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FOR IMMEDIATE RELEASE

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All amounts are in Canadian dollars, unless otherwise stated.

**INMET ANNOUNCES THIRD QUARTER EARNINGS OF \$0.82 PER SHARE
AND ADOPTION OF AN ANNUAL DIVIDEND POLICY OF \$0.20 PER SHARE**

Toronto, Canada - Inmet Mining Corporation reported net income of \$36.8 million or \$0.82 per share for the third quarter of 2005 compared to net income of \$23.2 million or \$0.57 per share in the third quarter of 2004. Cash flow from operations was \$41.5 million or \$0.93 per share in the third quarter of 2005, compared to \$17.6 million, or \$0.43 per share, in the third quarter of 2004.

Highlights of our third quarter

- We adopted a dividend policy to pay annual dividends to our common shareholders of \$0.20 per share in the form of semi-annual dividends of \$0.10 per common share paid on December 15 and June 15 of each year. Our board has declared an initial dividend under the policy payable on December 15, 2005 to common shareholders of record as at November 30, 2005.
- Substantially higher metal prices increased our earnings and cash flow from operations in the quarter compared to the prior year period. In the third quarter, the average prices we realized for copper and zinc were US \$1.81 per pound and US \$0.63 per pound, compared with US \$1.38 per pound and US \$0.45 per pound a year ago. These increases were partially offset by higher copper smelter processing charges.
- Copper production in the third quarter was 19,300 tonnes at a cash unit cost of US \$0.40 per pound; we are on target to achieve our 2005 objective of 80,000 tonnes of copper production.
- Zinc production in the third quarter was 25,000 tonnes and has exceeded our original 2005 annual objective, due to higher than expected zinc grades. We have increased our original 2005 zinc production objective by 8,000 tonnes to 81,000 tonnes.
- Çayeli's efforts to improve mine production are being realized and we have increased our estimate of 2005 annual ore production to 840,000 tonnes compared to our original estimate of 770,000 tonnes.
- On August 22, 2005, we acquired a 70 percent interest in the Las Cruces copper project, located in Spain. Basic engineering is progressing well; we expect financing to be completed by year end.
- We annuitized \$14.5 million of our defined benefit pension liability. We incurred a non-cash charge of \$4.1 million that reduced earnings in the third quarter as a result.

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>	Third Quarter		Nine Months	
	2005	2004	2005	2004
Earnings from operations⁽¹⁾				
Çayeli	\$24,209	\$9,416	\$44,178	\$47,037
Pyhäsalmi	19,836	12,298	45,773	35,410
Troilus	(1,700)	5,976	8,786	11,780
Ok Tedi	22,582	16,980	65,587	40,804
Reclamation costs at closed sites	(505)	(506)	(1,518)	(1,517)
	64,422	44,164	162,806	133,514
Corporate development and exploration	(1,888)	(760)	(5,181)	(3,994)
General and administration	(1,351)	(1,226)	(5,132)	(4,017)
Investment and other income (expense)	(3,401)	884	(4,165)	2,580
Interest expense	(409)	(1,790)	(1,560)	(5,417)
Income and capital taxes	(20,585)	(15,312)	(49,512)	(47,749)
Non-controlling interest	-	(2,777)	-	(14,225)
Net income	\$36,788	\$23,183	\$97,256	\$60,692
Basic net income per share	\$0.82	\$0.57	\$2.27	\$1.51
Diluted net income per share	\$0.82	\$0.54	\$2.26	\$1.45
Weighted average shares outstanding (000’s)	44,811	40,593	42,757	40,194

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

Comparing 2005 to 2004

Comparability of Results

On August 22, 2005, we announced the acquisition of a 70 percent indirect interest in the Las Cruces copper project, located in Spain and we issued 5.6 million Inmet common shares valued at \$91 million to a wholly-owned subsidiary of Leucadia National Corporation (Leucadia) as consideration. The balance sheet of Las Cruces has been consolidated as of that date. There has been no impact on our income statement because Las Cruces is a development project and all expenditures are currently capitalized. Las Cruces related capital expenditures from August 22 are reflected in our consolidated cash flow statement.

As of October 1, 2004, we have 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 nine month periods ended September 30, 2005 and 2004:

<i>(millions)</i>	Change in Third Quarter	Change in Nine Months
Metal prices ⁽¹⁾	\$19	\$38
Sales volumes	2	5
Smelter processing charges and freight ⁽¹⁾	(7)	(16)
Operating costs ⁽¹⁾	(2)	(5)
Acquisition of additional 45% of Çayeli	3	14
Reduction in corporate tax rates	3	8
Redemption costs of debenture	-	(7)
Litigation costs	-	4
Non-cash expense from settlement of pension liability	(4)	(4)
Investment income and other	-	-
Increase in net income, compared to 2004	\$14	\$37

(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 its separate results discussion.

Sales

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

<i>(in thousands)</i>	Third Quarter		Nine Months	
	2005	2004	2005	2004
Gross sales by operation				
Çayeli	\$56,321	\$30,790	\$147,327	\$122,460
Pyhäsalmi	47,154	36,801	126,314	111,032
Troilus	22,275	25,639	83,021	72,875
Ok Tedi ⁽¹⁾	52,420	40,528	161,162	119,519
	\$178,170	\$133,758	\$517,824	\$425,886
Gross sales by metal				
Copper	\$98,051	\$67,706	\$282,573	\$232,997
Zinc	41,374	25,649	100,363	71,137
Gold	30,755	31,607	106,254	91,292
Other	7,990	8,796	28,634	30,460
	\$178,170	\$133,758	\$517,824	\$425,886
Sales volume				
Copper (tonnes)	20,800	17,300	63,900	60,700
Zinc (tonnes)	24,400	20,000	61,600	52,100
Gold (ounces)	63,100	62,100	209,500	179,300

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

Gross sales were higher in the three and nine months ended September 30, 2005 compared to the same periods in 2004. The table below shows the key elements for this increase:

<i>(millions)</i>	Change in Third Quarter	Change in Nine Months
US dollar metal prices	\$ 42	\$ 97
Weaker US dollar	(16)	(42)
Sales volumes	18	37
Increase in gross sales, compared to 2004	\$ 44	\$ 92

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

	Third Quarter		Nine Months	
	2005	2004	2005	2004
Copper (per pound)	US \$1.81	US \$1.38	US \$1.64	US \$1.31
Zinc (per pound)	US \$0.63	US \$0.45	US \$0.60	US \$0.46
Gold (per ounce)	US \$396	US \$367	US \$399	US \$369
1 US \$ to C\$	\$1.20	\$1.31	\$1.22	\$1.33

Unit Costs

<i>(US \$)</i>	Third Quarter		Nine Months		<i>Objective</i>
	2005	2004	2005	2004	2005
Weighted average copper ⁽¹⁾					
Cash cost (per pound)	\$0.40	\$0.47	\$0.50	\$0.42	\$0.55
Total cost (per pound)	\$0.52	\$0.57	\$0.62	\$0.51	\$0.66
Çayeli (per pound of copper) ⁽²⁾					
Direct production costs	\$0.94	\$0.78	\$0.86	\$0.61	\$0.81
Smelter processing charges and freight	0.87	0.46	0.77	0.50	0.78
Metal credits	(1.28)	(0.52)	(0.95)	(0.52)	(0.86)
Cash cost	\$0.53	\$0.72	\$0.68	\$0.59	\$0.73
Depreciation and other non-cash costs	0.12	0.10	0.12	0.06	0.11
Total cost	\$0.65	\$0.82	\$0.80	\$0.65	\$0.84
Pyhäsalmi (per pound of copper) ⁽²⁾					
Direct production costs	\$1.11	\$0.95	\$1.10	\$0.91	\$1.18
Smelter processing charges and freight	1.26	0.74	1.01	0.63	1.02
Metal credits	(2.88)	(1.55)	(2.22)	(1.41)	(2.17)
Cash cost	\$(0.51)	\$0.14	\$(0.11)	\$0.13	\$0.03
Depreciation and other non-cash costs	0.27	0.25	0.26	0.22	0.26
Total cost	\$(0.24)	\$0.39	\$0.15	\$0.35	\$0.29
Troilus (per ounce of gold) ⁽²⁾					
Direct production costs	\$404	\$282	\$345	\$315	\$370
Amortization (capitalization) of stripping costs	(19)	(6)	(6)	1	(8)
Smelter processing charges and freight	43	40	58	41	53
Metal credits	(92)	(91)	(112)	(108)	(105)
Cash cost	\$336	\$225	\$285	\$249	\$310
Depreciation and other non-cash costs	58	24	49	24	54
Total cost	\$394	\$249	\$334	\$273	\$364
Ok Tedi (per pound of copper) ⁽²⁾					
Direct production costs	\$0.80	\$0.78	\$0.82	\$0.73	\$0.83
Smelter processing charges and freight	0.48	0.30	0.41	0.30	0.39
Metal credits	(0.61)	(0.55)	(0.60)	(0.55)	(0.60)
Cash cost	\$0.67	\$0.53	\$0.63	\$0.48	\$0.62
Depreciation and other non-cash costs	0.06	0.05	0.06	0.05	0.05
Total cost	\$0.73	\$0.58	\$0.69	\$0.53	\$0.67

(1) We provide a reconciliation of the calculation of weighted average unit costs to our income statement on page 27.

