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FOR IMMEDIATE RELEASE

August 3, 2005

All amounts are in Canadian dollars, unless otherwise stated.

INMET ANNOUNCES SECOND QUARTER EARNINGS OF \$0.78 PER SHARE

Toronto, Canada - Inmet Mining Corporation reported net income of \$32.9 million or \$0.78 per share for the second quarter of 2005 compared to net income of \$15.6 million or \$0.39 per share in the second quarter of 2004.

Highlights of our second quarter

- Higher metal prices, a reduction in corporate tax rates and the acquisition of the additional 45 percent in Çayeli had a favourable impact on our earnings in the quarter compared to the prior year period. This was somewhat offset by higher smelter processing charges and operating costs.
- Cash flow from operations was \$49.4 million, or \$1.18 per share, compared to \$38.3 million, or \$0.95 per share, in the prior year period.
- Copper production was 20,800 tonnes at a cash unit cost of US \$0.53 per pound. We are on target of achieving our annual objective of 80,000 tonnes of copper at an improved cash unit cost of US \$0.60 per pound (our original objective was US \$0.62 per pound).
- Zinc production was 19,300 tonnes. We are expecting to outperform our original 2005 objective and reach 75,000 tonnes for the year.
- Gold production was 63,400 ounces at a cash unit cost of US \$300 per ounce. We are expecting to achieve our original 2005 objective of 265,000 ounces of gold at a cash unit cost of US \$297 per ounce.
- On May 3, 2005, we announced that we entered into an agreement with MK Resources Company and its majority shareholder, Leucadia National Corporation, to acquire a 70 percent interest in the Las Cruces copper project located in Spain. Upon closing of the transaction, Inmet will issue 5.6 million of its common shares to MK Resources in consideration for the acquisition. We expect the transaction will close by August 10.
- Çayeli's mine production has been improving and we have increased our original annual production estimate for 2005 from 770,000 tonnes to 810,000 tonnes.

In this press release, “Inmet” means Inmet Mining Corporation and “we”, “us” and “our” means Inmet and/or its subsidiaries and joint ventures.

Securities regulators encourage companies to disclose forward-looking information to help investors understand a company’s future prospects. This press release contains statements about our 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 press release. You should not place undue reliance on forward-looking statements. As a general policy, we do not update forward-looking statements.

Our financial results

The table below is a summary of our consolidated statements of earnings.

<i>(in thousands except per share figures)</i>	Second Quarter		Six Months	
	2005	2004	2005	2004
Earnings from operations⁽¹⁾				
Çayeli	\$5,787	\$15,110	\$19,969	\$37,621
Pyhäsalmi	15,197	9,896	25,937	23,112
Troilus	4,846	2,660	10,486	5,803
Ok Tedi	21,579	9,221	43,005	23,824
Reclamation costs at closed sites	(500)	(506)	(1,013)	(1,011)
	46,909	36,381	98,384	89,349
Corporate development and exploration	(1,883)	(2,397)	(3,293)	(3,234)
General and administration	(1,815)	(1,381)	(3,781)	(2,792)
Investment and other income (expense)	3,449	1,968	(764)	1,698
Interest expense	(433)	(1,804)	(1,151)	(3,627)
Income and capital taxes	(13,350)	(12,452)	(28,927)	(32,437)
Non-controlling interest	-	(4,668)	-	(11,448)
Net income	\$32,877	\$15,647	\$60,468	\$37,509
Basic net income per share	\$0.78	\$0.39	\$1.45	\$0.94
Diluted net income per share	\$0.78	\$0.37	\$1.44	\$0.89
Weighted average shares outstanding (000’s)	42,005	40,275	41,713	39,993

⁽¹⁾ Sales less smelter processing charges and freight, cost of sales, depreciation and provisions for mine rehabilitation.

Comparing 2005 to 2004

Comparability of Results

As of October 1, 2004, we included in our net income an additional 45 percent interest in Çayeli, following the acquisition of this interest from the Turkish government. Prior to that date, this 45 percent interest was deducted from our net income as non-controlling interest.

The following table shows the changes in our consolidated net income between the three and six month periods ended June 30, 2005 and 2004:

<i>(millions of dollars)</i>	Change in Second Quarter	Change in Six Months
Metal prices ⁽¹⁾	\$ 13	\$ 19
Smelter processing charges and freight ⁽¹⁾	(2)	(9)
Operating costs ⁽¹⁾	(2)	(3)
Sales volumes	1	2
Acquisition of additional 45% of Çayeli	5	11
Redemption costs of debenture	-	(7)
Reduction in corporate tax rates	3	5
Litigation costs	-	4
Other	(1)	1
Increase in net income, compared to 2004	\$ 17	\$ 23

⁽¹⁾ Prices and costs have been translated to Canadian dollars using the average exchange rates for the respective periods and the respective currencies.

Further details on these items are included under “*Understanding our performance*”.

Understanding our performance

Earnings from operations

In this section we discuss sales, unit costs, production and smelter processing charges and freight on a consolidated basis. More detailed information on each operation can be found under their separate results discussion.

Sales

The table below shows our gross sales by operation and by metal, as well as total sales volumes in copper, zinc and gold.

<i>(in thousands)</i>	Second Quarter		Six Months	
	2005	2004	2005	2004
Gross sales by operation				
Çayeli	\$37,401	\$40,019	\$91,006	\$91,670
Pyhäsalmi	42,270	33,435	79,160	74,231
Troilus	25,887	22,697	60,746	47,236
Ok Tedi ⁽¹⁾	52,162	36,294	108,742	78,991
	\$157,720	\$132,445	\$339,654	\$292,128
Gross sales by metal				
Copper	\$85,250	\$74,142	\$184,522	\$165,291
Zinc	29,617	18,448	58,989	45,488
Gold	33,053	28,902	75,499	59,685
Other	9,800	10,953	20,644	21,664
	\$157,720	\$132,445	\$339,654	\$292,128
Sales volume				
Copper (tonnes)	18,600	19,400	43,200	43,400
Zinc (tonnes)	19,300	13,500	37,200	32,100
Gold (ounces)	63,100	55,800	146,400	117,200

(1) Inmet's 18 percent share of Ok Tedi's sales.

Gross sales were 19 and 16 percent higher in the three and six months ended June 30, 2005 compared to the same periods of the previous year. The table below shows the key elements for this increase:

<i>(millions of dollars)</i>	Change in Second Quarter	Change in Six Months
US dollar metal prices	\$ 33	\$ 55
Weaker US dollar	(14)	(26)
Sales volumes	6	18
Increase in gross sales, compared to 2004	\$ 25	\$ 47

The table below shows the metal prices and foreign exchange rates we realized in the second quarter and first six months of 2005 and 2004.

	Second Quarter		Six Months	
	2005	2004	2005	2004
Copper (per pound)	US \$1.65	US \$1.27	US \$1.56	US \$1.28
Zinc (per pound)	US \$0.55	US \$0.46	US \$0.58	US \$0.47
Gold (per ounce)	US \$396	US \$368	US \$399	US \$370
1 US \$ to C\$	\$1.24	\$1.36	\$1.24	\$1.34

Unit Costs

<i>(US \$)</i>	Second Quarter		Six Months		<i>Objective</i>
	2005	2004	2005	2004	2005
Weighted average copper ⁽¹⁾					
Cash cost (per pound)	\$0.53	\$0.45	\$0.52	\$0.40	\$0.60
Total cost (per pound)	\$0.64	\$0.54	\$0.64	\$0.49	\$0.72
Çayeli (per pound of copper) ⁽²⁾					
Direct production costs	\$0.83	\$0.61	\$0.82	\$0.57	\$0.85
Smelter processing charges and freight	0.73	0.52	0.72	0.51	0.82
Metal credits	(0.86)	(0.56)	(0.81)	(0.53)	(0.89)
Cash cost	\$0.70	\$0.57	\$0.73	\$0.55	\$0.78
Depreciation and other non-cash costs	0.11	0.06	0.12	0.05	0.12
Total cost	\$0.81	\$0.63	\$0.85	\$0.60	\$0.90
Pyhäsalmi (per pound of copper) ⁽²⁾					
Direct production costs	\$1.04	\$0.85	\$1.10	\$0.89	\$1.18
Smelter processing charges and freight	0.82	0.47	0.90	0.59	0.94
Metal credits	(1.72)	(1.15)	(1.92)	(1.35)	(1.92)
Cash cost	\$0.14	\$0.17	\$0.08	\$0.13	\$0.20
Depreciation and other non-cash costs	0.24	0.22	0.26	0.22	0.28
Total cost	\$0.38	\$0.39	\$0.34	\$0.35	\$0.48
Troilus (per ounce of gold) ⁽²⁾					
Direct production costs	\$368	\$336	\$321	\$333	\$352
Amortization (capitalization) of stripping costs	(28)	3	-	6	(6)
Smelter processing charges and freight	55	46	63	41	50
Metal credits	(95)	(102)	(121)	(117)	(99)
Cash cost ⁽¹⁾	\$300	\$283	\$263	\$ 263	\$297
Depreciation and other non-cash costs	54	23	45	23	51
Total cost ⁽¹⁾	\$354	\$306	\$308	\$286	\$348
Ok Tedi (per pound of copper) ⁽²⁾					
Direct production costs	\$0.78	\$0.76	\$0.79	\$0.71	\$0.81
Smelter processing charges and freight	0.40	0.27	0.38	0.30	0.39
Metal credits	(0.60)	(0.50)	(0.62)	(0.55)	(0.58)
Cash cost	\$0.58	\$0.53	\$0.55	\$0.46	\$0.62
Depreciation and other non-cash costs	0.06	0.05	0.06	0.05	0.06
Total cost	\$0.64	\$0.58	\$0.61	\$0.51	\$0.68

(1) We provide a reconciliation of the calculation of weighted average unit costs to our income statement on page 24.

