG LLP and its affiliates during the years ended December 31, 2004 and 2003 for various services to the Corporation and its subsidiaries:

Fee in thousands of dollars	2004	2003
Audit Fees (1)	\$ 364	\$ 313
Audit-Related Fees (2)	135	30
Tax Fees (3)	299	156
All Other Fees (4)	Nil	27
Total	\$ 798	\$ 526

- (1) The aggregate fees billed by KPMG for professional services rendered for audits relating to statutory and regulatory requirements.
- (2) Audit-related fees are for services provided by KPMG that reasonably relate to its role as auditor. Fiscal 2004 and 2003 fees relate to due diligence and the audit of the Corporation's pension plan.
- (3) Tax fees relate to services for tax compliance, tax advice and tax planning, including expatriate tax services.
- (4) All other fees relate principally to establishing a number of subsidiary companies and related services in 2003.

12.4 Policies and Procedures For The Engagement of Audit and Non-Audit Services

The Audit Committee has adopted an audit and non-audit services pre-approval policy that stipulates terms for pre-approval of services to be performed by the external auditor. Under the policy, management submits a report annually to the Audit Committee describing in detail the aggregate services expected to be provided by the external auditor during the following calendar year and the related range of fees under the following categories: audit services; audit-related services; tax services and all other services. Services not included as part of the annual pre-approval or previously approved services that exceed the pre-approved range of fees require specific pre-approval by the Committee before engagement of the external auditor. Fee variances of less than five percent per category or \$5,000 do not require further approval.

In providing its pre-approval, the Audit Committee takes into account the ratio of fees for audit and audit-related services on the one hand, and non-audit services on the other hand. The Audit Committee has delegated limited pre-approval authority to its Chairman; services and fees approved by him must be reported to and ratified by the Audit Committee at its next meeting. As a policy, the Corporation does not engage the external auditor to provide services in connection with internal audit and financial information systems design and implementation.

13. ADDITIONAL INFORMATION

13.1 Information Incorporated by Reference

The information that appears on pages 6 to 60 of our 2004 Annual Report under Management's Discussion and Analysis is incorporated herein by reference. Our 2004 Annual Report is available on SEDAR at www.sedar.com.

13.2 Other Information

Information relating to Inmet is available from SEDAR at www.sedar.com, including our 2004 Annual Report, consolidated financial statements for the year ended December 31, 2004 and the auditors' report on them, 2004 Management's Discussion and Analysis, interim consolidated financial statements and interim Management's Discussion and Analysis, this Annual Information Form and management information circular dated March 15, 2005. The management information circular contains information regarding directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans.

We will mail our Annual Report containing the consolidated annual financial statements, the auditors' report and management's discussion and analysis to our shareholders, together with the notice of our 2005 Annual Meeting of Shareholders and management information circular. You can request a copy of these documents from our Vice-President, General Counsel and Secretary at 330 Bay Street, Suite 1000, Toronto, Ontario, Canada M5H 2S8, telephone number: +1-416-361-6400 or fax number +1-416-368-4692.

SCHEDULE 1

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF INMET MINING CORPORATION

CHARTER

I. PURPOSE

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to: (1) the quality, integrity and appropriateness of the Corporation's financial reporting; (2) the quality, integrity and performance of the Corporation's systems of internal controls regarding finance, accounting, and ethics; (3) the quality, performance and independence of the Corporation's independent auditors; and (4) the Corporation's compliance with legal and regulatory requirements. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee shall review management's assessment of the principal risks that could impact the financial reporting of the Corporation.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and will have direct access to the independent auditors, any officer or employee of the Corporation, and all books and records of the Corporation. At the request of any Audit Committee member, the Audit Committee may retain, at the Corporation's expense, accounting, legal or other consultants or experts it deems necessary in the performance of its duties.

II. COMPOSITION

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be unrelated, and free from any interest or relationship that could, or could reasonably be perceived to, materially interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall meet the requirements of the *Canada Business Corporations Act*, other applicable laws and the Toronto Stock Exchange. Each member shall be financially literate and at least one member of the Committee shall have accounting or related financial expertise. For the purposes of this Charter, "financially literate" has the meaning attributed to it under Multilateral Instrument 52-110 "Audit Committees" as amended from time to time and "accounting or related financial expertise" shall mean the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.

The members of the Committee shall be appointed annually by the Board of Directors and will hold office until the next annual meeting of shareholders of the Corporation. If an Audit Committee Chair is not designated by the Board, the members of the Committee may designate a Chair by majority vote of the Committee membership.

III. MEETINGS

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee shall meet privately with management and the independent auditors in separate executive sessions to discuss any matters that the Committee or any of these groups believes should be discussed privately.