(2) We use a zinc price of US \$0.60 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 \$1.57 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 \$1.22. We use a gold price of US \$427 per ounce to estimate the by-product credit in Ok Tedi's 2005 objective for cash costs per pound of copper.

Copper cash costs decreased in the third quarter compared to the prior year third quarter, primarily as a result of higher zinc metal credits realized due to higher zinc production and improved zinc prices. For the first nine months of 2005, operating costs continue to be higher compared to the prior year due to higher smelter processing charges, increased energy prices and consumable costs and the lower value of the US dollar.

Outlook

We have lowered our 2005 annual objective for copper cash costs by US \$0.07 per pound of copper to US \$0.55, mostly as a result of higher zinc metal credits. We expect consolidated cash costs per pound of copper for the remainder of the year to be higher than for the nine months ended September 30, 2005, due to lower zinc metal credits from lower expected zinc and pyrite production, and increased consumable costs at all operations.

Production

<i>Inmet's share</i>	Third Quarter		Nine Months		<i>Objective</i>
	2005	2004	2005	2004	2005
Copper (tonnes)					
Ok Tedi	8,800	8,900	25,800	24,300	34,400
Çayeli ⁽¹⁾	6,200	2,600	19,900	12,300	28,000
Pyhäsalmi	3,500	3,700	11,400	12,700	15,000
Troilus	800	1,300	3,800	3,900	4,500
	19,300	16,500	60,900	53,200	81,900
Zinc (tonnes)					
Çayeli ⁽¹⁾	12,200	2,800	31,100	13,600	40,000
Pyhäsalmi	12,800	10,400	30,400	25,600	41,000
	25,000	13,200	61,500	39,200	81,000
Gold (ounces)					
Troilus	38,300	41,200	127,900	113,300	163,000
Ok Tedi	25,900	27,200	75,000	73,200	99,000
	64,200	68,400	202,900	186,500	262,000
Pyrite (tonnes)					
Pyhäsalmi	121,100	80,600	457,000	504,700	520,000

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

The variances in production for the third quarter 2005 and for the nine months ending September 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 and Çayeli due to significantly higher zinc grades
- copper and zinc production was higher at Çayeli because of higher mill throughput

- for the nine months, gold production at Troilus was higher due to higher mill throughput.

Outlook

We increased our 2005 annual objective for zinc production at both Çayeli and Pyhäsalmi due to the higher zinc grades.

Smelter processing charges and freight

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

<i>(thousands)</i>	Third Quarter		Nine Months	
	2005	2004	2005	2004
Smelter processing charges and freight by operation				
Çayeli	\$14,877	\$8,584	\$45,436	\$32,541
Pyhäsalmi	14,375	11,553	37,976	33,135
Troilus	2,090	2,125	9,046	6,289
Ok Tedi	10,842	6,674	30,078	21,232
	\$42,184	\$28,936	\$122,536	\$93,197
Smelter processing charges and freight by metal				
Copper	\$23,777	\$13,874	\$71,621	\$49,738
Zinc	15,873	10,985	42,931	32,214
Other	2,534	4,077	7,984	11,245
	\$42,184	\$28,936	\$122,536	\$93,197

Other items

Income taxes

The table below shows the taxes we expensed.

<i>(thousands)</i>	Third Quarter		Nine Months	
	2005	2004	2005	2004
Çayeli	\$7,222	\$4,152	\$12,303	\$19,637
Pyhäsalmi	4,575	3,646	11,396	10,300
Ok Tedi	8,221	7,024	23,746	15,473
Corporate	567	490	2,067	2,339
	\$20,585	\$15,312	\$49,512	\$47,749

Income taxes were higher at all operations due to higher earnings. At Çayeli, taxes were lower for the nine months ended September 30, 2005, compared to the prior year period because the statutory tax rate was reduced from 37 percent to 30 percent. As part of this reduction, Çayeli recognized a tax recovery of \$2 million. At Pyhäsalmi, higher taxes

were partially offset by a lower corporate tax rate of 33 percent for 2005 as compared to 36 percent in the prior year.

Investment and other income

<i>(thousands)</i>	Third Quarter		Nine Months	
	2005	2004	2005	2004
Interest and dividend income	\$2,096	\$1,633	\$7,162	\$5,646
Redemption costs of debentures	-	-	(6,631)	-
Foreign exchange loss	(1,193)	(1,265)	(1,240)	(1,469)
Non-cash expense from settlement of pension liability	(4,100)	-	(4,100)	-
Çayeli insurance proceeds	-	664	-	2,265
Litigation costs	-	-	-	(3,504)
Other	(204)	(148)	644	(358)
	\$(3,401)	\$884	\$(4,165)	\$2,580

During the third quarter of 2005, we substantially reduced our Canadian defined benefit pension liability by purchasing annuities for our retired pension plan members. The purchase of annuities was made from the pension fund assets. By purchasing the annuities, we discharged \$14.5 million of our \$20 million accrued benefit obligation relating to the retired members of the Canadian defined benefit plan. The settlement of this obligation resulted in a non-cash charge of \$4.1 million. The remaining accrued benefit obligation is approximately \$5 million and the related pension assets are \$4 million.

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.

Foreign exchange losses in 2005 and 2004 resulted from holding US dollar cash as the Canadian dollar appreciated against the US dollar.

Çayeli

Production results

<i>(100 percent)</i>		Third Quarter		Nine Months		<i>Full Year Objective</i>
		2005	2004	2005	2004	2005
Tonnes of ore milled (thousands)		223	130	616	609	840
Grades (percent)	copper	3.5	4.0	3.9	4.0	4.0
	zinc	7.4	5.2	6.8	5.5	6.5
Mill recoveries (percent)	copper	80	89	83	91	82
	zinc	74	75	75	73	73
Production (tonnes)	copper	6,200	4,600	19,900	22,300	28,000
	zinc	12,200	5,000	31,100	24,700	40,000
Sales (tonnes)	copper	7,400	4,600	21,000	21,600	29,000
	zinc	11,200	9,800	31,800	26,600	40,000
Cash cost per pound of copper		US \$0.53	US \$0.72	US \$0.68	US \$0.59	US \$0.73
Total cost per pound of copper		US \$0.65	US \$0.82	US \$0.80	US \$0.65	US \$0.84
Capital expenditures (millions)		US \$3.7	US \$2.6	US \$10.3	US \$9.1	US \$17.0

Operating earnings were \$24.2 million during the third quarter 2005 compared to \$9.4 million in the prior year quarter due to significantly higher metal prices and sales volumes. Delayed shipments from the second quarter were delivered in the third quarter. During the first nine months of 2005, operating earnings of \$44.2 million were \$2.9 million or 6 percent lower than for the comparable period in the prior year despite higher metal prices and higher zinc sales volumes. Earnings in the quarter and the nine months were negatively affected by:

- higher smelter processing charges
- higher costs for consumables and higher costs from a weaker US dollar relative to the Turkish lira.

Operating cash flow was \$21.7 million during the third quarter 2005 compared to \$2 million in the prior year quarter due to higher earnings in 2005 and timing of tax installments.

Production

Çayeli milled 223,000 tonnes of ore in the third quarter of 2005, which far surpassed the 130,000 tonnes of ore milled during the prior year quarter. This significant increase in the third quarter was due to the operational improvements achieved in the mine including mining of the centre pillar which provides larger stopes and shorter haulage distances. There was also a 15 day maintenance shut down in August 2004 for underground ramp repairs.

Production of copper and zinc was significantly higher during the third quarter of 2005 compared to the prior year quarter due to higher mill throughput. In addition, zinc production in 2005 has exceeded production levels compared to the comparable prior periods because of higher zinc grades mined. For the nine months, lower copper grades in 2005 resulted in lower copper production than in 2004.

The operational improvement program led by Proudfoot consultants, which commenced in May, is well underway with many projects implemented and others in progress. Çayeli expects that these projects will lead to further production and cost improvements.

Costs

Çayeli's unit cash costs of copper were lower than the prior year quarter due to higher zinc metal credits resulting from a combination of improved metal prices and increased zinc sales volume. Partially offsetting the higher zinc metal credits were:

- higher smelter processing charges
- 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
- costs incurred for the 2005 operational improvement project.

Outlook

The deepening of the shaft has been completed and the focus has now turned to the lateral development of the conveyor drift which will connect the shaft to one of the ore passes. Çayeli plans to have one ore pass available early in the third quarter of 2006 which is expected to result in reduced trucking requirements in the ramp. The operational improvement program has been continuing and some tangible benefits have been demonstrated in the third quarter of 2005. We anticipate higher ore throughput of approximately 840,000 tonnes compared to our original estimate of 770,000 tonnes for 2005. We have also increased our annual production objective for both copper and zinc as a result of higher than expected mill throughput.

We have decreased our unit cost objective for the year by US \$0.05 per pound from what we disclosed in the second quarter 2005 due to the higher than expected zinc metal credits during the third quarter 2005, but remains higher by US \$0.05 per pound compared to our objective set at the beginning of the year due to higher costs for consumables and higher Turkish lira based costs such as labour, as well as additional costs for the operational improvement program. The increase in unit costs expected in the fourth quarter compared to the actual nine month costs is mainly due to lower zinc production at an estimated lower zinc price.