(2) We use a zinc price of US \$0.55 per pound to estimate the by-product credit in our 2005 objective for cash costs per pound of copper at Çayeli and Pyhäsalmi. We use a copper price of US \$1.50 per pound to estimate the by-product credit in Troilus' 2005 objective for cash costs per ounce of gold and a US dollar to Canadian dollar exchange rate of \$1.23. We use a gold price of US \$400 per ounce to estimate the by-product credit in Ok Tedi's 2005 objective for cash costs per pound of copper.

Higher smelter processing charges, energy prices (fuel and electricity), higher consumable costs, and the lower value of the US dollar all contributed to higher copper cash costs in the second quarter 2005 and for the six month period ending June 30, 2005 compared to the prior year periods. The benefit of higher zinc metal credits which were realized due to higher zinc production and higher zinc prices somewhat offset these higher costs.

Outlook

We expect consolidated cash costs per pound of copper for the remainder of the year to be higher than the second quarter and for the first six months of the year due to higher overall consumable costs at all operations.

Production

<i>Inmet's share</i>	Second Quarter		Six Months		<i>Objective</i>
	2005	2004	2005	2004	2005
Copper (tonnes)					
Ok Tedi	8,800	8,900	17,000	15,400	34,400
Çayeli ⁽¹⁾	6,900	4,500	13,700	9,700	26,000
Pyhäsalmi	4,200	4,800	7,900	9,000	15,200
Troilus	900	1,200	3,000	2,600	4,000
	20,800	19,400	41,600	36,700	79,600
Zinc (tonnes)					
Çayeli ⁽¹⁾	10,200	5,500	18,900	10,800	38,000
Pyhäsalmi	9,100	6,200	17,600	15,200	37,000
	19,300	11,700	36,500	26,000	75,000
Gold (ounces)					
Troilus	38,300	34,800	89,600	72,100	170,000
Ok Tedi	25,100	25,800	49,100	46,000	95,400
	63,400	60,600	138,700	118,100	265,400
Pyrite (tonnes)					
Pyhäsalmi	135,500	224,300	335,900	424,100	544,000

(1) Includes 55 percent of production in 2004 comparative amounts.

The variances in production of metals for the second quarter 2005 and for the six months ending June 30, 2005, are as follows:

- copper and zinc production was higher due to the acquisition of 45 percent of Çayeli, which resulted in the inclusion of 100 percent of production after September 30, 2004
- zinc production was higher at Pyhäsalmi due to significantly higher zinc grades
- gold production at Troilus was slightly higher due to higher mill throughput.

Smelter processing charges and freight

The following table shows smelter processing charges and freight by operation and by metal for the three and six months ended June 30, 2005 and the comparable prior year periods.

<i>(thousands)</i>	Second Quarter		Six Months	
	2005	2004	2005	2004
Smelter processing charges and freight by operation				
Çayeli	\$13,059	\$12,100	\$30,559	\$23,957
Pyhäsalmi	11,706	8,545	23,601	21,582
Troilus	2,831	2,327	6,956	4,164
Ok Tedi	9,058	6,930	19,236	14,558
	\$36,654	\$29,902	\$80,352	\$64,261
Smelter processing charges and freight by metal				
Copper	\$20,751	\$18,149	\$47,846	\$35,864
Zinc	13,012	8,817	27,058	21,228
Other	2,891	2,936	5,448	7,169
	\$36,654	\$29,902	\$80,352	\$64,261

The continuing increase in metal prices has resulted in sustained higher smelter processing charges for both the second quarter and the six month period ending June 30, 2005, as compared to prior year periods.

Other items

Income taxes

The table below shows the taxes we expensed.

<i>(thousands)</i>	Second Quarter		Six Months	
	2005	2004	2005	2004
Çayeli	\$ 625	\$5,607	\$5,081	\$15,485
Pyhäsalmi	4,450	2,774	6,821	6,654
Ok Tedi	7,641	3,448	15,525	8,449
Corporate	634	623	1,500	1,849
	\$13,350	\$12,452	\$28,927	\$32,437

Income taxes were higher at all operations, except Çayeli, due to higher earnings. At Pyhäsalmi, the higher taxes were mitigated to some extent by a lower corporate tax rate for 2005 as compared to the prior year periods. At Çayeli, taxes were lower because of lower earnings and because of the recognition of a recovery of \$2 million resulting from a reduction in the statutory tax rate that we benefited from. The statutory tax rate was reduced from 37 percent to 30 percent.

Investment and other income

<i>(thousands)</i>	Second Quarter		Six Months	
	2005	2004	2005	2004
Interest and dividend income	\$2,458	\$2,034	\$5,066	\$4,013
Redemption costs of debentures	-	-	(6,631)	-
Çayeli insurance proceeds	-	-	-	1,601
Litigation costs	-	-	-	(3,504)
Other	991	(66)	801	(412)
	\$3,449	\$1,968	\$(764)	\$1,698

On January 20, 2005 we redeemed our convertible debentures for their face value of \$64.1 million. Because the net carrying value of our debentures was \$57.5 million, we recorded a charge of \$6.6 million in investment and other income in the first quarter of 2005.

In the first quarter of 2004, Çayeli settled a claim with its insurance company regarding the 2002 groundfall event and received a final insurance settlement. Also in the first quarter of 2004, we settled a 1987 legal claim concerning the Winston Lake mine for \$3.5 million.

Çayeli

Production results

<i>(100 percent)</i>	Second Quarter		Six Months		<i>Full Year Objective</i>
	2005	2004	2005	2004	2005
Tonnes of ore milled (thousands)	203	229	393	479	810
Grades (percent)					
copper	4.1	3.9	4.2	4.0	4.0
zinc	6.6	5.8	6.4	5.6	6.9
Mill recoveries (percent)					
copper	83	90	84	91	82
zinc	76	75	76	73	73
Production (tonnes)					
copper	6,900	8,100	13,700	17,600	26,000
zinc	10,200	10,000	18,900	19,700	38,000
Cash cost per pound of copper	US \$0.70	US \$0.57	US \$0.73	US \$0.55	US \$0.78
Total cost per pound of copper	US \$0.81	US \$0.63	US \$0.85	US \$0.60	US \$0.90
Capital expenditures (millions)	US \$3.6	US \$3.6	US \$6.7	US \$6.5	US \$21.0

Çayeli's operating earnings were \$5.8 million for the three months ended June 30, 2005, compared to \$15.1 million for the same period in 2004, despite higher metal prices, due to:

- higher operating costs and smelter processing charges
- a delay in shipment of concentrate to one large customer reduced operating earnings by approximately \$5 million in the quarter
- consulting fees of \$0.6 million.

Operating earnings for the six months ended June 30, 2005, of \$20.0 million were lower than operating earnings of \$37.6 for the same period last year due to lower sales volumes and higher costs.

Operating cash flow was \$21.6 million in the second quarter as a result of substantial receivables collections, which had accumulated at the end of March 2005.

Production

Although mill throughput in the second quarter of 2005 was 11 percent lower than the prior year period, it has increased by 7 percent compared to the first quarter of 2005 and 30 percent compared to the fourth quarter of 2004. This reflects the improvements in Çayeli's mine production and indicates that activities to achieve Çayeli's objectives are proceeding as planned. A significant contributor to the improvement, compared to fourth quarter 2004 and first quarter 2005, has been the mining of the center pillar, which was originally to be mined at the end of Çayeli's mine life. Mining of the center pillar has provided for a new production area and thereby improved stope availability. Stope availability is expected to further increase in September, when additional stopes will be put in production on the newly developed 795 and 775 metre levels.

Çayeli retained Proudfoot Consultants to assist to increase Çayeli's productivity, review organizational structures, and provide training for frontline supervision. The various programs initiated by the consultants have begun and we expect them to be implemented throughout the year. We are also expecting that the consultant costs, of approximately US \$3 million, will be more than offset by production and cost improvements in subsequent years.

