

INMET

MINING

Quarterly Report Three Months Ended March 31, 2008

All amounts are in Canadian dollars, unless otherwise stated.

Management's Interim Discussion and Analysis

The following is management's interim discussion and analysis of operations and consolidated financial condition and should be read in conjunction with the consolidated audited financial statements and management's discussion and analysis included in Inmet's 2007 Annual Review.

Highlights

- **Higher net income per share**
Net income this quarter of \$2.21 per share was higher than in the first quarter of 2007, mainly because copper and gold prices were higher. We realized record copper prices this quarter, at US \$4.16 per pound, compared to US \$2.81 per pound last year. Zinc prices were lower at US \$1.08 per pound compared to US \$1.38 per pound. Copper sales this quarter included \$16 million in finalization adjustments relating to 2007 sales.
- **Production consistent with last year**
Copper and gold production was constant between periods and zinc production was marginally lower this year.
- **Operating cash flow per share down because of changes in working capital**
Operating cash flow was \$77 million or \$1.59 per common share compared to \$105 million or \$2.17 per share in the first quarter of 2007. Operating cash flow before changes in working capital was \$114 million or \$2.36 per share.
- **Las Cruces on schedule**
Plant construction is on schedule and we expect Las Cruces to produce its first copper cathode in the fourth quarter of 2008. Capital cost estimates to complete the project remain unchanged. We have entered into contracts with smelters to sell the majority of the 130,000 tonnes of high grade ore and expect shipments to start in June.
- **Proceeding with development at Petaquilla**
We entered into an agreement with Teck Cominco Limited to proceed with development of Petaquilla. Over the next 18 months we will act as operator on behalf of Teck Cominco and will fund at least US \$50 million of our and Teck Cominco's share of expenditures to advance the project.
- **Injunction at Cerattepe**
On March 28 we received notice of a court injunction preventing further development work at the Cerattepe property. The injunction decision has been appealed and we expect to receive the results of the appeal soon. If the appeal is not successful, the project will be delayed.

Key financial data

	three months ended March 31		
	2008	2007	change
FINANCIAL HIGHLIGHTS			
(thousands, except per share amounts)			
Sales			
Gross sales	\$276,281	\$286,614	-4%
Net income			
Net income	\$106,674	\$101,078	+6%
Net income per share	\$2.21	\$2.09	+6%
Cash flow			
Cash flow provided by operating activities	\$76,750	\$104,980	-27%
Cash flow provided by operating activities per share (1)	\$1.59	\$2.17	-27%
Capital spending	\$111,414	\$51,935	+115%
OPERATING HIGHLIGHTS			
Production (2)			
Copper (tonnes)	19,200	19,500	-2%
Zinc (tonnes)	20,300	22,100	-8%
Gold (ounces)	56,300	56,000	+1%
Cash costs			
Copper (US \$ per pound) (3)	\$0.33	\$0.10	+230%
Gold (US \$ per ounce) (3)	\$392	\$448	-13%

FINANCIAL CONDITION	as at March 31	as at December 31
	2008	2007
Current ratio	6.3 to 1	5.6 to 1
Gross debt to total equity	22%	18%
Net working capital balance (millions)	\$982	\$855
Cash balance (millions)	\$906	\$841
Shareholders' equity (millions)	\$1,575	\$1,392

(1) Calculated as cash flow provided by operating activities divided by average shares outstanding for the respective period.

(2) Inmet's share.

(3) Cash cost per pound of copper and cash cost per ounce of gold are non-GAAP measures – see *Supplementary financial information* on pages 31 and 32.

First quarter report

We prepared this report as of April 29, 2008.

In this report, *Inmet* means Inmet Mining Corporation and *we*, *us* and *our* mean 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 interim report 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 these 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 interim report. You should not place undue reliance on forward-looking statements. As a general policy, we do not update forward-looking statements except as required by securities laws and regulations.