Pyhäsalmi

Production results

<i>(100 percent)</i>		Third Quarter		Nine Months		Full Year Objective
		2005	2004	2005	2004	2005
Tonnes of ore milled (thousands)		344	335	1,035	1,013	1,370
Grades (percent)	copper	1.1	1.2	1.2	1.3	1.2
	zinc	3.9	3.3	3.1	2.7	3.2
	sulphur	39	40	40	41	40
Mill recoveries (percent)	copper	94	95	95	96	95
	zinc	95	94	94	93	94
Production (tonnes)	copper	3,500	3,700	11,400	12,700	15,000
	zinc	12,800	10,400	30,400	25,600	41,000
	pyrite	121,100	80,600	457,000	504,700	520,000
Sales (tonnes)	copper	3,800	4,000	11,900	12,800	15,000
	zinc	13,200	10,200	29,800	25,500	41,000
	pyrite	107,100	169,100	369,700	514,900	520,000
Cash cost per pound of copper		US \$(0.51)	US \$0.14	US \$(0.11)	US \$0.13	US \$0.03
Total cost per pound of copper		US \$(0.24)	US \$0.39	US \$0.15	US \$0.35	US \$0.29
Capital expenditures (millions)		€0.6	€0.6	€1.3	€1.7	€4.0

Pyhäsalmi continued to demonstrate its strong operating performance. For the three months, operating earnings were \$19.8 million or \$7.5 million higher than the prior year quarter and for the nine months were \$45.8 million or \$10.4 million higher than the nine months ended September 30, 2004 due to higher metal prices and significantly higher zinc sales. Higher than planned zinc production due to higher grades was the reason for the higher zinc sales. Offsetting some of these benefits were higher smelter processing charges as well as lower copper sales volume.

Operating cash flow in the quarter was \$5 million higher than the prior year third quarter due to the improved net income. Operating cash flow of \$32.6 million for the first nine months of 2005 was \$2.2 million lower than the prior year due to negative working capital changes, mainly as a result of a build up of accounts receivables, corporate tax payments owing from 2004 and higher tax installments for 2005.

Production

Copper production was lower in 2005 compared to the prior year due primarily to lower copper grades, which was consistent with the mine plan. Zinc production, on the other hand, was significantly higher in the third quarter 2005 and for the nine months ended September 30, 2005 compared to the prior year periods due to significantly higher zinc grades. Zinc grades were higher in 2005 as Pyhäsalmi advanced a zinc-rich stope in the

mining sequence. Pyhäsalmi produced 121,100 tonnes of pyrite in the third quarter of 2005, compared to 80,600 tonnes in the same period in 2004.

Costs

Unit cash costs of copper were lower in the third quarter 2005 and for the nine month period ended September 30, 2005, compared to the prior year periods, due to significant zinc metal credits resulting from the strong zinc price and higher production levels which were offset, to some extent, by lower copper production and higher smelter processing charges.

Outlook

We expect Pyhäsalmi's production to remain at current levels for the remainder of the year. We have increased our annual objective for zinc production to 41,000 tonnes to reflect the higher grade ore being mined. We anticipate that unit costs may increase for the balance of the year because of a reduction in pyrite production and lower copper production due to lower copper grades. We lowered our original unit cost objective for the full year, however, to US \$0.03 per pound of copper to incorporate the better than anticipated zinc production and zinc prices already realized thus far in 2005.

A detailed engineering study for a pyrite concentrate filter has been completed and is expected to be installed in December. Replacement of the zinc concentrate filter is also scheduled for the fourth quarter. These improvements should ensure 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.

Troilus

Production results

<i>(100 percent)</i>		Third Quarter		Nine Months		<i>Full Year Objective</i>
		2005	2004	2005	2004	2005
Tonnes of ore milled (thousands)		1,630	1,608	5,130	4,549	6,800
Strip ratio		1.6	1.8	1.5	1.6	1.6
Grades	gold (grams per tonne)	0.9	1.0	1.0	1.0	0.9
	copper (percent)	0.1	0.1	0.1	0.1	0.1
Mill recoveries	gold (percent)	83	81	82	80	82
	copper (percent)	87	88	90	87	89
Production	gold (ounces)	38,300	41,200	127,900	113,300	163,000
	copper (tonnes)	800	1,300	3,800	3,900	4,500
Sales	gold (ounces)	39,100	42,500	132,700	116,200	163,000
	copper (tonnes)	850	1,300	3,900	3,800	4,500
Cash cost per ounce of gold		US \$336	US \$225	US \$285	US \$249	US \$310
Total cost per ounce of gold		US \$394	US \$249	US \$334	US\$ 273	US \$364
Capital expenditures (millions)		\$2.4	\$10.6	\$7.6	\$18.2	\$10.0
Capitalized stripping (millions)		\$0.9	\$1.3	\$0.9	\$4.6	\$2.0

Operating earnings were \$7.7 million lower in the third quarter of 2005 as compared to the prior year quarter due to lower gold and copper sales volumes, higher depreciation, higher costs of consumables and higher maintenance costs. Depreciation was higher as a result of the mill expansion at the end of 2004. In conjunction with lower earnings, operating cash flows were \$6.7 million lower in the third quarter of 2005 than the third quarter of 2004.

Operating earnings were \$3.0 million lower in the nine month period ended September 30, 2005, compared to the prior year as the benefit of higher gold sales volume were offset by higher costs as described above. Operating cash flows were \$13.7 million lower than the prior year nine months because of the lower earnings and positive working capital changes in 2004.

Production

Mill throughput in the third quarter of 2005 was consistent with the prior year quarter. The increased mill throughput rates following the completion of the mill expansion at the end of 2004 was offset by reduced mill throughput capacity caused by a damaged pinion. During the quarter, the pinion of the SAG mill suffered several cracks and mill throughput rates have been temporarily reduced until the repairs can be completed later in November. For the nine months ended September 30, 2005, as compared to the same period in 2004, mill throughput was 13 percent higher due to the expanded mill capacity.

Slightly lower gold grades resulted in a seven percent decrease in gold production in the third quarter of 2005 compared to the prior year quarter. Higher throughput combined with higher gold recoveries have led to an increase of 13 percent in gold production for the nine months ended September 30, 2005, compared to the prior year period.

Gold recoveries have improved in the third quarter of 2005 but still lag expectation due to limitations in the cleaner flotation capacity. We expect improvements to take place over the next several months.

Underground project

Work on the Troilus underground project continues with the preparation of a feasibility study, which is expected to be completed by the end of the year. Troilus outlined resources of 450,000 ounces, which could potentially be mined from underground subject to the outcome of the feasibility study, which is expected to be complete by the end of this year. Troilus also completed a drilling program to further outline the resource below the open pit and to determine the potential for additional ounces that could be exploited from underground.

Costs

Cash unit costs of gold in the third quarter 2005 were significantly higher than the prior year quarter due to lower production, a weaker US dollar, higher smelter processing charges, and significantly higher mining costs. Troilus' costs have been substantially impacted by the significant price increase for fuel, steel, explosives and other consumables. For the nine months ended September 30, 2005, cash unit costs of gold were also higher than the comparable prior period as the benefits of higher production could not offset the higher costs as described above combined with a weaker US dollar.

Outlook

Mill throughput is expected to be below full capacity until the repairs of the pinion in November 2005. As such, we have revised our original annual objective for tonnes of ore milled to 6.8 million tonnes, which combined with lower than expected gold recoveries, has reduced our annual objective for gold production to 163,000 ounces. We have also revised our annual cash cost objective higher to US \$310 per ounce of gold.

Ok Tedi

Production results

<i>(100 percent)</i>		Third Quarter		Nine Months		<i>Full Year Objective</i>
		2005	2004	2005	2004	2005
Tonnes of ore milled (thousands)		6,600	7,300	19,300	19,800	26,000
Strip ratio		2.0	1.5	2.2	2.0	2.1
Grades	copper (percent)	0.83	0.79	0.88	0.83	0.9
	gold (grams per tonne)	0.91	0.93	0.92	0.88	0.9
Mill recoveries	copper (percent)	89	86	85	83	84
	gold (percent)	74	70	73	73	73
Production	copper (tonnes)	49,100	49,500	143,500	135,300	191,000
	gold (ounces)	144,000	151,200	416,500	406,800	550,000
Sales	copper (tonnes)	48,200	40,800	150,300	124,700	210,000
	gold (ounces)	133,300	109,100	426,800	350,400	570,000
Cash cost per pound of copper		US \$0.67	US \$0.53	US \$0.63	US \$0.48	US \$0.62
Total costs per pound of copper		US \$0.73	US \$0.58	US \$0.69	US \$0.53	US \$0.67
Capital expenditures (millions)		US \$3.4	US \$5.0	US \$7.7	US \$11.9	US \$20.0

Inmet's 18 percent share of operating earnings for the third quarter of 2005 was \$22.6 million compared to \$17.0 million for the three months ended September 30, 2004. For the nine months ended September 30, 2005 operating earnings were \$65.6 million compared to \$40.8 million in the same period of 2004. These operating earnings were positively impacted by improved copper prices combined with higher copper and gold sales volume, moderately offset by higher smelter processing charges. The higher operating earnings also resulted in increased operating cash flows.