Costs

Çayeli's cash unit costs were higher in the second quarter of 2005 and for the six months ended June 30, 2005 as compared to the prior year periods because of:

- higher smelter processing charges
- lower production
- higher labour and material costs resulting from the appreciation of the Turkish lira relative to the US dollar
- higher costs for consumables such as cement, grinding media, electricity and fuel, due to higher commodity prices
- costs incurred for the 2005 productivity initiative consulting project.

The higher costs were somewhat offset because of increased metal credits arising from a higher zinc price.

Outlook

Development of the lower part of the Çayeli deposit will continue. The shaft and lateral development project is progressing on budget and hoisting from the new loading station is expected to be commissioned in July of 2006. The productivity initiative program will continue throughout the remainder of the year and we expect that a series of improvement projects will be implemented. Until then, we continue to expect productivity improvements to be gradual and anticipate a slightly higher annualized mining rate of approximately 810,000 tonnes from our original estimate of 770,000 tonnes for 2005.

We expect that the cost increases we have experienced in the year will continue through the remainder of the year. As a result, we have increased our unit cost objective for the year by US \$0.10 per pound to US \$0.78 per pound to reflect higher costs for consumables and Turkish lira based costs, as well as additional costs for the Proudfoot consulting initiative.

Cerattepe

Work on the Cerattepe project progressed in the second quarter with the start of a mine plan and a review of mining methods that indicate an improvement in the production grade profile is possible. On the other hand, work is still in progress to obtain a key permit required to begin extracting a bulk sample and a trial mining program. We originally expected to have obtained the required permit so that we could extend the existing ramp in the third quarter in order to reach the Cerattepe ore body by the end of 2005 and then extract a 25,000 tonne bulk sample. Further delays of obtaining this permit will have a direct impact on the project schedule.

Pyhäsalmi

Production results

<i>(100 percent)</i>		Second Quarter		Six Months		<i>Full Year Objective</i>
		2005	2004	2005	2004	2005
Tonnes of ore milled (thousands)		352	342	692	677	1,350
Grades (percent)	copper	1.3	1.5	1.2	1.4	1.2
	zinc	2.8	2.0	2.7	2.4	2.8
	sulphur	41	43	41	41	40
Mill recoveries (percent)	copper	95	96	95	96	95
	zinc	93	90	93	92	92
Production (tonnes)	copper	4,200	4,800	7,900	9,000	15,200
	zinc	9,100	6,200	17,600	15,200	37,000
	pyrite	135,500	224,300	335,900	424,100	544,000
Cash cost per pound of copper		US \$0.14	US \$0.17	US \$0.08	US \$0.13	US \$0.20
Total cost per pound of copper		US \$0.38	US \$0.39	US \$0.34	US \$0.35	US \$0.48
Capital expenditures (millions)		€0.6	€0.6	€0.8	€1.1	€5.0

In the second quarter, strong metal prices and high zinc sales positively impacted Pyhäsalmi's operating earnings, resulting in a \$5.3 million increase in earnings from those in the second quarter of 2004. For the six months of 2005, operating earnings of \$25.9 million were better than 2004 earnings of \$23.1 million due to copper price increases. Offsetting some of these benefits for both periods were higher smelter processing charges.

Operating cash flows of \$4.7 million in the second quarter of 2005 and \$19.0 million for the six months ended June 30, 2005, were lower than in the prior year periods due to negative working capital changes, mainly as a result of corporate tax payments owing from 2004 as well as significantly higher tax installments for 2005.

Production

Mill throughput for the second quarter and for the first six months ended June 30, 2005, continues to outpace the prior year periods due to high mill availability and high productivity in the mine. Copper grades continued to be lower and zinc grades continued to be higher during the 2005 year due to the areas mined. Substantially higher zinc grades led to an increase in zinc production of 47 percent in the second quarter compared to the prior year period.

Costs

Copper cash costs per pound were lower in the second quarter and the six months ended June 30, 2005, as compared to the prior year periods, primarily because of increased zinc credits. These increased zinc credits, which arose from higher zinc production due to better zinc grades and a higher zinc price, more than offset higher smelter processing charges and higher consumable costs.

Outlook

We expect Pyhäsalmi's ore and metal production to remain at current levels for the remainder of the year and as a result we have slightly increased our annual objective for zinc production to 37,000 tonnes. We anticipate that unit costs may increase for the balance of the year because of the cost of consumables, but we have revised our original unit cost objective downwards to US \$0.20 per pound to reflect better than anticipated zinc production and zinc prices.

A detailed engineering study for a pyrite pressure filter has been completed and we expect it to be installed in November. Replacement of the zinc concentrate filter will likely occur sometime in the fourth quarter. These improvements should ensure future reliability of Pyhäsalmi's concentrate filter system as part of our risk management program. The removal of the pyrite concentrate dryer will also reduce the usage of diesel fuel and eliminate emissions from the dryer.

Troilus

Production results

<i>(100 percent)</i>		Second Quarter		Six Months		<i>Full Year Objective</i>
		2005	2004	2005	2004	2005
Tonnes of ore milled (thousands)		1,755	1,526	3,500	2,941	6,900
Strip ratio		1.8	1.6	1.4	1.5	1.5
Grades	gold (grams per tonne)	0.8	0.9	1.0	1.0	0.90
	copper (percent)	0.1	0.1	0.1	0.1	0.1
Mill recoveries	gold (percent)	81	78	81	80	85
	copper (percent)	88	83	91	86	87
Production	gold (ounces)	38,300	34,800	89,600	72,100	170,000
	copper (tonnes)	900	1,200	3,000	2,600	4,000
Cash cost per ounce of gold		US \$300	US \$283	US \$263	US \$263	US \$297
Total cost per ounce of gold		US \$354	US \$306	US \$308	US \$286	US \$348
Capital expenditures (millions)		\$1.3	\$3.7	\$5.3	\$7.6	\$10.0
Capitalized stripping (millions)		\$1.3	\$1.3	\$-	\$3.3	\$3.0

Operating earnings at Troilus increased in both the three months ended June 30, 2005 and the six months ended June 30, 2005, compared to the same periods in 2004. Earnings were significantly higher for both periods as compared to the prior year mostly due to higher gold production, offset by higher depreciation. With the completion of the expanded mill at the end of 2004, depreciation in 2005 more than doubled from the 2004 periods.

Production

Mill throughput has been strong since the completion of the mill expansion at the end of 2004. Throughput was 15 percent higher in the second quarter 2005 and 19 percent higher for the six months ended June 30, 2005, compared to the prior year periods. This higher throughput led to higher gold production despite lower gold grades. Gold grades in the second quarter 2005 were slightly lower than the prior year period as a greater percentage of ore was mined from the J-4 pit and the 87 South pit extension where grades are generally lower.

Gold recoveries were slightly higher in the second quarter of 2005 compared to the prior year period. Since the completion of the mill expansion project, we have been working towards improving the gold recoveries. A study was performed in the second quarter of 2005 which indicated an increase in the cleaner flotation capacity should rectify the shortfall. Additional scoping of this project is expected in the fourth quarter.

A scoping study was conducted in the first quarter regarding the potential to mine additional ore at the bottom of the Troilus 87 pit from underground. An infill drilling program was started in the second quarter and is ongoing with the objective of

reclassifying the inferred resources to indicated resources. We expect the results of this confirmatory infill drilling program for the potential underground resource to be available later in August, with a complete feasibility study to be ready during the fourth quarter.

Costs

Cash unit costs, in the second quarter 2005, were marginally higher than in the same period last year as lower production of copper negatively impacted metal credits and the benefits of higher production were almost completely offset by the weaker US dollar. Further, costs have been higher in 2005, due to higher smelter processing charges as well as the rising cost of fuel.

Outlook

For the remainder of the year, mill throughput, gold production, and unit cash costs are expected to be consistent with the results achieved in the second quarter. The recommended improvements from the review of the flotation cleaner circuit are expected to be implemented throughout the balance of the year.

Ok Tedi

Production results

<i>(100 percent)</i>		Second Quarter		Six Months		<i>Full Year Objective</i>
		2005	2004	2005	2004	2005
Tonnes of ore milled (thousands)		6,700	7,300	12,700	12,600	26,000
Strip ratio		2.2	1.9	2.3	2.3	2.1
Grades	copper (percent)	0.87	0.83	0.90	0.84	0.9
	gold (grams per tonne)	0.91	0.86	0.92	0.85	0.9
Mill recoveries	copper (percent)	84	81	83	81	83
	gold (percent)	72	70	72	74	72
Production	copper (tonnes)	48,800	49,500	94,400	85,700	191,000
	gold (ounces)	139,100	143,300	272,500	255,700	530,000
Cash cost per pound of copper		US \$0.58	US \$0.53	US \$0.55	US \$0.46	US \$0.62
Total costs per pound of copper		US \$0.64	US \$0.58	US \$0.61	US \$0.51	US \$0.68
Capital expenditures (millions)		US \$2.9	US \$5.0	US \$4.3	US \$6.9	US \$25.0

Operating earnings for the second quarter of 2005 were \$21.6 million compared to \$9.2 million for the three months ended June 30, 2004. For the six months ended June 30, 2005 operating earnings were \$43.0 million compared to \$23.8 million in the same period of 2004. This improvement in earnings is a result of several factors, including sales volumes and foreign exchange, but is mainly a result of higher copper prices. Sales volumes were higher in 2005 compared to the prior year periods primarily due to a significant draw down in inventories, most of which occurred in the first quarter. The higher operating earnings in 2005 also resulted in increased operating cash flows.