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Our financial results

(thousands, except per share amounts)	three months ended March 31		
	2008	2007	change
EARNINGS FROM OPERATIONS⁽¹⁾			
Çayeli	\$53,655	\$59,435	-10%
Pyhäsalmi	27,994	31,442	-11%
Troilus	8,635	2,812	+207%
Ok Tedi	53,918	40,015	+35%
Other	(494)	(488)	+1%
	143,708	133,216	+8%
DEVELOPMENT AND EXPLORATION			
Corporate development and exploration	(2,618)	(842)	+211%
CORPORATE COSTS			
General and administration	(3,648)	(2,840)	
Investment and other income	14,754	7,427	
Interest expense	(447)	(438)	
Income and capital taxes	(44,870)	(35,650)	
Non-controlling interest	(205)	205	
	(34,416)	(31,296)	+10%
Net income	\$106,674	\$101,078	+6%
Basic net income per share	\$2.21	\$2.09	+6%
Diluted net income per share	\$2.21	\$2.09	+6%
Weighted average shares outstanding	48,282	48,278	-

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

Key changes in 2008

(millions)	three months ended March 31	see page
EARNINGS FROM OPERATIONS		
Sales		
Higher metal prices denominated in Canadian dollars	\$23	7
Lower sales volumes	(18)	8
Costs		
Lower smelter processing charges and freight	14	10
Higher operating costs, including costs that vary with income and cash flows	(9)	11
Increase in earnings from operations, compared to 2007	\$10	
CORPORATE COSTS		
Higher taxes from higher income	(10)	13
Change in tax rates	1	13
Foreign exchange gain	7	12
Higher interest income	2	12
Other	(4)	
Increase in net income, compared to 2007	\$6	

Understanding our performance

Metal prices

The table below shows the average metal prices, in US dollars and Canadian dollars, we realized (the prices we realize include finalization adjustments – see *Gross sales* on page 7).

	three months ended March 31		
	2008	2007	Change
US dollar metal prices			
Copper (per pound)	US \$4.16	US \$2.81	+48%
Zinc (per pound)	US \$1.08	US \$1.38	-22%
Gold (per ounce)	US \$776	US \$559	+39%
Canadian dollar metal prices			
Copper (per pound)	C\$ 4.16	C\$ 3.29	+26%
Zinc (per pound)	C\$ 1.08	C\$ 1.61	-33%
Gold (per ounce)	C\$ 776	C\$ 654	+19%

Exchange rates affect revenue and earnings. The table below shows the average exchange rates we realized.

	three months ended March 31		
	2008	2007	change
Exchange rates			
1 US\$ to C\$	\$1.00	\$1.17	-15%
1 euro to C\$	\$1.51	\$1.54	-2%

Canadian dollar revenue and earnings were lower in the first quarter compared to the same period last year because of the significant increase in the value of the Canadian dollar relative to the US dollar. This lowered gross sales this quarter by \$40 million and net income by \$26 million, which includes a \$6 million foreign exchange loss from the repatriation of Çayeli earnings in the first quarter of 2008. There was a small change in the average value of the Canadian dollar relative to the euro between periods, which increased net income slightly because euro-based costs were slightly lower when converted to Canadian dollars. There was however a larger change in the value of the euro to Canadian dollar from December 31, 2007 to March 31, 2008 and when euro denominated cash and short-term intergroup receivables were revalued, resulted in foreign exchange gains of \$7 million recorded in Investment and other income in 2008.

Treatment charges and freight down for copper and up for zinc

Treatment charges are one component of smelter processing charges. We also pay smelters for content losses and price participation.

The table below shows the average smelter processing charges we realized.

	three months ended March 31		
	2008	2007	change
Treatment charges			
Copper (per dry metric tonne of concentrate)	US\$52	US\$73	-29%
Zinc (per dry metric tonne of concentrate)	US\$310	US\$124	+150%
Price participation			
Copper (per pound)	US\$0.05	US\$0.08	-38%
Zinc (per pound) ⁽¹⁾	US\$(0.04)	US\$0.01	-500%
Freight charges			
Copper (per dry metric tonne of concentrate)	US\$50	US\$30	+67%
Zinc (per dry metric tonne of concentrate)	US\$39	US\$24	+63%

(1) Zinc price participation is based on a zinc price of US \$2,000 per tonne in 2008 and US \$3,500 per tonne in 2007.

Copper treatment charges were lower this quarter than they were in 2007 because we have better contract terms with smelters. Zinc treatment charges were higher than 2007, but zinc price participation was down significantly.

Statutory tax rates down slightly

The table below shows the statutory tax rates for each of our taxable operating mines.

	2008	2007	change
Statutory tax rates			
Çayeli	24%	27%	-3%
Pyhäsalmi	26%	26%	-
Ok Tedi	37%	37%	-

Çayeli's tax rate is lower because the withholding tax rate was reduced from 8 percent to 5 percent.