Sales volumes were higher in 2005 compared to the prior year periods primarily due to a draw down in inventories as water levels in the river allowed for unrestricted transport of concentrates whereas in 2004, Ok Tedi experienced periods of low rainfall which caused delays in shipments of concentrates to customers.

Production

Mill throughput in the third quarter of 2005 was 10 percent lower than that of the prior year quarter due to harder ores being processed. The lower throughput combined with lower gold grades experienced during the third quarter 2005 resulted in 7,200 ounces less gold production compared to the prior year quarter. Higher copper grades offset the reduced throughput resulting in consistent copper production between periods.

Year to date production of both copper and gold were higher than the prior year periods, despite lower throughput, due to higher copper and gold grades from mining higher grade ore and realizing higher metal recoveries as a result of a more favourable blend of ore types processed in the mill.

Costs

Cash costs of copper were higher in the third quarter of 2005 and for the nine months ended September 30, 2005, compared to the comparable 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 a higher gold price.

Outlook

We expect production and unit costs for the balance of the year at Ok Tedi to be consistent with the first nine months of the year. We have adjusted our 2005 objectives accordingly. Ok Tedi's sales should also exceed production for the balance of the year if favourable shipping conditions continue during the fourth quarter.

Capital expenditures for the remainder of the year are mainly for work related to the upgrade of the in-pit crusher expected to occur during the fourth quarter.

Las Cruces

A considerable amount of progress has been made since the closing of the acquisition of Las Cruces on August 22, 2005.

- An experienced project management team has been assembled in Spain under the leadership of François Fleury, who was responsible over the past ten years for the development and operation of Inmet's Troilus open pit mine.
- SNC Lavalin was retained to complete the basic engineering for the project. The basic engineering is expected to be complete on January 31, 2006. It is also expected that SNC Lavalin will become the lead engineering firm responsible for engineering, procurement and construction management for all aspects of the construction, excluding the development of the open pit following the completion of the basic engineering. Construction of the process plant and other major facilities is expected to commence in the second quarter of 2006.
- Outokumpu Technology has been hired to provide the design for the atmospheric leach technology and the related areas of the process plant.
- Six proposals have been received from Spanish mining contractors for the pre-stripping of the pit and are currently under evaluation. The mining contract is expected to be awarded in November and overburden removal is expected to commence in the second quarter of 2006.
- Drilling commenced in the quarter on groundwater extraction and re-injection wells. These wells are required to control the influx of water from a regional aquifer into the pit and to reduce the pore pressure of the future pit walls. The dewatering is expected to begin in early 2006.
- The acquisition of land necessary for Las Cruces to commence construction is complete.
- Progress continues to be made in obtaining the remaining municipal construction permits and rights-of-ways.
- An underwritten financing commitment for project development has been received from a consortium of four international banks. It is anticipated that this financing will close in December 2005.
- A portion of the foreign exchange exposure and future interest rates were hedged in October.
- Capital expenditures were incurred in the quarter of \$11.4 million, most of which related to the acquisition of land. Total expenditures are expected to be \$29

million in 2005. In addition a €20 million letter of credit is expected to be put in place in the fourth quarter to provide financial assurance for mine closure.

Cerattepe

Local non-governmental organizations, based in Artvin, have made two related applications to the local administrative court to cancel the operating licences relating to the Cerattepe property issued in the early 1990s. We believe that the applications are without merit and Çayeli and its subsidiary that is the holder of the licences have filed responses with the local court.

The same applicants have also obtained an injunction that enjoins Çayeli and its subsidiary from conducting work on the Cerattepe property until the local court renders a decision on the applications to cancel the operating licences. However, at this time, the local court has not set a date to hear these applications. The impact on the project schedule can not be assessed at this time. As a result of this injunction, work at the site has been suspended.

The second optional installment on the purchase price for Cerattepe was payable by Çayeli on September 30, 2005. Çayeli has reached agreement with the vendor to defer such payment until the earlier of three months after the local court renders its decision on the applications to cancel the operating licences or June 30, 2006.

Managing our liquidity and financial condition

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

	Third Quarter		Nine Months	
<i>(millions of dollars)</i>	2005	2004	2005	2004
Cash from operating				
Çayeli	\$22	\$2	\$44	\$48
Pyhäsalmi	14	9	33	35
Troilus	4	11	18	31
Ok Tedi	3	2	40	28
Corporate development and exploration	(2)	(1)	(5)	(4)
General and administration	(1)	(1)	(5)	(4)
Other	1	(5)	-	(15)
	41	17	125	119
Cash from investing and financing				
Acquisitions	(10)	(63)	(10)	(63)
Non-controlling cash on acquisition	8	-	8	-
Redemption of convertible debentures	-	-	(64)	-
Foreign exchange on cash held	(8)	(4)	(12)	(3)
Capital expenditures	(20)	(16)	(39)	(42)
Other	(1)	2	-	(4)
	(31)	(81)	(117)	(112)
Increase (decrease) in cash	10	(64)	8	7
Cash and short-term investments				
Beginning of period	244	301	246	230
End of period	\$254	\$237	\$254	\$237

Cash from operating activities

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

<i>(millions)</i>	Change in Third Quarter	Change in Nine Months
Net income (as described on page 3)	\$14	\$37
Non-cash items included in net income	(5)	3
Non-controlling interest	(3)	(14)
Working capital change	18	(20)
Increase in operating cash flow, compared to 2004	\$24	\$6

(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 in the third quarter relative to the previous year as a result of increased earnings and a reduction in working capital.

For the nine months, negative working capital changes in 2005 compare to positive changes in 2004. In 2005, Pyhäsalmi had negative working capital changes due to the timing of tax payments and an increase in accounts receivable due to the higher zinc sales volumes at a higher zinc price.

Cash from investing activities

In 2005, cash used of \$10 million for acquisitions is in relation to the August 22, 2005 acquisition of Las Cruces. The amount represents our transaction costs as well as capital expenditures spent at Las Cruces from the effective date of acquisition of March 31, 2005 to August 22, 2005. In 2004, \$63 million was spent to acquire our remaining 45 percent interest in Çayeli.

The table below shows the cash we spent on capital expenditures by operation and our expectation for 2005.

<i>(millions)</i>	Third Quarter		Nine Months		Full Year Objective
	2005	2004	2005	2004	2005
Çayeli	\$4	\$3	\$13	\$12	\$20
Pyhäsalmi	1	1	2	3	6
Troilus capital	2	11	8	18	10
Troilus capitalized stripping	1	1	1	5	2
Ok Tedi	1	1	2	3	4
Las Cruces	12	-	12	-	29
Cerattepe	1	-	2	3	7
Accruals and other	(2)	(1)	(1)	(1)	-
	\$20	\$16	\$39	\$43	\$78

Capital expenditures in the third quarter of 2005 were mainly for the completion of the shaft deepening project at Çayeli and for the acquisition of land required for the development of Las Cruces. Capital expenditures of \$39 million for the nine months ended September 30, 2005, were slightly lower than the \$43 million spent in the prior year period.

Outlook

Capital expenditures at Çayeli for the balance of the year relate to the continued development of the underground mine which will include the conveyor access, completion of a loading pocket and the commencement of the ore pass development work. Capital investments at Pyhäsalmi include the installation of a pyrite pressure filter as well as the replacement of the zinc concentrate filter. Forecasted expenditures at Cerattepe include the second installment of US \$4.5 million of the purchase price which will depend on the conclusion reached in the court case. Development expenditures at Las Cruces will include construction related costs including; dewatering and re-injection costs, engineering fees, permitting costs and further land acquisitions. It is possible the expenditures could vary by the end of the year because of timing of when work will be completed

Financing activities

We adopted a dividend policy to pay annual dividends to our common shareholders of \$0.20 per share in the form of semi-annual dividends of \$0.10 per common share paid on December 15 and June 15 of each year. Our board has declared an initial dividend under the policy payable on December 15, 2005 to common shareholders of record as at November 30, 2005.

The annual dividend payout would approximate \$9.6 million. We believe that internally generated cash flow will be sufficient to meet this cash requirement and still facilitate growth of our existing operations and the ability to take advantage of acquisition opportunities as they arise.

During the third quarter, a financing commitment agreement with four lenders for a financing facility at Las Cruces was signed. It is anticipated that the financing will close before year end.

The bank financing facility will include two tranches. An “A” tranche of US \$240 million (includes US \$25 million for letters of credit), 10 year senior secured debt, and a “B” tranche of €69 million senior secured short-term bridge financing. Tranche A will be repaid in equal semi annual repayments to commence after completion of the project but not later than June 30, 2009. Tranche B will be repaid at the earlier of the receipt of VAT refunds and grants/subsidies and December 31, 2009. The facility will be secured by mortgages and charges on the project as well as several completion guarantees from the sponsors. The guarantee will terminate once the project reaches completion at which point the financing will be non-recourse to the sponsors.