Production

Ok Tedi, during the second quarter 2005, processed eight percent less ore than the prior year period as throughput rates, which are dependent on the type of ore fed into the mill, were slowed by harder ores. Compared to the previous period, there was also a shut down in one of the semi-autogenous grinding mills for repairs.

Copper and gold grades, on the other hand, were higher than the prior year periods because higher grade monzonite ore, originally scheduled to be mined for later in the year, was mined during the first six months of 2005. The higher copper and gold grades helped offset the impact of the lower mill throughput and led to higher year-to-date production of both copper and gold.

Costs

Ok Tedi's cash costs were higher in the second quarter of 2005 and for the six months ended June 30, 2005, compared to the prior year periods, mainly due to higher smelter processing charges and higher cost of fuel and other consumables which more than offset the benefit of higher metal credits arising from higher gold production and prices.

Outlook

We expect production results for the balance of the year at Ok Tedi to be consistent to the first half of the year. Unit costs are expected to be somewhat higher because of higher consumable costs and slightly higher treatment costs.

Managing our liquidity and financial condition

The table below shows our sources of cash and how we used it in the second quarter and first six months in 2005 and 2004.

<i>(millions of dollars)</i>	Second Quarter		Six Months	
	2005	2004	2005	2004
Cash from operating				
Çayeli	\$ 22	\$ 15	\$ 22	\$ 46
Pyhäsalmi	5	14	19	26
Troilus	11	10	13	20
Ok Tedi	15	8	37	26
Corporate development and exploration	(2)	(2)	(3)	(3)
General and administration	(2)	(1)	(4)	(3)
Other	-	(6)	-	(10)
	49	38	84	102
Cash from investing and financing				
Redemption of convertible debentures	-	-	(64)	-
Capital expenditures	(12)	(12)	(19)	(26)
Other	-	(3)	(3)	(5)
	(12)	(15)	(86)	(31)
Increase (decrease) in cash	37	23	(2)	71
Cash and short-term investments				
Beginning of period	207	278	246	230
End of period	\$ 244	\$ 301	\$ 244	\$ 301

Cash from operating activities

The table below shows what contributed to the increase in operating cash flow in the second quarter and first six months of 2005, compared to 2004.

<i>(millions of dollars)</i>	Change in Second Quarter	Change in Six Months
Metal prices ⁽¹⁾	\$ 13	\$19
Smelter processing charges and freight ⁽¹⁾	(2)	(9)
Operating costs ⁽¹⁾	(2)	(3)
Sales volume	1	2
Reduction in corporate tax rates	3	5
Litigation costs	-	4
Change in non-cash working capital	(4)	(38)
Other	2	2
Increase (decrease) in operating cash flow, compared to 2004	\$ 11	\$ (18)

⁽¹⁾ Prices and costs have been translated to Canadian dollars using the average exchange rates for the respective periods and the respective currencies.

Operating cash flows increased mostly due to higher metal prices. The majority of the June year-to-date working capital change arises from a large draw down in receivables in the first six months of 2004 compared to a small build up in 2005. The build up in receivables in 2005 is largely due to the higher metal prices.

Cash from investing activities

The table below shows the cash we spent on capital investments by operation.

<i>(millions of dollars)</i>	Second Quarter		Six Months		<i>Full Year Objective</i>
	2005	2004	2005	2004	2005
Çayeli	\$4	\$4	\$8	\$8	\$27
Pyhäsalmi	1	1	3	2	8
Troilus capital	2	4	6	8	10
Troilus capitalized stripping	-	1	-	3	3
Ok Tedi	1	1	1	1	6
Cerattepe	1	1	1	4	20
Accruals	3	-	-	-	3
	\$12	\$12	\$19	\$26	\$77

Capital investments were \$19 million for the six months ended June 30, 2005, which was \$7 million less than in the prior year period due mainly to the timing of expenditures. To date, capital spending continues to be largely for the mine shaft extension project and mine development at Çayeli and mine mobile equipment at Troilus.

Outlook

Capital investments at Çayeli for the remainder of the year are mainly in relation to the lower mine development project, which includes the mine shaft extension and other development work. It is possible the expenditures could vary by the end of the year because of timing of when work will be completed. Forecasted expenditures at Cerattepe include further advancement of development as well as the second installment of US \$4.5 million of the purchase price. Some of these expenditures will depend on the receipt of final permitting. In addition, following the close of the Las Cruces transaction, our full year capital expenditure objective would increase materially.

Gold hedging

Because of the high cost nature of the Troilus operation, we use forward sales to mitigate the impact of a decline in gold price.

The table below shows our Troilus gold hedging positions as at June 30, 2005.

Gold hedging at Troilus		
Forward sales	Hedge volume	Average price
	(ounces)	(per ounce)
2005	46,100	US \$348
2006	69,900	US \$352
2007	58,200	US \$352
2008	58,200	US \$352

Total forward sales at Troilus represent 34 percent of life-of-mine production at an average hedge price of US \$351 per ounce. We do not currently plan to enter into any more hedging of gold production at Troilus.

For accounting purposes, we recognize in revenue the gold hedge price in the period in which the hedge was initially designated. The rolling of our original hedge positions gave rise to both a deferred charge and deferred revenue. In the three months and six months ended June 30, 2005 we recognized a charge of \$0.2 million and \$0.9 million, respectively. We will recognize an additional charge of \$0.4 million for the balance of the year. From 2006 to 2008, we have net deferred revenue of \$7.9 million to record in income.

Gold is a by-product for Ok Tedi. The table below shows Inmet's share of gold hedging transactions at Ok Tedi, as at June 30, 2005.

Gold hedging at Ok Tedi		
Forward sales	Hedge volume	Average price
	(ounces)	(per ounce)
2005	6,800	US \$368
2006	13,500	US \$369
2007	13,500	US \$371
2008	6,750	US \$372

Total forward sales at Ok Tedi average about one percent of life of mine production.

The spot price of gold was US \$437 per ounce as at June 30, 2005, resulting in a negative marked-to-market of US \$29 million for the Troilus contracts and Inmet's share of Ok Tedi's contracts.

Risk management

Key Risks

The following is an update to the discussion of the key risks associated with our business and the strategies we use to manage them included in our 2004 annual Management's Discussion and Analysis found in our 2004 Annual Report.

Ground conditions

There have not been any material changes to risks associated with ground conditions. Ground conditions in the deeper part of the Çayeli mine have improved because of the stronger host rock. We continue to actively manage ground conditions by adhering to appropriate support standards, by designing and sequencing working areas to minimize the impact of difficult ground conditions and by monitoring and modeling ground events to use the information gathered as a predictive tool. However, poor ground conditions could prevent any of the operations from meeting its respective production targets.

Delays in the development of Çayeli's lower mine

The development of the lower mine is critical for Çayeli to re-establish its productivity. During the quarter, mine development continued on budget and the commissioning of the ore hoisting from the new loading station is expected in July of 2006. Çayeli's ability to achieve its long-term production targets is dependent on meeting the predicted schedule of this development.

Delays in the development of the Cerattepe project

This project is intended to provide additional mill feed for Çayeli. During the quarter, an updated mine plan was developed, but delays are being experienced in the permitting process, delaying the timing for the bulk sample. The inability to obtain these permits, which are in the control of the Turkish regulatory agencies, could further delay or prevent the development of this project.

Troilus ability to achieve the mill expansion targets

The mill expansion was completed at the end of 2004 resulting in a throughput increase of 15 percent for the quarter and 19 percent for the year to date. We are expecting that Troilus will achieve the targeted production rates for the year as a result of the successful realization of this project. The additional mill recoveries have not been achieved and work is continuing on identifying measures to achieve the expected improved recoveries.

Dry weather at Ok Tedi

Ok Tedi's ability to generate electrical power, ship concentrates to its customers and bring supplies to the operations greatly depends on the amount of rainfall in the area. Prolonged dry weather conditions could, therefore, have a negative impact on its operating results. Current weather conditions and recent metrological forecasts indicate that the risk of prolonged dry weather conditions this year is low. Efforts to improve concentrate and supply management through increased storage capacity are, nevertheless, continuing to help mitigate the risk of future disruption that may be caused by future periods of dry weather.