EARNINGS FROM OPERATIONS

Earnings from operations include the following:

(thousands)	three months ended March 31		
	2008	2007	change
Gross sales	\$276,281	\$286,614	-4%
Smelter processing charges	(44,157)	(64,606)	-32%
Cost of sales:			
Direct production costs	(77,534)	(73,716)	+5%
Inventory changes	2,940	(3,608)	-181%
Provisions for mine rehabilitation and other non-cash charges	(4,652)	(2,053)	+127%
Depreciation	(9,170)	(9,415)	-3%
Earnings from operations	\$143,708	\$133,216	+8%

Gross sales revenues were 4 percent lower this quarter because of lower volumes sold

(thousands)	three months ended March 31		
	2008	2007	change
Gross sales by operation			
Çayeli	\$100,616	\$117,734	-15%
Pyhäsalmi	54,908	65,340	-16%
Troilus	34,251	30,242	+13%
Ok Tedi ⁽¹⁾	86,506	73,298	+18%
	\$276,281	\$286,614	-4%
Gross sales by metal			
Copper	\$168,168	\$143,324	+17%
Zinc	48,806	89,781	-46%
Gold	43,287	41,057	+5%
Other	16,020	12,452	+29%
	\$276,281	\$286,614	-4%

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

Key components of the change in sales

(millions)	three months ended March 31
Higher copper prices, denominated in C\$	\$37
Lower zinc prices, denominated in C\$	(24)
Higher gold prices and other metal prices, denominated in C\$	10
Lower sales volumes	(33)
Decrease in gross sales, compared to 2007	\$(10)

Higher copper and gold prices; lower zinc prices

We record sales using the metal price we receive for sales that settle during the reporting period. For sales that have not been settled, we use an estimate based on the month we expect the sale to settle and the metal's forward price at the end of the reporting period. We recognize the difference between our estimate and the final price we receive by adjusting our gross sales in the period we settle the sale (finalization adjustment).

Copper sales were higher this quarter because of \$16 million in finalization adjustments for sales recorded in the fourth quarter of 2007. There were minimal adjustments to zinc sales.

Our finalization adjustments were calculated using US \$3.02 per pound for copper and US \$1.07 per pound for zinc. The average LME price for copper this quarter was US \$3.54 per pound and US \$1.10 per pound for zinc. The copper price increased substantially during the quarter, peaking at US \$4.03 per pound.

At the end of this quarter, the following sales had not been settled:

- 29 million pounds of copper provisionally priced at US \$3.83 per pound
- 11 million pounds of zinc provisionally priced at US \$1.06 per pound.

The finalization adjustment we record for these sales will depend on the actual price when the sale actually settles, which can be from one to five months after we initially record it.

Lower sales volume

	three months ended March 31		
	2008	2007	change
Sales volumes			
Copper (tonnes)	18,300	20,000	-9%
Zinc (tonnes)	20,500	25,200	-19%
Gold (ounces)	55,300	61,800	-11%

Our sales volumes are directly affected by the amount of production from our mines, and our ability to ship to our customers.

Sales volumes this quarter were in line with production in the first quarter of 2007, but sales were down compared to 2007 first quarter sales because shipping that had been delayed in the fourth quarter of 2006 was recognized in the first quarter of 2007.

Production

Inmet's share ⁽¹⁾	three months ended March 31		objective
	2008	2007	2008
			change
Copper (tonnes)			
Ok Tedi	6,700	8,200	31,300
Çayeli	8,100	7,500	33,600
Pyhäsalmi	3,500	3,200	13,000
Las Cruces	-	-	18,900
Troilus	900	600	7,000
	19,200	19,500	-2%
Zinc (tonnes)			
Çayeli	12,700	11,900	47,800
Pyhäsalmi	7,600	10,200	30,900
	20,300	22,100	-8%
Gold (ounces)			
Troilus	35,000	33,200	163,200
Ok Tedi	21,300	22,800	121,300
	56,300	56,000	+1%
Pyrite (tonnes)			
Pyhäsalmi	194,500	160,500	505,000

(1) Inmet's share represents 100 percent for Çayeli, Pyhäsalmi and Troilus, 18 percent for Ok Tedi and 70 percent for Las Cruces.

This quarter:

- copper production this quarter was consistent with the first quarter of 2007. This was the net result of higher throughput and grades at Çayeli and Pyhäsalmi, and lower production at Ok Tedi.
- zinc production was lower mainly because grades at Pyhäsalmi were lower.
- gold production did not change. Although grades were higher at both Troilus and Ok Tedi, throughput was down at both mines.