In connection with the financing Las Cruces also entered into the following hedge facilities:

Foreign exchange hedge

The “A” tranche of the facility is expected to be drawn down in euros but is required to be converted into a US dollar denominated obligation on June 30, 2008. In order to mitigate the foreign exchange exposure, on October 18, Las Cruces hedged US \$107.5 million of its foreign exchange exposure. The agreed forward US dollar to euro rate, to June 30, 2008, was 1.27.

Interest rate hedge

In order to mitigate interest rate exposure we have hedged the interest rate in relation to the majority of the Tranche A loan once it has been converted to US dollars. The rate achieved will initially be 7 percent increasing over the term of the loan to 7.25 percent.

Gold hedging

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

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

Gold hedging at Troilus		
Forward sales	Hedge volume	Average price
	(ounces)	(per ounce)
2005	17,100	US \$352
2006	69,900	US \$352
2007	58,200	US \$352
2008	58,200	US \$352

Total forward sales at Troilus represent 32 percent of life-of-mine production at an average hedge price of US \$352 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 nine months ended September 30, 2005 we recognized deferred revenue of \$0.7 million and a charge of \$1.6 million, respectively. We will recognize an additional charge of \$1.2 million for the balance of the year. From 2006 to 2008, we have net deferred revenue of \$6.7 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 September 30, 2005.

Gold hedging at Ok Tedi		
Forward sales	Hedge volume	Average price
	(ounces)	(per ounce)
2005	3,400	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 \$473 per ounce as at September 30, 2005, resulting in a negative marked-to-market of US \$34.5 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 as expected. 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

During the quarter, we were officially notified about an injunction which has led to the suspension of all work on the Cerattepe project for the time being. See *Cerattepe* at page 19.

Troilus ability to achieve the mill expansion targets

The mill expansion was completed at the end of 2004 which has led to higher throughput levels during the year. 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. During the quarter, rainfall levels were good confirming previous meteorological forecasts indicating that the risk of prolonged dry weather conditions this year was low. Nevertheless, efforts to improve concentrate and supply management through increased storage capacity are 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

Dredging of the sediments in the Ok Tedi River at Bige has reduced the river bed aggradation and hence overbank flooding. However, riverine waste disposal at Ok Tedi has had, and continues to have, a significant impact on the Ok Tedi and Fly River systems. The two major impacts are those of sedimentation of the river beds and consequent overbank flooding, and acid rock drainage (ARD) effects due to oxidation of sulphur in the waste streams. While studies to assess these impacts are ongoing, Ok Tedi believes, based on current findings, that these impacts will likely be greater and last longer than previously thought to be the case.

Ok Tedi is undertaking feasibility studies to assess options to mitigate ARD in the future. The options being considered are the removal and safe storage of sulphide minerals from the tailings stream and variations to the current mine plan to reduce the rate of sulphidic discharge from the mine. Ok Tedi will evaluate these options during 2006.

Sensitivity analysis

The table below shows the effect of key variables on Inmet's annualized net income, based on our original 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

On August 22, 2005, we issued 5.6 million common shares for the acquisition of Las Cruces. For the three and nine months ended September 30, 2005, we issued 64,000 and 855,900 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 48,074,182 common shares outstanding at November 1, 2005. As of such date, Inmet also has 197,550 stock options that are exercisable, subject to vesting requirements, on a one-for-one basis for common shares, and 70,274 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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THIRD QUARTER CONFERENCE CALL

Please listen to Inmet's third quarter conference call at 11:00 a.m. (ET) on Wednesday, November 2, 2005 at <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=1261920> or through a link with Inmet's website: www.inmetmining.com for the live audio webcast. A phone in number to the conference call is also available by dialing +1.416.640.4127 for local or international calls or toll free at +1.800.814.4859 for North American calls only.

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

Copper cash cost

	Third Quarter		Nine Months	
	2005	2004	2005	2004
<i>(millions of Canadian dollars, except where otherwise noted)</i>				
Cost of sales per financial statements	\$44	\$38	\$149	\$128
Smelter processing charges and freight per financial statements	40	27	113	87
Zinc, gold and other sales	(61)	(43)	(168)	(133)
Inventory and receivable changes	(1)	9	(11)	8
Less - standby costs incurred at Ok Tedi	-	(4)	-	(9)
Less - non-cash items	(2)	(3)	(6)	(4)
Çayeli minority interest	-	(4)	-	(17)
Operating costs net of metal credits	\$20	\$20	\$77	\$60
US \$ to C\$ exchange rate	\$1.20	\$1.31	\$1.22	\$1.33
Inmet's share of copper production (000's pounds)	40,800	33,500	126,000	108,700
Copper cash cost (per pound)	US \$0.40	US \$0.47	US \$0.50	US \$0.42

Gold cash cost

	Third Quarter		Nine Months	
	2005	2004	2005	2004
<i>(millions of Canadian dollars, except where otherwise noted)</i>				
Cost of sales per financial statements	\$19	\$16	\$58	\$51
Smelter processing charges and freight per financial statements	2	2	9	6
Copper and other sales	(4)	(5)	(18)	(16)
Inventory and receivable changes	(2)	(1)	(5)	(4)
Operating costs net of metal credits	\$15	\$12	\$44	\$37
US \$ to C\$ exchange rate	\$1.20	\$1.31	\$1.22	\$1.33
Inmet's share of gold production (ounces)	38,300	41,200	127,900	113,300
Gold cash cost (per ounce)	US \$336	US \$225	US \$285	US \$249

INMET MINING CORPORATION
REVIEW OF LAST EIGHT QUARTERS

(unaudited)

Latest Four Quarters

	2005	2005	2005	2004
	Third	Second	First	Fourth
(thousands of Canadian dollars, except per share amounts)	quarter	quarter	quarter	quarter
STATEMENTS OF EARNINGS				
Gross sales	\$ 178,170	\$ 157,720	\$ 181,934	\$ 120,420
Smelter processing charges and freight	(42,184)	(36,654)	(43,698)	(28,619)
Cost of sales	(63,715)	(65,901)	(78,738)	(64,490)
Depreciation	(7,849)	(8,256)	(8,023)	(7,154)
	64,422	46,909	51,475	20,157
Corporate development and exploration	(1,888)	(1,883)	(1,410)	(2,490)
General and administration	(1,351)	(1,815)	(1,966)	(1,074)
Investment and other income (expense)	(3,401)	3,449	(4,213)	1,614
Interest expense	(409)	(433)	(718)	(1,790)
Capital tax expense	(198)	(199)	(198)	(200)
Income tax expense	(20,387)	(13,151)	(15,379)	(732)
Net income	\$ 36,788	\$ 32,877	\$ 27,591	\$ 15,485
Net income per common share	\$ 0.82	\$ 0.78	\$ 0.67	\$ 0.38
Diluted net income per common share	\$ 0.82	\$ 0.78	\$ 0.65	\$ 0.37

Previous Four Quarters

	2004	2004	2004	2003
	Third	Second	First	Fourth
(thousands of Canadian dollars, except per share amounts)	quarter	quarter	quarter	quarter
STATEMENTS OF EARNINGS				
Gross sales	\$ 133,758	\$ 132,445	\$ 159,683	\$ 145,233
Smelter processing charges and freight	(28,936)	(29,902)	(34,359)	(35,521)
Cost of sales	(54,327)	(59,780)	(66,922)	(65,430)
Depreciation	(6,331)	(6,382)	(5,434)	(6,718)
	44,164	36,381	52,968	37,564
Corporate development and exploration	(760)	(2,397)	(837)	(1,385)
General and administration	(1,226)	(1,381)	(1,411)	(3,857)
Investment and other income (expense)	884	1,968	(270)	112,907
Interest expense	(1,790)	(1,804)	(1,823)	(2,068)
Capital tax expense	56	(430)	(329)	(587)
Income tax expense	(15,368)	(12,022)	(19,656)	(11,742)
Non-controlling interest	(2,777)	(4,668)	(6,780)	(4,334)
Net income	\$ 23,183	\$ 15,647	\$ 21,862	\$ 126,498
Net income per common share	\$ 0.57	\$ 0.39	\$ 0.55	\$ 3.21
Diluted net income per common share	\$ 0.54	\$ 0.37	\$ 0.52	\$ 2.84

INMET MINING CORPORATION
CONSOLIDATED BALANCE SHEETS

(thousands of Canadian dollars)	September 30 2005	December 31 2004
	(Unaudited)	
ASSETS		
Current assets:		
Cash and short-term investments	\$253,634	\$245,807
Accounts receivable	71,004	50,239
Inventories	51,095	57,313
	375,733	353,359
Property, plant and equipment (note 3)	445,456	322,737
Investments	3,620	2,377
Future income tax asset	18,725	8,942
Deferred charges	13,673	27,377
Other assets	35,154	36,661
	\$892,361	\$751,453
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$86,835	\$87,920
Current portion of long-term debt (notes 2 and 4)	-	64,052
	86,835	151,972
Long-term debt (note 3)	27,160	16,870
Reclamation liabilities	61,442	63,060
Other liabilities	35,777	40,627
Future income tax liabilities	50,178	36,525
Non-controlling interest (note 3)	27,790	-
	289,182	309,054
SHAREHOLDERS' EQUITY		
Share capital (notes 3 and 6)	336,335	237,931
Contributed surplus	66,999	66,999
Stock based compensation (note 7)	908	4,938
Retained earnings	233,904	136,648
Foreign currency translation account	(34,967)	(4,117)
	603,179	442,399
	\$892,361	\$751,453