Environmental and social impacts at Ok Tedi

Waste disposal practices at Ok Tedi have and continue to have a significant impact on the environment. During the quarter, as part of its program to manage the impact of the mine on the environment and the local landowners, Ok Tedi's management communicated its findings of acid generating sulphide depositions along the Fly River levee banks to the local communities and to government authorities. Ok Tedi is further evaluating the impact of such depositions on the environment as well as to assess alternatives for impact mitigation. In addition, Ok Tedi's dialogue with the local communities and government authorities is continuing under the Community Mine Continuation Agreement. While it is too early to assess the significance of Ok Tedi's findings, we would expect that a change in Ok Tedi's relationship with the local communities or a material change in the environmental impacts of Ok Tedi would have a negative impact on Ok Tedi's operating results.

Sensitivity analysis

The table below shows the effect of key variables on Inmet's annualized net income, based on our objectives for 2005.

	A change of:	Would change our 2005 net income by:	Would change our 2005 earnings per share by:
Metal prices			
Copper (per pound)	US \$0.10	\$13.5 million	\$0.33
Zinc (per pound)	US \$0.05	\$3.6 million	\$0.09
Gold (per ounce) ⁽¹⁾	US \$10.00	\$1.9 million	\$0.05
Exchange rates			
US \$1 to C\$1	C\$0.05	\$4.7 million	\$0.11
Euro 1 to C\$1	C\$0.05	\$1.1 million	\$0.03

(1) Calculations include hedging in place at December 31, 2004.

Common shares outstanding

For the three months and six months ended June 30, 2005, we issued 686,400 and 791,900 common shares, respectively, due to the exercise of stock options. In the first quarter, we also issued 378,234 common shares due to the redemption of deferred share units by a former director.

Inmet has 42,410,182 common shares outstanding at August 3, 2005. As of such date, Inmet also has 279,050 stock options that are exercisable, subject to vesting requirements, on a one-for-one basis for common shares, and 66,223 deferred share units redeemable on a one-for-one basis for common shares of Inmet.

About Inmet - Inmet is a Canadian-based global mining company that produces copper, zinc and gold. We have interests in four mining operations in locations around the world: Çayeli, Pyhäsalmi, Troilus and Ok Tedi.

This press release is also available at www.inmetmining.com

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SECOND QUARTER CONFERENCE CALL

Please listen to Inmet's second quarter conference call at 11:00 a.m. (ET) on Thursday, August 4, 2005 at <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=1184920> or through a link with Inmet's website: www.inmetmining.com for the live audio webcast.

INMET MINING CORPORATION
NON-GAAP MEASURES
RECONCILIATION OF UNIT CASH COSTS TO CONSOLIDATED
STATEMENTS OF EARNINGS

Copper cash cost

	Second Quarter		Six Months	
	2005	2004	2005	2004
<i>(millions of Canadian dollars, except where otherwise noted)</i>				
Cost of sales per financial statements	\$50	\$43	\$105	\$90
Smelter processing charges and freight				
per financial statements	34	28	73	60
Zinc, gold and other sales	(52)	(41)	(107)	(89)
Inventory and receivable changes	(1)	1	(13)	-
Less - standby costs incurred at Ok Tedi	-	-	-	(6)
Less - non-cash items	(2)	(1)	(3)	(2)
Çayeli minority interest	-	(6)	-	(13)
Operating costs net of metal credits	\$29	\$24	\$55	\$40
US \$ to C\$ exchange rate	\$1.24	\$1.36	\$1.24	\$1.34
Inmet's share of copper production (000's pounds)	43,900	40,100	85,200	75,200
Copper cash cost (per pound)	US \$0.53	US \$0.45	US \$0.52	US \$0.40

Gold cash cost

	Second Quarter		Six Months	
	2005	2004	2005	2004
<i>(millions of Canadian dollars, except where otherwise noted)</i>				
Cost of sales per financial statements	\$16	\$17	\$39	\$35
Smelter processing charges and freight				
per financial statements	3	2	7	4
Copper and other sales	(6)	(5)	(14)	(11)
Inventory and receivable changes	1	(1)	(3)	(3)
Operating costs net of metal credits	\$14	\$13	\$29	\$25
US \$ to C\$ exchange rate	\$1.24	\$1.36	\$1.24	\$1.34
Inmet's share of gold production (ounces)	38,300	34,800	89,600	72,100
Gold cash cost (per ounce)	US \$300	US \$283	US \$263	US \$263

INMET MINING CORPORATION
REVIEW OF LAST EIGHT QUARTERS

(unaudited)

Latest Four Quarters

	2005	2005	2004	2004
	Second	First	Fourth	Third
(thousands of dollars, except per share amounts)	quarter	quarter	quarter	quarter
STATEMENTS OF EARNINGS				
Gross sales	\$ 157,720	\$ 181,934	\$ 120,420	\$ 133,758
Smelter processing charges and freight	(36,654)	(43,698)	(28,619)	(28,936)
Cost of sales	(65,901)	(78,738)	(64,490)	(54,327)
Depreciation	(8,256)	(8,023)	(7,154)	(6,331)
	46,909	51,475	20,157	44,164
Corporate development and exploration	(1,883)	(1,410)	(2,490)	(760)
General and administration	(1,815)	(1,966)	(1,074)	(1,226)
Investment and other income (expense)	3,449	(4,213)	1,614	884
Interest expense	(433)	(718)	(1,790)	(1,790)
Capital tax expense	(199)	(198)	(200)	56
Income tax expense	(13,151)	(15,379)	(732)	(15,368)
Non-controlling interest	-	-	-	(2,777)
Net income	\$ 32,877	\$ 27,591	\$ 15,485	\$ 23,183
Net income per common share	\$ 0.78	\$ 0.67	\$ 0.38	\$ 0.57
Diluted net income per common share	\$ 0.78	\$ 0.65	\$ 0.37	\$ 0.54

Previous Four Quarters

	2004	2004	2003	2003
	Second	First	Fourth	Third
(thousands of dollars, except per share amounts)	quarter	quarter	quarter	quarter
STATEMENTS OF EARNINGS				
Gross sales	\$ 132,445	\$ 159,683	\$ 145,233	\$ 120,850
Smelter processing charges and freight	(29,902)	(34,359)	(35,521)	(30,288)
Cost of sales	(59,780)	(66,922)	(65,430)	(62,072)
Depreciation	(6,382)	(5,434)	(6,718)	(5,005)
	36,381	52,968	37,564	23,485
Corporate development and exploration	(2,397)	(837)	(1,385)	(1,002)
General and administration	(1,381)	(1,411)	(3,857)	(1,602)
Investment and other income (expense)	1,968	(270)	112,907	30,270
Interest expense	(1,804)	(1,823)	(2,068)	(2,259)
Capital tax expense	(430)	(329)	(587)	(186)
Income tax expense	(12,022)	(19,656)	(11,742)	(7,290)
Non-controlling interest	(4,668)	(6,780)	(4,334)	(1,953)
Net income	\$ 15,647	\$ 21,862	\$ 126,498	\$ 39,463
Net income per common share	\$ 0.39	\$ 0.55	\$ 3.21	\$ 1.00
Diluted net income per common share	\$ 0.37	\$ 0.52	\$ 2.84	\$ 0.91

INMET MINING CORPORATION
CONSOLIDATED BALANCE SHEETS

(thousands of Canadian dollars)	June 30 2005	December 31 2004
	(Unaudited)	
ASSETS		
Current assets:		
Cash and short-term investments	\$244,043	\$245,807
Accounts receivable	57,820	50,239
Inventories	52,547	57,313
	354,410	353,359
Property, plant and equipment	314,721	322,737
Investments	3,620	2,377
Future income tax asset	8,942	8,942
Deferred charges	14,873	27,377
Other assets	37,194	36,661
	\$733,760	\$751,453
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$80,678	\$87,920
Current portion of long-term debt (notes 2 and 3)	-	64,052
	80,678	151,972
Long-term debt	15,551	16,870
Reclamation liabilities	63,129	63,060
Other liabilities	37,222	40,627
Future income tax liabilities	39,586	36,525
	236,166	309,054
SHAREHOLDERS' EQUITY		
Share capital (note 5)	244,159	237,931
Contributed surplus	66,999	66,999
Stock based compensation (note 6)	1,767	4,938
Retained earnings	197,116	136,648
Foreign currency translation account (note 8)	(12,447)	(4,117)
	497,594	442,399
	\$733,760	\$751,453
(see accompanying notes)		

INMET MINING CORPORATION
SEGMENTED BALANCE SHEETS

(thousands of Canadian dollars)

As at June 30, 2005

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
ASSETS						
Cash and short-term investments	\$141,291	\$19,734	\$58,503	-	\$24,515	\$244,043
Other current assets	558	25,499	31,898	20,485	31,927	110,367
Property, plant and equipment	27,130	104,157	81,037	63,840	38,557	314,721
Investments	3,620	-	-	-	-	3,620
Deferred charges	-	-	-	14,873	-	14,873
Other assets	31,349	483	-	4,961	9,343	46,136
TOTAL ASSETS	\$203,948	\$149,873	\$171,438	\$104,159	\$104,342	\$733,760
LIABILITIES						
Current liabilities	\$7,072	\$9,876	\$18,304	\$15,582	\$29,844	\$80,678
Long-term debt	15,551	-	-	-	-	15,551
Reclamation liabilities	26,487	3,311	11,706	3,952	17,673	63,129
Other liabilities	11,199	3,165	-	20,824	2,034	37,222
Future income tax liabilities	-	30,317	4,725	-	4,544	39,586
TOTAL LIABILITIES	\$60,309	\$46,669	\$34,735	\$40,358	\$54,095	\$236,166