2008 outlook for sales

We expect sales of all metals for the year to be consistent with our 2008 production estimates in the chart above. Our higher copper production outlook is based on our expectation that production will start at Las Cruces.

The total amount we will receive in Canadian dollars will be affected by US dollar denominated metal prices and the exchange rate between the US dollar and the Canadian dollar.

Smelter processing charges and freight were substantially less this quarter

(thousands)	three months ended March 31		
	2008	2007	change
Smelter processing charges and freight by operation			
Çayeli	\$22,013	\$31,168	-29%
Pyhäsalmi	10,820	18,614	-42%
Troilus	2,187	2,693	-19%
Ok Tedi ⁽¹⁾	9,137	12,131	-25%
	\$44,157	\$64,606	-32%
Smelter processing charges and freight by metal			
Copper	\$20,894	\$27,479	-24%
Zinc	19,772	33,715	-41%
Other	3,491	3,412	+2%
	\$44,157	\$64,606	-32%
Smelter processing charges by type and freight			
Copper treatment and refining charges	\$5,975	\$11,024	-46%
Zinc treatment charges	11,792	7,084	+66%
Copper price participation	1,963	3,860	-49%
Zinc price participation	(1,894)	11,016	-117%
Content losses	16,257	21,963	-26%
Other	2,272	1,527	+49%
Freight	7,792	8,132	-4%
	\$44,157	\$64,606	-32%

(1) Our 18 percent share of Ok Tedi's smelter processing charges and freight.

Copper treatment and refining charges were lower this quarter compared to 2007 because of more favourable contract terms with smelters. Zinc treatment charges were higher, but lower prices significantly reduced zinc price participation charges.

2008 outlook for smelter processing charges and freight

We have finalized the contract terms for long-term copper sales at our operating mines, and treatment charges are averaging about US \$50 per dry metric tonne with little to no price participation.

We have not finalized terms for zinc yet, but we are seeing higher zinc treatment charges in 2008, at about US \$325 per dry metric tonne. We expect price escalation/de-escalation (price participation) of zinc concentrate to be approximately US \$0.10 per dry metric tonne for zinc prices greater than US \$2,000 per tonne (\$1.36 per pound), and (US \$0.10) per dry metric tonne for zinc prices less than US \$2,000 per tonne.

Production is planned to begin at Las Cruces in 2008. For five months starting in June 2008, the mine intends to sell crushed ore and pay smelter processing charges. These charges are expected to be higher than what our other operations pay because of the impurity levels in this ore.

We expect copper cathode production to start in the fourth quarter. Copper cathode will be sold directly to buyers, bypassing the smelters and eliminating smelter and refining treatment charges.

Direct production costs and cost of sales were consistent with last year

(thousands)	three months ended March 31		
	2008	2007	change
Direct production costs by operation			
Çayeli	\$23,340	\$20,901	+12%
Pyhäsalmi	14,604	13,617	+7%
Troilus	19,947	19,337	+3%
Ok Tedi ⁽¹⁾	19,643	19,861	-1%
Total direct production costs	77,534	73,716	+5%
Inventory changes	(2,940)	3,608	-181%
Reclamation, accretion and other non-cash expenses	4,652	2,053	+127%
Total cost of sales	\$79,246	\$79,377	-

(1) Our 18 percent share of Ok Tedi's direct production costs.

Depreciation was slightly lower than last year

(thousands)	three months ended March 31		
	2008	2007	change
Depreciation by operation			
Çayeli	\$2,373	\$2,697	-12%
Pyhäsalmi	2,150	2,361	-9%
Troilus	2,418	2,709	-11%
Ok Tedi	2,229	1,648	+35%
	\$9,170	\$9,415	-3%

Ok Tedi has higher depreciation because it has been spending on new mine equipment and other sustaining capital over the last few years.

2008 outlook for depreciation

We estimate depreciation will be about \$50 million for 2008. This is higher than 2007 because production at Las Cruces should begin, and Ok Tedi will begin depreciating the capital for its mine waste management project.

CORPORATE COSTS

Corporate costs include general and administration costs, taxes and interest. We also record income from investments in this category, as well as income we receive from other transactions.