(see accompanying notes)

INMET MINING CORPORATION
SEGMENTED BALANCE SHEETS

(thousands of Canadian dollars)

As at September 30, 2005

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	LAS CRUCES (Spain)	TOTAL
ASSETS							
Cash and short-term investments	\$121,497	\$36,520	\$65,085	\$ -	\$14,993	\$15,539	\$253,634
Other current assets	427	27,783	35,758	17,715	36,048	4,368	122,099
Property, plant and equipment	27,126	101,880	74,900	64,414	36,175	140,961	445,456
Investments	3,620	-	-	-	-	-	3,620
Deferred charges	-	-	-	13,673	-	-	13,673
Other assets	27,736	651	-	5,597	9,775	10,120	53,879
TOTAL ASSETS	\$180,406	\$166,834	\$175,743	\$101,399	\$96,991	\$170,988	\$892,361
LIABILITIES							
Current liabilities	\$8,669	\$15,487	\$19,113	\$16,872	\$21,959	\$4,735	\$86,835
Long-term debt	14,752	-	-	-	-	12,408	27,160
Reclamation liabilities	26,175	3,195	11,174	4,005	16,893	-	61,442
Other liabilities	10,931	3,283	-	19,463	2,100	-	35,777
Future income tax liabilities	-	30,446	4,461	-	4,026	11,245	50,178
Non-controlling interest	-	-	-	-	-	27,790	27,790
TOTAL LIABILITIES	\$60,527	\$52,411	\$34,748	\$40,340	\$44,978	\$56,178	\$289,182

As at December 31, 2004

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	LAS CRUCES (Spain)	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		Nine Months Ended	
	September 30		September 30	
	2005	2004	2005	2004
Gross sales	\$178,170	\$133,758	\$517,824	\$425,886
Smelter processing charges and freight	(42,184)	(28,936)	(122,536)	(93,197)
Cost of sales	(63,715)	(54,327)	(208,354)	(181,028)
Depreciation	(7,849)	(6,331)	(24,128)	(18,147)
	64,422	44,164	162,806	133,514
Corporate development and exploration	(1,888)	(760)	(5,181)	(3,994)
General and administration	(1,351)	(1,226)	(5,132)	(4,017)
Investment and other income (note 9)	(3,401)	884	(4,165)	2,580
Interest expense (note 2)	(409)	(1,790)	(1,560)	(5,417)
Capital tax expense	(198)	56	(595)	(703)
Income tax expense (note 10)	(20,387)	(15,368)	(48,917)	(47,046)
Non-controlling interest	-	(2,777)	-	(14,225)
Net income	\$36,788	\$23,183	\$97,256	\$60,692
Basic net income per common share (note 8)	\$0.82	\$0.57	\$2.27	\$1.51
Diluted net income per common share (note 8)	\$0.82	\$0.54	\$2.26	\$1.45
Weighted average shares outstanding (000's)	44,811	40,593	42,757	40,194

(see accompanying notes)

INMET MINING CORPORATION
SEGMENTED STATEMENTS OF EARNINGS

(thousands of Canadian dollars)

For the nine months ended September 30, 2005

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
Gross sales	\$ -	\$147,327	\$126,314	\$83,021	\$161,162	\$517,824
Smelter processing charges and freight	-	(45,436)	(37,976)	(9,046)	(30,078)	(122,536)
Cost of sales	(1,518)	(52,237)	(34,889)	(57,797)	(61,913)	(208,354)
Depreciation	-	(5,476)	(7,676)	(7,392)	(3,584)	(24,128)
	(1,518)	44,178	45,773	8,786	65,587	162,806
Corporate development and exploration	(1,667)	(550)	(1,374)	(718)	(872)	(5,181)
General and administration	(5,132)	-	-	-	-	(5,132)
Investment and other income	(4,165)	-	-	-	-	(4,165)
Interest expense	(1,560)	-	-	-	-	(1,560)
Capital tax expense	(595)	-	-	-	-	(595)
Income tax expense	(1,472)	(12,303)	(11,396)	-	(23,746)	(48,917)
Net income (loss)	(\$16,109)	\$31,325	\$33,003	\$8,068	\$40,969	\$97,256

For the nine months ended September 30, 2004

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
Gross sales	\$ -	\$122,460	\$111,032	\$72,875	\$119,519	\$425,886
Smelter processing charges and freight	-	(32,541)	(33,135)	(6,289)	(21,232)	(93,197)
Cost of sales	(1,517)	(39,716)	(34,358)	(51,458)	(53,979)	(181,028)
Depreciation	-	(3,166)	(8,129)	(3,348)	(3,504)	(18,147)
	(1,517)	47,037	35,410	11,780	40,804	133,514
Corporate development and exploration	(3,259)	(22)	(597)	(116)	-	(3,994)
General and administration	(4,017)	-	-	-	-	(4,017)
Investment and other income	315	2,265	-	-	-	2,580
Interest expense	(5,376)	(17)	-	(24)	-	(5,417)
Capital tax expense	(703)	-	-	-	-	(703)
Income tax expense	(1,636)	(19,637)	(10,300)	-	(15,473)	(47,046)
Non-controlling interest	-	(14,225)	-	-	-	(14,225)
Net income (loss)	(\$16,193)	\$15,401	\$24,513	\$11,640	\$25,331	\$60,692

INMET MINING CORPORATION
SEGMENTED STATEMENTS OF EARNINGS

(thousands of Canadian dollars)

For the three months ended September 30, 2005

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
Gross sales	\$ -	\$56,321	\$47,154	\$22,275	\$52,420	\$178,170
Smelter processing charges and freight	-	(14,877)	(14,375)	(2,090)	(10,842)	(42,184)
Cost of sales	(505)	(15,493)	(10,590)	(19,248)	(17,879)	(63,715)
Depreciation	-	(1,742)	(2,353)	(2,637)	(1,117)	(7,849)
	(505)	24,209	19,836	(1,700)	22,582	64,422
Corporate development and exploration	(382)	(201)	(673)	(457)	(175)	(1,888)
General and administration	(1,351)	-	-	-	-	(1,351)
Investment and other income	(3,401)	-	-	-	-	(3,401)
Interest expense	(409)	-	-	-	-	(409)
Capital tax expense	(198)	-	-	-	-	(198)
Income tax expense	(369)	(7,222)	(4,575)	-	(8,221)	(20,387)
Net income (loss)	(\$6,615)	\$16,786	\$14,588	(\$2,157)	\$14,186	\$36,788

For the three months ended September 30, 2004

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	TOTAL
Gross sales	\$ -	\$30,790	\$36,801	\$25,639	\$40,528	\$133,758
Smelter processing charges and freight	-	(8,584)	(11,553)	(2,125)	(6,674)	(28,936)
Cost of sales	(506)	(11,771)	(10,425)	(16,255)	(15,370)	(54,327)
Depreciation	-	(1,019)	(2,525)	(1,283)	(1,504)	(6,331)
	(506)	9,416	12,298	5,976	16,980	44,164
Corporate development and exploration	(458)	(20)	(259)	(23)	-	(760)
General and administration	(1,226)	-	-	-	-	(1,226)
Investment and other income	220	664	-	-	-	884
Interest expense	(1,786)	-	-	(4)	-	(1,790)
Capital tax expense	56	-	-	-	-	56
Income tax expense	(546)	(4,152)	(3,646)	-	(7,024)	(15,368)
Non-controlling interest	-	(2,777)	-	-	-	(2,777)
Net income (loss)	(\$4,246)	\$3,131	\$8,393	\$5,949	\$9,956	\$23,183

INMET MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(thousands of Canadian dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Cash provided by (used in) operating activities ⁽¹⁾				
Net income	\$36,788	\$23,183	\$97,256	\$60,692
Add (deduct) items not affecting cash:				
Depreciation	7,849	6,331	24,128	18,147
Future income tax	1,723	7,950	4,130	8,377
Amortization of capitalized stripping	-	991	-	4,858
Accretion expense on reclamation liabilities	911	923	2,767	2,787
Deferred revenue	(744)	1,818	130	3,853
Non-controlling interest	-	2,777	-	14,225
Settlement of pension liability (note 9)	4,100	-	4,100	-
Redemption cost of convertible debentures	-	-	6,631	-
Other	608	1,405	1,105	1,131
Reclamation costs	(958)	(732)	(2,137)	(2,167)
Net change in non-cash working capital (note 5)	(8,785)	(27,057)	(12,628)	7,522
	41,492	17,589	125,482	119,425
Cash provided by (used in) investing activities				
Acquisitions and dispositions (note 3)	(10,035)	(63,006)	(10,035)	(62,818)
Property, plant and equipment	(19,357)	(15,694)	(38,326)	(42,029)
Sale (purchase) of short-term investments	76,744	(64,648)	77,935	(41,216)
Other	(637)	(343)	(895)	(683)
	46,715	(143,691)	28,679	(146,746)
Cash provided by (used in) financing activities				
Redemption of convertible debentures	-	-	(63,987)	-
Long-term debt repayments	-	-	-	(2,757)
Financial assurance fund payments	(924)	(1,114)	(1,915)	(2,240)
Dividends paid to non-controlling shareholder	-	(93)	-	(3,366)
Issue of share capital	187	2,548	2,996	5,381
Deferred financing costs	(1,497)	-	(1,497)	(776)
	(2,234)	1,341	(64,403)	(3,758)
Non-controlling cash as at acquisition date (note 3)	8,420	-	8,420	-
Foreign exchange loss on cash held in foreign currency	(8,058)	(3,787)	(12,416)	(3,151)
Increase (decrease) in cash	86,335	(128,548)	85,762	(34,230)
Cash:				
Beginning of period	150,307	271,453	150,880	177,135
End of period	236,642	142,905	236,642	142,905
Short-term investments	16,992	94,332	16,992	94,332
Cash and short-term investments	\$253,634	\$237,237	\$253,634	\$237,237
(see accompanying notes)				
⁽¹⁾ Cash used in operations includes the following payments:				
Interest	\$620	\$2,277	\$2,278	\$4,715
Taxes	\$6,267	\$4,785	\$32,970	\$14,840