As at December 31, 2004

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
ASSETS						
Cash and short-term investments	\$140,925	\$33,852	\$52,255	-	\$18,775	\$245,807
Other current assets	926	23,241	31,774	20,750	30,861	107,552
Property, plant and equipment	27,161	99,651	93,182	63,472	39,271	322,737
Investments	2,377	-	-	-	-	2,377
Deferred charges	6,750	-	-	20,627	-	27,377
Other assets	30,632	1,984	-	4,702	8,285	45,603
TOTAL ASSETS	\$208,771	\$158,728	\$177,211	\$109,551	\$97,192	\$751,453
LIABILITIES						
Current liabilities	\$72,795	\$12,394	\$24,197	\$21,376	\$21,210	\$151,972
Long-term debt	16,870	-	-	-	-	16,870
Reclamation liabilities	26,503	3,138	12,492	3,847	17,080	63,060
Other liabilities	11,975	2,940	-	23,545	2,167	40,627
Future income tax liabilities	-	26,271	5,823	-	4,431	36,525
TOTAL LIABILITIES	\$128,143	\$44,743	\$42,512	\$48,768	\$44,888	\$309,054

INMET MINING CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(thousands of Canadian dollars except per share amounts)	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2005	2004	2005	2004
Gross sales	\$157,720	\$132,445	\$339,654	\$292,128
Smelter processing charges and freight	(36,654)	(29,902)	(80,352)	(64,261)
Cost of sales	(65,901)	(59,780)	(144,639)	(126,702)
Depreciation	(8,256)	(6,382)	(16,279)	(11,816)
	46,909	36,381	98,384	89,349
Corporate development and exploration	(1,883)	(2,397)	(3,293)	(3,234)
General and administration	(1,815)	(1,381)	(3,781)	(2,792)
Investment and other income (note 9)	3,449	1,968	(764)	1,698
Interest expense (note 2)	(433)	(1,804)	(1,151)	(3,627)
Capital tax expense	(199)	(430)	(397)	(759)
Income tax expense (note 10)	(13,151)	(12,022)	(28,530)	(31,678)
Non-controlling interest	-	(4,668)	-	(11,448)
Net income	\$32,877	\$15,647	\$60,468	\$37,509
Basic net income per common share (note 7)	\$0.78	\$0.39	\$1.45	\$0.94
Diluted net income per common share (note 7)	\$0.78	\$0.37	\$1.44	\$0.89
Weighted average shares outstanding (000's)	42,005	40,275	41,713	39,993

(see accompanying notes)

INMET MINING CORPORATION
SEGMENTED STATEMENTS OF EARNINGS

(thousands of Canadian dollars)

For the six months ended June 30, 2005

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
Gross sales	\$ -	\$91,006	\$79,160	\$60,746	\$108,742	\$339,654
Smelter processing charges and freight	-	(30,559)	(23,601)	(6,956)	(19,236)	(80,352)
Cost of sales	(1,013)	(36,744)	(24,299)	(38,549)	(44,034)	(144,639)
Depreciation	-	(3,734)	(5,323)	(4,755)	(2,467)	(16,279)
	(1,013)	19,969	25,937	10,486	43,005	98,384
Corporate development and exploration	(1,285)	(349)	(701)	(261)	(697)	(3,293)
General and administration	(3,781)	-	-	-	-	(3,781)
Investment and other income	(764)	-	-	-	-	(764)
Interest expense	(1,151)	-	-	-	-	(1,151)
Capital tax expense	(397)	-	-	-	-	(397)
Income tax expense	(1,103)	(5,081)	(6,821)	-	(15,525)	(28,530)
Net income (loss)	(\$9,494)	\$14,539	\$18,415	\$10,225	\$26,783	\$60,468

For the six months ended June 30, 2004

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
Gross sales	\$ -	\$91,670	\$74,231	\$47,236	\$78,991	\$292,128
Smelter processing charges and freight	-	(23,957)	(21,582)	(4,164)	(14,558)	(64,261)
Cost of sales	(1,011)	(27,945)	(23,933)	(35,204)	(38,609)	(126,702)
Depreciation	-	(2,147)	(5,604)	(2,065)	(2,000)	(11,816)
	(1,011)	37,621	23,112	5,803	23,824	89,349
Corporate development and exploration	(2,801)	(2)	(338)	(93)	-	(3,234)
General and administration	(2,792)	-	-	-	-	(2,792)
Investment and other income	97	1,601	-	-	-	1,698
Interest expense	(3,590)	(17)	-	(20)	-	(3,627)
Capital tax expense	(759)	-	-	-	-	(759)
Income tax expense	(1,090)	(15,485)	(6,654)	-	(8,449)	(31,678)
Non-controlling interest	-	(11,448)	-	-	-	(11,448)
Net income (loss)	(\$11,946)	\$12,270	\$16,120	\$5,690	\$15,375	\$37,509

INMET MINING CORPORATION
SEGMENTED STATEMENTS OF EARNINGS

(thousands of Canadian dollars)

For the three months ended June 30, 2005

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
Gross sales	\$ -	\$37,401	\$42,270	\$25,887	\$52,162	\$157,720
Smelter processing charges and freight	-	(13,059)	(11,706)	(2,831)	(9,058)	(36,654)
Cost of sales	(500)	(16,819)	(12,662)	(15,696)	(20,224)	(65,901)
Depreciation	-	(1,736)	(2,705)	(2,514)	(1,301)	(8,256)
	(500)	5,787	15,197	4,846	21,579	46,909
Corporate development and exploration	(609)	(232)	(508)	(203)	(331)	(1,883)
General and administration	(1,815)	-	-	-	-	(1,815)
Investment and other income	3,449	-	-	-	-	3,449
Interest expense	(433)	-	-	-	-	(433)
Capital tax expense	(199)	-	-	-	-	(199)
Income tax expense	(435)	(625)	(4,450)	-	(7,641)	(13,151)
Net income (loss)	(\$542)	\$4,930	\$10,239	\$4,643	\$13,607	\$32,877

For the three months ended June 30, 2004

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
Gross sales	\$ -	\$40,019	\$33,435	\$22,697	\$36,294	\$132,445
Smelter processing charges and freight	-	(12,100)	(8,545)	(2,327)	(6,930)	(29,902)
Cost of sales	(506)	(11,537)	(12,069)	(16,666)	(19,002)	(59,780)
Depreciation	-	(1,272)	(2,925)	(1,044)	(1,141)	(6,382)
	(506)	15,110	9,896	2,660	9,221	36,381
Corporate development and exploration	(2,073)	(2)	(229)	(93)	-	(2,397)
General and administration	(1,381)	-	-	-	-	(1,381)
Investment and other income	1,968	-	-	-	-	1,968
Interest expense	(1,796)	-	-	(8)	-	(1,804)
Capital tax expense	(430)	-	-	-	-	(430)
Income tax expense	(193)	(5,607)	(2,774)	-	(3,448)	(12,022)
Non-controlling interest	-	(4,668)	-	-	-	(4,668)
Net income (loss)	(\$4,411)	\$4,833	\$6,893	\$2,559	\$5,773	\$15,647