Investment income was higher because of foreign exchange gains

(thousands)	three months ended March 31	
	2008	2007
Interest income	\$8,723	\$6,879
Dividend income and royalty	-	1,000
Foreign exchange gain (loss)	6,858	(8)
Other	(827)	(444)
	\$14,754	\$7,427

We recorded a net foreign exchange gain of \$6.9 million this quarter. We recognized a gain of \$13 million because we revalued some of our foreign currency denominated accounts and cash balances, and recognized a deferred foreign exchange loss of \$6 million when dividends were received from Çayeli.

Interest income was higher this quarter compared to the same quarter last year because we had higher cash balances in 2008.

2008 outlook for investment and other income

Investment and other income is affected by cash balances, interest rates and exchange rates.

We plan on repatriating approximately \$200 million in cash from Çayeli and expect to record a foreign exchange loss of about \$20 million in the second quarter of 2008. We repatriated Pyhäsalmi's 2007 distributable earnings in April and will record a foreign exchange gain of \$6 million. These distributable earnings were accumulated at exchange rates that were different from the rate that applied when the dividend was ultimately paid. This foreign exchange difference is deferred until the funds are repatriated and then they are recorded in Investment and other income.

Because Ok Tedi distributes its earnings more frequently, the effect of repatriation is normally not significant.

Starting on June 30, 2008, the Las Cruces credit facility will convert to a US dollar loan and will be denominated in US dollars, rather than euros. From that date forward, we will revalue the loan to euros (the functional currency of Las Cruces). Foreign exchange gains or losses on revaluations will be reflected in Investment and other income.

At March 31, 2008, we held only €3 million in cash in Canada that could be affected by foreign exchange gains or losses.

Income tax expense was higher in the quarter because of higher earnings

(thousands)	three months ended March 31		
	2008	2007	change
Çayeli	\$19,124	\$13,671	+40%
Pyhäsalmi	6,023	6,907	-13%
Ok Tedi	19,347	14,617	+32%
Las Cruces	250	-	+100%
Corporate	126	455	-72%
	\$44,870	\$35,650	+26%

Our tax expense changes as our earnings change. Çayeli's effective tax rate was 33 percent this quarter. This is higher than its statutory rate of 24 percent because taxable foreign exchange gains in its Turkish lira tax accounts generated an additional tax expense of \$7 million.

2008 outlook for income tax expense

We are not expecting any further changes in statutory tax rates at our operations in 2008.

Results of our operations

ÇAYELI

	three months ended March 31			revised
	2008	2007	change	objective
				2008
Tonnes of ore milled (000's)	278	259	+7%	1,100
Tonnes of ore milled per day	3,100	2,900	+7%	3,000
Grades (percent)				
copper	3.6	3.5	+3%	3.8
zinc	6.5	6.2	+5%	6.0
Mill recoveries (percent)				
copper	81	83	-2%	81
zinc	70	75	-7%	72
Production (tonnes)				
copper	8,100	7,500	+8%	33,600
zinc	12,700	11,900	+6%	47,800
Cost per tonne of ore milled (C\$)	\$84	\$80	+5%	\$80

Çayeli delivers on its production target

Çayeli produced ore this quarter at an annualized rate of more than 1.1 million tonnes, which is consistent with our annual objective and seven percent higher than the first quarter of last year. Copper and zinc production were also higher than last year.

2008 outlook for production and costs

Çayeli expects to complete improvements to its ore pass system in 2008, allowing it to reliably mine and process 1.1 million tonnes of ore annually. Development in 2008 is focusing on access and level development of the lower mine ore blocks. Mine development rates are higher than 2007 and development of the lower mine is proceeding as planned. We expect to operate at an annual production rate of 1.2 million tonnes by 2009.

We have revised our cost per tonne estimate to be in line with first quarter costs. Costs could change, depending on the value of the Turkish lira relative to the US dollar. If the Turkish lira decreases in value, Turkish lira based costs such as labour will go down, reducing our costs.

Royalties also have a significant impact on costs and are variable depending on earnings. Cost per tonne of ore milled in the first quarter includes \$15 per tonne in royalties, compared to our objective of \$10 per tonne, which is based on metal price assumptions for the remainder of the year.