The Audit Committee Chair will approve an agenda in advance of each meeting and will cause minutes of meetings to be maintained. The Chairman will regularly report to the Board of Directors on the results of the Committee's deliberations. The Committee may establish procedures and practices for its meetings, not inconsistent with this Charter, as it sees fit.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

Review Procedures

1. Review and reassess the adequacy of this Charter at least annually and make recommendations to the Board of Directors for approval.
2. Review the Corporation's annual audited financial statements and the notes thereto, management's discussion and analysis of financial condition and results of operations, and related documents prior to filing or distribution and make recommendations to the Board with respect to their approval. Review should include a discussion with management and the independent auditors of items 15 - 21 below.
3. Review with management and the independent auditors the Corporation's interim financial statements and interim management's discussion and analysis prior to filing or release of earnings. Review should include a discussion with management and the independent auditors of the items 17 - 21 below.
4. Review the draft Annual Report and Annual Information Form of the Corporation and make recommendations to the Board with respect to their approval.
5. Review with management prior to distribution, press releases or other disclosures containing material financial information that has not been previously reviewed in accordance with this Charter.
6. Periodically and in any event at least annually review the process that management has in place to fulfill the role of the internal audit function.
7. Ensure that management has in place a process to ensure adherence to the Corporation's Public Disclosure Policy, Complaints Policy and Policy on Hiring Employees from the Company's External Auditor and Company Management Exchanges.
8. Review, at least quarterly or more frequently as circumstances dictate, capital and exploration spending in relation to approved budgets.
9. Review the Corporation's annual audited pension financial statements and the notes thereto, prior to filing or distribution and make recommendations to the Board with respect to their approval.

Independent Auditors

10. The external auditors are ultimately accountable to the Audit Committee and the Board of Directors, as representatives of the shareholders. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant. Subject to the continuing evolution of regulatory initiatives, the Committee shall, at least annually, request a report by the independent auditors describing: its internal quality-control procedure; any material issues raised by the most recent internal quality-control review of the independent auditors or by any inquiry or investigation by governmental or professional authorities, including the Canadian Public Accountability Board, within the preceding five years respecting one or more independent audits carried out by the audit firm, and any steps taken to deal with any such issues; and all relationships between the independent auditors and the Corporation.
11. On a periodic basis and at least annually, the Committee should review and discuss with the independent auditors all significant relationships the auditors have with the Corporation that could impair the auditors' independence. The Committee should identify and review the types of non-audit services or mandates that it considers incompatible with the principles underlying the independence of the auditors. It should approve and provide for disclosure of any material non-audit services provided to the Corporation by the independent auditors.
12. Review and approve the independent auditors' audit plan and engagement letter. Discuss and approve audit scope, staffing, locations, reliance upon management, and internal audit and general audit approach.
13. Approve the audit fees and other significant compensation to be paid to the independent auditors.
14. Periodically consult with the independent auditors out of the presence of management about internal controls and the fullness and accuracy of the Corporation's financial statements.
15. Prior to releasing the year-end earnings, discuss the results of the audit with the external auditors. Discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.
16. Following completion of the annual audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, or significant disagreements with management and the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies.
17. Review any significant disagreement among management and the independent auditors in connection with the preparation of the interim financial statements of the Corporation.

Financial Reporting Processes/ Process Improvement

18. In consultation with the independent auditors and management, review the quality, integrity and appropriateness of the Corporation's accounting policies and financial reporting

processes and internal controls, including a review of the independent auditors' written comments to management regarding these matters, if any, and management's responses to comments, both internal and external.

19. Review the principal risks of the businesses of the Corporation and of its subsidiaries, associates and joint ventures as identified by management and oversee the implementation and operation of appropriate systems to identify, evaluate and manage such risks, as it affects the Corporation's financial reporting and application of this Charter.
20. Establish and maintain regular and separate systems of reporting to the Audit Committee by each of management and the independent auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
21. Periodically review and discuss with management and the independent auditors the significance of emerging regulatory and accounting standards and initiatives for the financial reporting of the Corporation.
22. Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.)

Internal Controls and Legal Compliance

23. Review and assess any reports prepared or caused to be prepared by management regarding internal controls and discuss with management its response, including the status of previous reviews.
24. On at least a quarterly basis, review with the Corporation's counsel any legal matters that could have a significant impact on the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
25. Ensure that management has established a system to monitor compliance with the Code of Ethics.
26. Investigate complaints, in accordance with the Complaints Policy.
27. Review management's reports on directors' and officers' related party transactions and potential conflicts of interest, if any.
28. Review at least annually management's report on executive travel and other expenses.
29. Review at least annually management's report on the Corporation's source deduction and other remittances required under applicable tax legislation.

Other Audit Committee Responsibilities

30. Annually assess the effectiveness of the Committee against its Charter and report the results of the assessment to the Board.
31. Review disclosure of a summary of this Charter to shareholders.
32. Perform any other activities consistent with this Charter, the Corporation's by-laws, and governing law, as the Committee or the Board deems necessary or appropriate.
33. Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the foregoing activities.
34. Periodically review financial and accounting personnel succession planning within the Corporation and its major subsidiaries.

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The Committee's role, as described in this Charter, is an important part of monitoring the quality and integrity of the Corporation's financial reporting. This role does not replace the responsibility of the Corporation's management for the preparation and presentation of financial statements in accordance with generally accepted accounting principles, for significant accounting estimates and judgements, or for ensuring compliance by the Corporation with applicable laws relating to financial reporting. Nor does the role of the Committee detract from the responsibility of the auditors to plan and conduct an audit in accordance with Canadian generally accepted auditing standards or from the fact that the independent auditors are ultimately accountable to the Board of Directors and the Committee, as representatives of the shareholders of the Corporation.

This Charter establishes guidelines, rather than inflexible rules, and the Committee will adopt such additional procedures and standards from time to time as it deems appropriate to help fulfill its responsibilities. Nothing in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for directors of the Corporation.