INMET MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(thousands of Canadian dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2005	2004	2005	2004
Cash provided by (used in) operating activities ⁽¹⁾				
Net income	\$32,877	\$15,647	\$60,468	\$37,509
Add (deduct) items not affecting cash:				
Depreciation	8,256	6,382	16,279	11,816
Future income tax	668	(80)	2,407	427
Amortization of capitalized stripping	-	1,430	-	3,867
Accretion expense on reclamation liabilities	926	935	1,856	1,864
Deferred revenue	160	1,357	874	2,035
Non-controlling interest	-	4,668	-	11,448
Redemption cost of convertible debentures	-	-	6,631	-
Other	(181)	(2,179)	497	(274)
Reclamation costs	(540)	(893)	(1,179)	(1,435)
Net change in non-cash working capital (note 4)	7,249	11,034	(3,843)	34,579
	<u>49,415</u>	<u>38,301</u>	<u>83,990</u>	<u>101,836</u>
Cash provided by (used in) investing activities				
Property, plant and equipment	(12,249)	(12,235)	(18,969)	(26,335)
Sale (purchase) of short-term investments	(29,666)	(194)	1,191	23,432
Other	(128)	(231)	(258)	(152)
	<u>(42,043)</u>	<u>(12,660)</u>	<u>(18,036)</u>	<u>(3,055)</u>
Cash provided by (used in) financing activities				
Redemption of convertible debentures	-	-	(63,987)	-
Long-term debt repayments	-	-	-	(2,757)
Financial assurance fund payments	-	-	(991)	(1,126)
Dividends paid to non-controlling shareholder	-	(3,366)	-	(3,366)
Issue of share capital	2,498	-	2,809	2,833
Other	-	(611)	-	(683)
	<u>2,498</u>	<u>(3,977)</u>	<u>(62,169)</u>	<u>(5,099)</u>
Foreign exchange gain (loss) on cash held in foreign currency				
	<u>(2,367)</u>	<u>1,518</u>	<u>(4,358)</u>	<u>636</u>
Increase (decrease) in cash	7,503	23,182	(573)	94,318
Cash:				
Beginning of period	142,804	248,271	150,880	177,135
End of period	<u>150,307</u>	<u>271,453</u>	<u>150,307</u>	<u>271,453</u>
Short-term investments	<u>93,736</u>	<u>29,684</u>	<u>93,736</u>	<u>29,684</u>
Cash and short-term investments	\$244,043	\$301,137	\$244,043	\$301,137
(see accompanying notes)				
⁽¹⁾ Cash used in operations includes the following payments:				
Interest	\$ -	\$48	\$1,658	\$2,438
Taxes	\$20,499	\$6,691	\$26,703	\$10,055

INMET MINING CORPORATION
SEGMENTED STATEMENTS OF CASH FLOWS

(thousands of Canadian dollars)

For the six months ended June 30, 2005

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
Cash provided by (used in):						
Operating activities						
Before net change in working capital	(\$4,564)	\$23,506	\$24,113	\$15,818	\$28,960	\$87,833
Net change in working capital	(2,622)	(1,250)	(5,095)	(2,617)	7,741	(3,843)
	(7,186)	22,256	19,018	13,201	36,701	83,990
Investing activities	1,122	(8,695)	(3,365)	(6,138)	(960)	(18,036)
Financing activities	(61,178)	-	-	-	(991)	(62,169)
Foreign exchange gain (loss) on cash held in foreign currency	-	773	(5,453)	-	322	(4,358)
Intergroup funding (distributions)	68,799	(28,452)	(3,952)	(7,063)	(29,332)	-
Increase (decrease) in cash	1,557	(14,118)	6,248	-	5,740	(573)
Cash:						
Beginning of period	45,998	33,852	52,255	-	18,775	150,880
End of period	47,555	19,734	58,503	-	24,515	150,307
Short-term investments	93,736	-	-	-	-	93,736
Cash and short-term investments	\$141,291	\$19,734	\$58,503	-	\$24,515	\$244,043

For the six months ended June 30, 2004

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
Cash provided by (used in):						
Operating activities						
Before net change in working capital	(\$15,948)	\$28,548	\$22,313	\$14,641	\$17,703	\$67,257
Net change in working capital	(1,288)	17,642	4,016	5,598	8,611	34,579
	(17,236)	46,190	26,329	20,239	26,314	101,836
Investing activities	23,552	(11,864)	(1,789)	(11,294)	(1,660)	(3,055)
Financing activities	2,150	(6,123)	-	-	(1,126)	(5,099)
Foreign exchange gain (loss) on cash held in foreign currency	-	233	(210)	-	613	636
Intergroup funding (distributions)	49,597	(5,251)	(5,800)	(8,945)	(29,601)	-
Increase (decrease) in cash	58,063	23,185	18,530	-	(5,460)	94,318
Cash:						
Beginning of period	124,145	10,835	21,614	-	20,541	177,135
End of period	182,208	34,020	40,144	-	15,081	271,453
Short-term investments	29,684	-	-	-	-	29,684
Cash and short-term investments	\$211,892	\$34,020	\$40,144	-	\$15,081	\$301,137

INMET MINING CORPORATION
SEGMENTED STATEMENTS OF CASH FLOWS

(thousands of Canadian dollars)

For the three months ended June 30, 2005

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
Cash provided by (used in):						
Operating activities						
Before net change in working capital	(\$1,898)	\$8,756	\$13,466	\$7,342	\$14,500	\$42,166
Net change in working capital	(791)	12,874	(8,778)	3,190	754	7,249
	(2,689)	21,630	4,688	10,532	15,254	49,415
Investing activities	(29,706)	(7,025)	(506)	(4,160)	(646)	(42,043)
Financing activities	2,498	-	-	-	-	2,498
Foreign exchange gain (loss) on cash held in foreign currency	-	559	(3,274)	-	348	(2,367)
Intergroup funding (distributions)	57,038	(29,059)	(1,921)	(6,372)	(19,686)	-
Increase (decrease) in cash	27,141	(13,895)	(1,013)	-	(4,730)	7,503
Cash:						
Beginning of period	20,414	33,629	59,516	-	29,245	142,804
End of period	47,555	19,734	58,503	-	24,515	150,307
Short-term investments	93,736	-	-	-	-	93,736
Cash and short-term investments	\$141,291	\$19,734	\$58,503	-	\$24,515	\$244,043

For the three months ended June 30, 2004

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
Cash provided by (used in):						
Operating activities						
Before net change in working capital	(\$5,938)	\$10,958	\$10,133	\$6,918	\$5,196	\$27,267
Net change in working capital	(2,119)	3,740	4,288	2,568	2,557	11,034
	(8,057)	14,698	14,421	9,486	7,753	38,301
Investing activities	(220)	(5,052)	(943)	(5,222)	(1,223)	(12,660)
Financing activities	(611)	(3,366)	-	-	-	(3,977)
Foreign exchange gain (loss) on cash held in foreign currency	-	210	192	-	1,116	1,518
Intergroup funding (distributions)	22,624	(3,998)	(2,258)	(4,264)	(12,104)	-
Increase (decrease) in cash	13,736	2,492	11,412	-	(4,458)	23,182
Cash:						
Beginning of period	168,472	31,528	28,732	-	19,539	248,271
End of period	182,208	34,020	40,144	-	15,081	271,453
Short-term investments	29,684	-	-	-	-	29,684
Cash and short-term investments	\$211,892	\$34,020	\$40,144	-	\$15,081	\$301,137

INMET MINING CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(unaudited)

(thousands of Canadian dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2005	2004	2005	2004
Retained earnings, beginning of period	\$164,239	\$82,333	\$136,648	\$60,471
Net income	32,877	15,647	60,468	37,509
Retained earnings, end of period (see accompanying notes)	\$197,116	\$97,980	\$197,116	\$97,980

INMET MINING CORPORATION
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Our interim consolidated financial statements do not include all the disclosures as required under generally accepted accounting principles, however, the interim consolidated financial statements follow the same accounting policies and methods of application as our most recent annual financial statements, except for the changes, as described in note 2. The interim consolidated financial statements should be read in conjunction with our annual consolidated financial statements included in our 2004 Annual Report.

We have reclassified some of the figures in the consolidated financial statements to make previous years consistent with the 2005 figures. Specifically, we have reclassified our pension expense from investment and other income to general and administration and cost of sales.

2. Change in Accounting Policy

Effective January 1, 2005 we adopted the Canadian Institute of Chartered Accountants amendment to handbook section 3860, *Financial Instruments*. The amendment requires us to retroactively account for our convertible debentures (financial instruments that may be settled in cash or by Inmet common shares, at our discretion) as a liability. The accretion charges that were previously recorded through retained earnings have been eliminated and instead included as interest expense. For the year 2004, this amounted to \$4.2 million. For the three and six months ending June 30, 2004 it amounted to \$1.1 million and \$2.2 million, respectively. As we redeemed our debentures in January 2005 (note 3), this change affects figures on the balance sheets and statements of earnings for all applicable years prior to 2005. Net income per share does not change.

3. Convertible Debentures

We redeemed the entire aggregate principal amount of \$64.1 million of our convertible debentures on January 20, 2005 at a redemption price of \$1,000 per \$1,000 of stated principal together with accrued and unpaid interest.

\$64 million was redeemed for cash and the remaining \$0.1 million for 3,058 common shares at \$21.25 per share.

The net carrying value of the convertible debentures on January 20, 2005 was \$6.6 million less than the redemption cost. When the debentures were redeemed this amount was expensed and recorded in *Investment and other income* (note 9).

4. Statement of Cash Flows

The following tables show the components of our net change in non-cash working capital by segment for the six and three months ending June 30.