Financial review

Lower earnings this quarter because shipments in 2007 were considerably higher than production

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended March 31	
	2008	2007
Sales analysis		
Copper sales (tonnes)	6,700	8,200
Zinc sales (tonnes)	13,900	15,700
Gross copper sales	\$64	\$59
Gross zinc sales	34	56
Other metal sales	3	3
Gross sales	101	118
Smelter processing charges and freight	(22)	(31)
Net sales	\$79	\$87
Cost analysis		
Tonnes of ore milled (thousands)	278	259
Direct production costs (\$ per tonne)	\$84	\$80
Direct production costs	23	21
Change in inventory	(2)	3
Depreciation and other non-cash costs	4	3
Operating costs	\$25	\$27
Operating earnings	\$54	\$60
Operating cash flow	\$15	\$60

The table below shows what contributed to the change in operating earnings and operating cash flow between 2008 and 2007.

<i>(millions)</i>	three months ended March 31
Change in metal prices, denominated in Canadian dollars	\$-
Lower sales volumes	(10)
Lower smelter processing charges	6
Higher royalties (from higher Turkish lira based income)	(2)
Decrease in operating earnings, compared to 2007	\$(6)
Lower tax rate	1
Higher tax expense	(8)
Changes in working capital	(34)
Other	2
Decrease in operating cash flow, compared to 2007	\$(45)

The change in working capital this quarter is from higher accounts receivable because of timing of payments and a higher copper sales price used to value quarter-end receivables.

Capital spending on budget

	three months ended March 31			objective
	2008	2007	change	2008
Capital spending	\$5,700	\$5,100	+12%	\$23,000

Capital spending in the quarter was mainly for replacing mine equipment.

2008 outlook for capital spending

Çayeli expects to spend \$23 million in 2008 on repairing a ventilation raise, buying mine equipment and replacing other equipment.

PYHÄSALMI

		three months ended March 31			objective
		2008	2007	change	2008
Tonnes of ore milled (000's)		348	326	+7%	1,370
Tonnes of ore milled per day		3,800	3,600	+7%	3,750
Grades (percent)	copper	1.1	1.0	+10%	1.0
	zinc	2.4	3.4	-29%	2.5
	sulphur	42	39	+8%	41
Mill recoveries (percent)	copper	96	95	+1%	94
	zinc	92	92	-	90
Production (tonnes)	copper	3,500	3,200	+9%	13,000
	zinc	7,600	10,200	-25%	30,900
	pyrite	194,500	160,500	+21%	505,000
Cost per tonne of ore milled (C\$)		\$42	\$41	+2%	\$36

Strong mill performance this quarter

Mill throughput performance was better than expected this quarter and higher than the first quarter of 2007. Mill efficiency was lower in the first quarter of 2007 because of hard ore and the failure of a conveyer belt. Zinc production was lower in the first quarter of 2008 compared to 2007 because mining was from stopes containing lower grade ore.

2008 outlook for production and costs

We expect production for the year to be consistent with our earlier estimates and in line with production in the first quarter.

The improvements to maintain throughput and increase efficiency in the mill are well underway. Pyhäsalmi has purchased copper flotation cells and a primary mill motor for the mill. A new mill motor will allow speed to be adjusted more easily, which should increase throughput capacity in the grinding circuit and reduce energy costs. These capital improvements should be completed during the second quarter.

We expect costs to come down over the rest of the year, but this will also depend on the euro to Canadian dollar exchange rate.

Financial review

Lower sales volumes reduce operating earnings

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended March 31	
	2008	2007
Sales analysis		
Copper sales (tonnes)	3,500	3,400
Zinc sales (tonnes)	6,600	9,500
Pyrite sales (tonnes)	124,000	134,000
Gross copper sales	\$28	\$24
Gross zinc sales	15	33
Other metal sales	12	8
Gross sales	55	65
Smelter processing charges and freight	(11)	(19)
Net sales	\$44	\$46
Cost analysis		
Tonnes of ore milled (thousands)	348	326
Direct production costs (\$ per tonne)	\$42	\$41
Direct production costs	\$15	\$13
Change in inventory	(2)	(1)
Depreciation and other non-cash costs	3	3
Operating costs	\$16	\$15
Operating earnings	\$28	\$31
Operating cash flow	\$31	\$40

The table below shows what contributed to the change in operating earnings and operating cash flow between 2008 and 2007.

<i>(millions)</i>	three months ended March 31
Lower metal prices, denominated in Canadian dollars	\$(1)
Lower sales volumes	(5)
Lower smelter processing charges and freight	4
Higher operating costs	(1)
Decrease in operating earnings, compared to 2007	\$(3)
Lower tax expense because of lower earnings	1
Changes in working capital	(7)
Decrease in operating cash flow, compared to 2007	\$(9)

The change in working capital this quarter is mainly because of the timing in paying tax installments.