INMET MINING CORPORATION
SEGMENTED STATEMENTS OF CASH FLOWS

(thousands of Canadian dollars)

For the nine months ended September 30, 2005

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	LAS CRUCES (Spain)	TOTAL
Cash provided by (used in):							
Operating activities							
Before net change in working capital	(\$8,153)	\$44,939	\$41,596	\$15,402	\$44,326	\$ -	\$138,110
Net change in working capital	159	(1,025)	(9,043)	2,144	(4,863)	-	(12,628)
	(7,994)	43,914	32,553	17,546	39,463	-	125,482
Investing activities	67,789	(11,646)	(4,288)	(10,113)	(1,609)	(11,454)	28,679
Financing activities	(62,488)	-	-	-	(1,915)	-	(64,403)
Non-controlling cash as at acquisition date	-	-	-	-	-	8,420	8,420
Foreign exchange loss on cash held in foreign currency	-	(1,312)	(9,584)	-	(447)	(1,073)	(12,416)
Intergroup funding (distributions)	61,200	(28,288)	(5,851)	(7,433)	(39,274)	19,646	-
Increase (decrease) in cash	58,507	2,668	12,830	-	(3,782)	15,539	85,762
Cash:							
Beginning of period	45,998	33,852	52,255	-	18,775	-	150,880
End of period	104,505	36,520	65,085	-	14,993	15,539	236,642
Short-term investments	16,992	-	-	-	-	-	16,992
Cash and short-term investments	\$121,497	\$36,520	\$65,085	\$ -	\$14,993	\$15,539	\$253,634

For the nine months ended September 30, 2004

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	LAS CRUCES (Spain)	TOTAL
Cash provided by (used in):							
Operating activities							
Before net change in working capital	(\$20,053)	\$40,061	\$33,637	\$24,681	\$33,577	\$ -	\$111,903
Net change in working capital	(3,153)	8,141	1,159	6,563	(5,188)	-	7,522
	(23,206)	48,202	34,796	31,244	28,389	-	119,425
Investing activities	(104,165)	(15,469)	(2,816)	(21,454)	(2,842)	-	(146,746)
Financing activities	4,605	(6,123)	-	-	(2,240)	-	(3,758)
Foreign exchange loss on cash held in foreign currency	-	(1,389)	(1,525)	-	(237)	-	(3,151)
Intergroup funding (distributions)	55,253	(4,725)	(11,137)	(9,790)	(29,601)	-	-
Increase (decrease) in cash	(67,513)	20,496	19,318	-	(6,531)	-	(34,230)
Cash:							
Beginning of period	124,145	10,835	21,614	-	20,541	-	177,135
End of period	56,632	31,331	40,932	-	14,010	-	142,905
Short-term investments	94,332	-	-	-	-	-	94,332
Cash and short-term investments	\$150,964	\$31,331	\$40,932	\$ -	\$14,010	\$ -	\$237,237

INMET MINING CORPORATION
SEGMENTED STATEMENTS OF CASH FLOWS

(thousands of Canadian dollars)

For the three months ended September 30, 2005

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	LAS CRUCES (Spain)	TOTAL
Cash provided by (used in):							
Operating activities							
Before net change in working capital	(\$3,589)	\$21,433	\$17,483	(\$416)	\$15,366	\$ -	\$50,277
Net change in working capital	2,781	225	(3,948)	4,761	(12,604)	-	(8,785)
	(808)	21,658	13,535	4,345	2,762	-	41,492
Investing activities	66,667	(2,951)	(923)	(3,975)	(649)	(11,454)	46,715
Financing activities	(1,310)	-	-	-	(924)	-	(2,234)
Non-controlling cash from acquisition	-	-	-	-	-	8,420	8,420
Foreign exchange loss on cash held in foreign currency	-	(2,085)	(4,131)	-	(769)	(1,073)	(8,058)
Intergroup funding (distributions)	(7,599)	164	(1,899)	(370)	(9,942)	19,646	-
Increase (decrease) in cash	56,950	16,786	6,582	-	(9,522)	15,539	86,335
Cash:							
Beginning of period	47,555	19,734	58,503	-	24,515	-	150,307
End of period	104,505	36,520	65,085	-	14,993	15,539	236,642
Short-term investments	16,992	-	-	-	-	-	16,992
Cash and short-term investments	\$121,497	\$36,520	\$65,085	-	\$14,993	\$15,539	\$253,634

For the three months ended September 30, 2004

(Unaudited)

	CORPORATE	ÇAYELI (Turkey)	PYHÄSALMI (Finland)	TROILUS (Canada)	OK TEDI (Papua New Guinea)	LAS CRUCES (Spain)	TOTAL
Cash provided by (used in):							
Operating activities							
Before net change in working capital	(\$4,105)	\$11,513	\$11,324	\$10,040	\$15,874	\$ -	\$44,646
Net change in working capital	(1,865)	(9,501)	(2,857)	965	(13,799)	-	(27,057)
	(5,970)	2,012	8,467	11,005	2,075	-	17,589
Investing activities	(127,717)	(3,605)	(1,027)	(10,160)	(1,182)	-	(143,691)
Financing activities	2,455	-	-	-	(1,114)	-	1,341
Foreign exchange loss on cash held in foreign currency	-	(1,622)	(1,315)	-	(850)	-	(3,787)
Intergroup funding (distributions)	5,656	526	(5,337)	(845)	-	-	-
Increase (decrease) in cash	(125,576)	(2,689)	788	-	(1,071)	-	(128,548)
Cash:							
Beginning of period	182,208	34,020	40,144	-	15,081	-	271,453
End of period	56,632	31,331	40,932	-	14,010	-	142,905
Short-term investments	94,332	-	-	-	-	-	94,332
Cash and short-term investments	\$150,964	\$31,331	\$40,932	-	\$14,010	\$ -	\$237,237

INMET MINING CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(unaudited)

(thousands of Canadian dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2005	2004	2005	2004
Retained earnings, beginning of period	\$197,116	\$97,980	\$136,648	\$60,471
Net income	36,788	23,183	97,256	60,692
Retained earnings, end of period (see accompanying notes)	\$233,904	\$121,163	\$233,904	\$121,163

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 nine months ending September 30, 2004 it amounted to \$1.1 million and \$3.3 million, respectively. As we redeemed our debentures in January 2005 (note 4), 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. Acquisitions

On August 22, 2005, we acquired, through a wholly-owned subsidiary, a 70 percent interest in the Las Cruces copper development project. For our interest, we issued 5.6 million shares, valued at \$91.1 million, to a subsidiary of Leucadia National Corporation (Leucadia). In addition, we paid \$27.7 million in cash to Leucadia in order to acquire a 70 percent interest in a loan held by Las Cruces which was originally fully financed by Leucadia. This cash payment, in substance, was made in order to reimburse Leucadia for our share of the cash acquired as at August 22, 2005, as well as expenditures made by Las Cruces from the effective date of the acquisition of March 31, 2005.

The value of the 5.6 million shares issued was determined based on the five day average market price of Inmet's common shares at the date of the agreement of May 3, 2005.

We have fully consolidated the balance sheet of Las Cruces effective August 22, 2005 with Leucadia's 30 percent equity ownership represented as non-controlling interest. There has been no impact on our consolidated statement of earnings as Las Cruces is a development project and all expenditures are currently capitalized.

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

<i>(millions of Canadian dollars)</i>	
<i>Net assets acquired:</i>	
Cash	\$28.1
Other current assets	4.1
Property, plant, and equipment and other assets	144.6
Future income tax asset	10.3
Current liabilities	(12.1)
Long-term loan to Leucadia	(12.9)
Future income tax liability	(11.8)
Non-controlling interest	(29.5)
	\$120.8
<i>Consideration:</i>	
Cash, including transaction costs	\$29.7
Common shares	91.1
Total Consideration	\$120.8

Las Cruces has a credit facility in place between itself and its two shareholders, Inmet and Leucadia. The long-term loan to Leucadia represents the 30 percent share of the credit facility owing to Leucadia. Interest on the loan is at a rate of 2.5 percent per annum plus the Eurodollar Rate. The credit facility currently provides that it will terminate on January 3, 2007. We anticipate that it will be amended to provide for security and repayment terms subordinated to the Las Cruces credit facility.