For the six months ended June 30, 2005

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable	\$ 375	\$ (3,526)	\$ (2,441)	\$ 1,387	\$ (4,232)	\$ (8,437)
Inventories	-	3,200	(735)	(1,032)	3,762	5,195
Accounts payable and accrued liabilities	(1,959)	(453)	(714)	(2,972)	4,197	(1,901)
Taxes payable	(202)	(471)	(1,205)	-	3,948	2,070
Other	(836)	-	-	-	66	(770)
	\$ (2,622)	\$ (1,250)	\$ (5,095)	\$ (2,617)	\$ 7,741	\$ (3,843)

For the six months ended June 30, 2004

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable	\$ 316	\$ 11,651	\$ (2,010)	\$ 7,797	\$ 5,782	\$ 23,536
Inventories	-	(3,167)	(122)	68	(1,728)	(4,949)
Accounts payable and accrued liabilities	(1,308)	3,388	791	(2,267)	1,388	1,992
Taxes payable	(423)	4,821	5,357	-	1,900	11,655
Other	127	949	-	-	1,269	2,345
	\$ (1,288)	\$ 17,642	\$ 4,016	\$ 5,598	\$ 8,611	\$ 34,579

For the three months ended June 30, 2005

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable	\$ 147	\$ 13,325	\$ (6,800)	\$ 5,710	\$ (2,677)	\$ 9,705
Inventories	-	(262)	(838)	(2,661)	(308)	(4,069)
Accounts payable and accrued liabilities	317	1,252	(38)	141	5,260	6,932
Taxes payable	(193)	(1,441)	(1,102)	-	(1,570)	(4,306)
Other	(1,062)	-	-	-	49	(1,013)
	\$ (791)	\$ 12,874	\$ (8,778)	\$ 3,190	\$ 754	\$ 7,249

For the three months ended June 30, 2004

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable	\$ 29	\$ 6,220	\$ 3,810	\$ 3,757	\$ 6,762	\$ 20,578
Inventories	-	(2,322)	(293)	258	(2,565)	(4,922)
Accounts payable and accrued liabilities	(1,674)	(81)	(711)	(1,447)	(1,203)	(5,116)
Taxes payable	(442)	(388)	1,482	-	(1,263)	(611)
Other	(32)	311	-	-	826	1,105
	\$ (2,119)	\$ 3,740	\$ 4,288	\$ 2,568	\$ 2,557	\$ 11,034

5. Share Capital

Our articles of incorporation provide for an unlimited number of preferred shares, subordinate voting participating shares and common shares.

The table below lists the shares that have been issued during the last six months.

<i>(in thousands)</i>	Note	Common Shares	Amount
Balance at December 31, 2004		41,237	\$237,931
Exercise of stock options – first quarter	6	106	639
Exercise of stock options – second quarter	6	686	3,255
Exercise of deferred share units – first quarter	6	378	2,269
Redemption of convertible debentures	3	3	65
Balance at June 30, 2005		42,410	\$244,159

6. Stock Based Compensation

A total of 686,400 stock options were exercised during the second quarter of 2005 for which we received proceeds of \$2.5 million on the issuance of 686,400 common shares. An additional 105,500 stock options were exercised and 378,234 deferred share units were redeemed in the first quarter of 2005 for which we received proceeds of \$0.3 million on the issuance of 483,734 common shares.

On the exercise of these stock options and deferred share units, 1,170,134 common shares were issued from treasury. As well, \$3.4 million was transferred from *Stock based compensation* to *Share capital* to reflect the previously recorded value of the stock options and deferred share units issued.

The table below shows changes to the stock option plans outstanding for the period ending June 30, 2005.

	Options	Weighted Average Price
At December 31, 2004	1,077,700	\$3.41
Exercised – first quarter 2005	(105,500)	\$5.47
Exercised – second quarter 2005	(686,400)	\$3.31
Cancelled – first quarter 2005	(6,750)	\$2.64
At June 30, 2005	279,050	\$3.02

The tables below are a summary of our stock options outstanding at June 30, 2005.

Treasury plan			
Outstanding	Exercisable	Exercise price	Remaining years outstanding
20,000	20,000	\$3.25	3.3
20,000	20,000	\$3.00	3.8
12,050	12,050	\$2.75	4.6
3,500	3,500	\$1.75	5.4
6,250	-	\$2.30	6.0
96,000	8,250	\$2.95	6.5
157,800	63,800	\$2.93	5.6

Supplementary plan			
Outstanding	Exercisable	Exercise price	Remaining years outstanding
5,250	5,250	\$1.75	1.4
106,000	15,750	\$2.95	2.5
10,000	7,500	\$5.80	2.8
121,250	28,500	\$3.13	2.5

7. Net Income Per Share

The following tables show our calculation of basic and diluted net income per share.

(thousands of Canadian dollars)	Second Quarter		Six Months	
	2005	2004	2005	2004
Net income	\$32,877	\$15,647	\$60,468	\$37,509
Income effect of assumed conversion of convertible debentures	-	-	-	2,649
Income available to common shareholders with assumed conversions	\$32,877	\$15,647	\$60,468	\$40,158

(thousands)	Second Quarter		Six Months	
	2005	2004	2005	2004
Weighted average common shares outstanding	42,005	40,275	41,713	39,993
Plus incremental shares from assumed conversions:				
Convertible debentures (note 2)	-	-	-	3,016
Stock options	198	1,632	202	1,642
Deferred share units	66	450	66	450
Diluted weighted average common shares outstanding	42,269	42,357	41,981	45,101

(Canadian dollars per share)	Second Quarter		Six Months	
	2005	2004	2005	2004
Basic net income per common share	\$0.78	\$0.39	\$1.45	\$0.94
Dilutive effect from assumed conversions:				
Convertible debentures per common share	-	-	-	(0.01)
Stock options per common share	-	(0.02)	(0.01)	(0.04)
Deferred share units per common share	-	-	-	-
Diluted net income per share	\$0.78	\$0.37	\$1.44	\$0.89

8. Foreign Currency Translation Account

The table below shows the breakdown of the foreign currency translation account.

<i>(thousands of Canadian dollars)</i>	June 30 2005	December 31 2004
Pyhäsalmi (euro functional currency)	\$2,109	\$13,731
Çayeli (US dollar functional currency)	(9,845)	(12,622)
Ok Tedi (US dollar functional currency)	(4,711)	(5,226)
	\$(12,447)	\$(4,117)

The Canadian dollar to United States dollar exchange rate was \$1.23 at June 30, 2005 and \$1.20 at December 31, 2004. The Canadian dollar to euro exchange rate was \$1.48 at June 30, 2005 and \$1.63 at December 31, 2004.

9. Investment and Other Income

Investment and other income is summarized as follows:

<i>(thousands of Canadian dollars)</i>	Second Quarter		Six Months	
	2005	2004	2005	2004
Interest and dividend income	\$2,458	\$2,034	\$5,066	\$4,013
Redemption costs of debentures (note 3)	-	-	(6,631)	-
Çayeli insurance proceeds	-	-	-	1,601
Litigation costs	-	-	-	(3,504)
Other	991	(66)	801	(412)
	\$3,449	\$1,968	\$(764)	\$1,698

Çayeli insurance proceeds

In 2004, Çayeli settled its claim with its insurance company regarding the 2002 groundfall event and received the final insurance settlement.

Litigation costs

A 1987 legal claim concerning the Winston Lake mine was settled for \$3.5 million in 2004.

10. Income Tax Expense

The tables below show our current and future income tax expense.

For the six months ended June 30, 2005

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Total
Current income taxes	\$ 1,103	\$ 2,046	\$ 7,439	\$ 15,535	\$ 26,123
Future income taxes	-	3,035	(618)	(10)	2,407
	\$ 1,103	\$ 5,081	\$ 6,821	\$ 15,525	\$ 28,530

For the six months ended June 30, 2004

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Total
Current income taxes	\$ 1,940	\$ 12,662	\$ 6,760	\$ 9,889	\$ 31,251
Future income taxes	(850)	2,823	(106)	(1,440)	427
	\$ 1,090	\$ 15,485	\$ 6,654	\$ 8,449	\$ 31,678

For the three months ended June 30, 2005

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Total
Current income taxes	\$ 435	\$ (215)	\$ 4,485	\$ 7,778	\$ 12,483
Future income taxes	-	840	(35)	(137)	668
	\$ 435	\$ 625	\$ 4,450	\$ 7,641	\$ 13,151

For the three months ended June 30, 2004

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Total
Current income taxes	\$ 193	\$ 4,127	\$ 2,866	\$ 4,916	\$ 12,102
Future income taxes	-	1,480	(92)	(1,468)	(80)
	\$ 193	\$ 5,607	\$ 2,774	\$ 3,448	\$ 12,022

At Çayeli, current taxes were lower in 2005 partly because of the recognition of a recovery of \$2 million resulting from a reduction in the statutory tax rate.

11. Commitments

Çayeli has committed approximately US \$6 million for work on its shaft deepening project. Ok Tedi has committed approximately US \$12 million (our proportionate share is US \$2.2 million) for the purchase of capital equipment.

12. Las Cruces

On May 3, we announced that we entered into an agreement with MK Resources Company and its majority shareholder, Leucadia National Corporation, to acquire a 70 percent interest in the Las Cruces copper project, located in Spain. Upon closing of the transaction, Inmet will issue 5.6 million of its common shares to MK Resources in consideration of the acquisition of the interest in Las Cruces.

We expect the transaction will close by August 10, 2005.