4. 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).

5. Statement of Cash Flows

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

For the three months ended September 30, 2005

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable	\$ 131	\$ (3,816)	\$ (6,229)	\$ 1,638	\$ (4,241)	\$ (12,517)
Inventories	-	(29)	4	1,132	(1,770)	(663)
Accounts payable and accrued liabilities	380	(477)	506	1,991	(8,671)	(6,271)
Taxes payable	983	4,753	1,771	-	2,271	9,778
Other	1,287	(206)	-	-	(193)	888
	\$ 2,781	\$ 225	\$ (3,948)	\$ 4,761	\$ (12,604)	\$ (8,785)

For the three months ended September 30, 2004

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable	\$ (194)	\$ (2,005)	\$ (5,163)	\$ (734)	\$ (5,701)	\$ (13,797)
Inventories	-	(1,414)	252	(89)	(5,128)	(6,379)
Accounts payable and accrued liabilities	(1,027)	(2,448)	(1,592)	1,788	(120)	(3,399)
Taxes payable	(644)	(3,398)	3,646	-	(1,658)	(2,054)
Other	-	(236)	-	-	(1,192)	(1,428)
	\$ (1,865)	\$ (9,501)	\$ (2,857)	\$ 965	\$ (13,799)	\$ (27,057)

For the nine months ended September 30, 2005

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable	\$ 506	\$ (7,342)	\$ (8,670)	\$ 3,025	\$ (8,473)	\$ (20,954)
Inventories	-	3,171	(731)	100	1,992	4,532
Accounts payable and accrued liabilities	(1,579)	(930)	(208)	(981)	(4,474)	(8,172)
Taxes payable	781	4,282	566	-	6,219	11,848
Other	451	(206)	-	-	(127)	118
	\$ 159	\$ (1,025)	\$ (9,043)	\$ 2,144	\$ (4,863)	\$ (12,628)

For the nine months ended September 30, 2004

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable	\$ 122	\$ 9,646	\$ (7,173)	\$ 7,063	\$ 81	\$ 9,739
Inventories	-	(4,581)	130	(21)	(6,856)	(11,328)
Accounts payable and accrued liabilities	(2,335)	940	3,380	(479)	1,268	2,774
Taxes payable	(1,067)	1,423	4,822	-	242	5,420
Other	127	713	-	-	77	917
	\$ (3,153)	\$ 8,141	\$ 1,159	\$ 6,563	\$ (5,188)	\$ 7,522

6. 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 nine month period ended September 30, 2005.

<i>(in thousands)</i>	Note	Common Shares	Amount
Balance at December 31, 2004		41,237	\$237,931
Acquisition of Las Cruces	3	5,600	91,101
Exercise of stock options	7	856	4,969
Exercise of deferred share units	7	378	2,269
Redemption of convertible debentures	4	3	65
Balance at September 30, 2005		48,074	\$336,335

7. Stock Based Compensation

A total of 64,000 stock options were exercised during the third quarter of 2005 for which we received proceeds of \$0.2 million on the issuance of 64,000 common shares. An additional 791,900 stock options were exercised and 378,234 deferred share units were redeemed during the six month period ended June 30, 2005, for which we received proceeds of \$2.8 million on the issuance of 1,170,134 common shares.

On the exercise of these stock options and deferred share units, 1,234,134 common shares were issued from treasury. As well, \$4.2 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 September 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
Exercised – third quarter 2005	(64,000)	\$2.93
Cancelled – first quarter 2005	(6,750)	\$2.64
Cancelled – third quarter 2005	(17,500)	\$2.95
At September 30, 2005	197,550	\$3.05

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

Treasury plan			
Outstanding	Exercisable	Exercise price	Remaining years outstanding
2,050	2,050	\$2.75	4.4
1,500	1,500	\$1.75	5.2
6,250	6,250	\$2.30	5.8
82,750	3,750	\$2.95	6.2
92,550	13,550	\$2.88	6.1

Supplementary plan			
Outstanding	Exercisable	Exercise price	Remaining years outstanding
2,250	2,250	\$1.75	1.2
92,750	11,250	\$2.95	2.2
10,000	7,500	\$5.80	2.6
105,000	21,000	\$3.20	2.2

8. Net Income Per Share

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

(thousands of Canadian dollars)	Third Quarter		Nine Months	
	2005	2004	2005	2004
Net income	\$36,788	\$23,183	\$97,256	\$60,692
Income effect of assumed conversion of convertible debentures	-	1,334	-	3,983
Income available to common shareholders with assumed conversions	\$36,788	\$24,517	\$97,256	\$64,675

(thousands)	Third Quarter		Nine Months	
	2005	2004	2005	2004
Weighted average common shares outstanding	44,811	40,593	42,757	40,194
Plus incremental shares from assumed conversions:				
Convertible debentures (note 2)	-	3,016	-	3,016
Stock options	135	1,108	135	1,102
Deferred share units	70	450	70	450
Diluted weighted average common shares outstanding	45,016	45,167	42,962	44,762

(Canadian dollars per share)	Third Quarter		Nine Months	
	2005	2004	2005	2004
Basic net income per common share	\$0.82	\$0.57	\$2.27	\$1.51
Dilutive effect from assumed conversions:				
Convertible debentures per common share	-	(0.01)	-	(0.01)
Stock options per common share	-	(0.02)	(0.01)	(0.04)
Deferred share units per common share	-	-	-	(0.01)
Diluted net income per common share	\$0.82	\$0.54	\$2.26	\$1.45

9. Investment and Other Income

Investment and other income is summarized as follows:

<i>(thousands of Canadian dollars)</i>	Third Quarter		Nine Months	
	2005	2004	2005	2004
Interest and dividend income	\$2,096	\$1,633	\$7,162	\$5,646
Redemption costs of debentures (note 4)	-	-	(6,631)	-
Foreign exchange loss	(1,193)	(1,265)	(1,240)	(1,469)
Non-cash expense from settlement of pension liability	(4,100)	-	(4,100)	-
Çayeli insurance proceeds	-	664	-	2,265
Litigation costs	-	-	-	(3,504)
Other	(204)	(148)	644	(358)
	\$(3,401)	\$884	\$(4,165)	\$2,580

Non-cash expense from settlement of pension liability

During the third quarter of 2005, we substantially reduced our Canadian defined benefit pension liability by purchasing annuities for our retired pension plan members. The purchase of annuities was made from the pension fund assets. By purchasing the annuities, we discharged \$14.5 million of our \$20 million accrued benefit obligation relating to the retired members of the Canadian defined benefit plan. The settlement of this obligation resulted in a non-cash charge of \$4.1 million.

Foreign exchange loss

Foreign exchange losses in 2005 and 2004 resulted from holding US dollar cash as the Canadian dollar appreciated against the US dollar.

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 three months September 30, 2005

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Total
Current income taxes	\$ 369	\$ 5,188	\$ 4,550	\$ 8,557	\$ 18,664
Future income taxes	-	2,034	25	(336)	1,723
	\$ 369	\$ 7,222	\$ 4,575	\$ 8,221	\$ 20,387

For the three months ended September 30, 2004

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Total
Current income taxes	\$ 546	\$ (287)	\$ 3,645	\$ 3,514	\$ 7,418
Future income taxes	-	4,439	1	3,510	7,950
	\$ 546	\$ 4,152	\$ 3,646	\$ 7,024	\$ 15,368

For the nine months ended September 30, 2005

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Total
Current income taxes	\$ 1,472	\$ 7,234	\$ 11,989	\$ 24,092	\$ 44,787
Future income taxes	-	5,069	(593)	(346)	4,130
	\$ 1,472	\$ 12,303	\$ 11,396	\$ 23,746	\$ 48,917

For the nine months ended September 30, 2004

<i>(thousands of Canadian dollars)</i>	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Total
Current income taxes	\$ 2,486	\$ 12,375	\$ 10,405	\$ 13,403	\$ 38,669
Future income taxes	(850)	7,262	(105)	2,070	8,377
	\$ 1,636	\$ 19,637	\$ 10,300	\$ 15,473	\$ 47,046

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 \$12 million for work on its shaft deepening project. Ok Tedi has committed approximately US \$12 million (our proportionate share is US \$2 million) for the purchase of capital equipment and a further US\$18 million (our proportionate share is US \$3 million) for work on upgrading the in-pit crusher.

12. Financial Instruments

During the third quarter, we signed a financing commitment agreement with four lenders for a US \$240 million 10 year senior secured debt and a €69 million financing facility. It is anticipated that the financing will close before year end.

In connection with the financing, on October 18, 2005, we entered into foreign exchange and interest rate hedge facilities. Las Cruces hedged US \$107.5 million of its foreign exchange exposure. The agreed forward US dollar to euro rate, to June 30, 2008, was 1.27. In order to mitigate interest rate exposure on the US dollar interest payments, which will commence after conversion, we have hedged the interest rate in relation to US \$178.8 million of the US \$240 million loan. The rate achieved will initially be 7 percent increasing over the term of the loan to 7.25 percent.