Capital spending in 2008 will mainly be used to improve mill efficiencies

<i>(thousands)</i>	three months ended March 31			objective 2008
	2008	2007	change	
Capital spending	\$1,800	\$300	+500%	\$12,000

Spending this quarter was mainly for the copper flotation cells and other asset replacements and upgrades.

2008 outlook for capital spending

We expect to spend \$12 million in 2008, mainly for mine and mill equipment.

TROILUS

		three months ended March 31			objective
		2008	2007	change	2008
Tonnes of ore milled (000's)		1,400	1,635	-14%	6,600
Tonnes of ore milled per day		15,400	18,200	-14%	18,100
Strip ratio		1.2	0.9	+33%	1.1
Grades	gold (grams/tonne)	0.93	0.79	+18%	0.93
	copper (percent)	0.07	0.05	+40%	0.11
Mill recoveries (percent)	gold	84	80	+5%	83
	copper	91	84	+8%	92
Production	gold (ounces)	35,000	33,200	+5%	163,200
	copper (tonnes)	900	600	+50%	7,000
Cost per tonne of ore milled (C\$)		\$14	\$12	+17%	\$12

Mining of the J4 pit is complete

The J4 pit was completed this quarter. A final cut in the bottom recovered an additional 130,000 tonnes of ore grading over 1 gram per tonne of gold (about 3,500 recoverable ounces) that had not been previously included in the mine plan.

Throughput this quarter was lower than the first quarter of last year and below our expectations because of ore hardness and equipment failures. Even though fewer tonnes were milled in the quarter, gold production was five percent higher than last year because grades from the 87 pit were higher and because of extra tonnage from the J-4 pit. Gold recoveries this quarter were also higher than expected.

In January 2008, Troilus completed its program to upgrade the primary ball mill pumps to 1,500 horse power and secondary ball mill pumps to 1,000 horsepower. These investments should improve our throughput of softer ores in 2008.

2008 outlook for production and costs

We will continue with our plans to mine out the upper benches of the 87 pit and once these are complete we will have access to the higher grade, softer ore of the main 87 pit that has been undisturbed since early 2005. The pit will remain on track for completion in early 2009 and then stockpile recovery will begin. Troilus expects to meet targeted gold and copper production for the year.

Financial review

Higher gold prices helped earnings

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended March 31	
	2008	2007
Sales analysis		
Gold sales (ounces)	35,100	39,700
Copper sales (tonnes)	800	700
Gross gold sales	\$26	\$25
Gross copper sales	7	4
Other metal sales	1	1
Gross sales	34	30
Smelter processing charges and freight	(2)	(2)
Net sales	\$32	\$28
Cost analysis		
Tonnes of ore milled (thousands)	1,400	1,635
Direct production costs (\$ per tonne)	\$14	\$12
Direct production costs	\$20	\$20
Change in inventory	(1)	2
Depreciation and other non-cash costs	4	3
Operating costs	\$23	\$25
Operating earnings	\$9	\$3
Operating cash flow	\$6	\$-

The table below shows what contributed to the change in operating earnings and operating cash flow between 2008 and 2007.

<i>(millions)</i>	three months ended March 31
Higher metal prices denominated in Canadian dollars	\$7
Higher operating costs	(1)
Increase in operating earnings, compared to 2007	\$6
Changes in working capital	(2)
Other	2
Increase in operating cash flow, compared to 2007	\$6

OK TEDI

(100 percent)		three months ended March 31			objective 2008
		2008	2007	change	
Tonnes of ore milled (000's)		5,000	6,600	-24%	25,300
Tonnes of ore milled per day		54,900	72,500	-24%	69,000
Strip ratio		1.9	1.3	+46%	1.3
Grades	copper (percent)	0.9	0.8	+13%	0.8
	gold (grams/tonne)	1.0	0.8	+25%	1.2
Mill recoveries (percent)	copper	85	85	-	85
	gold	73	71	+3%	67
Production	copper (tonnes)	37,300	45,300	-18%	174,000
	gold (ounces)	118,500	126,700	-6%	674,000
Cost per tonne of ore milled (C\$)		\$24	\$17	+41%	\$18

Lower throughput this quarter

Ok Tedi's operations were affected this quarter by a four-day strike in March, and by problems with a conveyor belt. The strike lowered production by about 2,500 tonnes of copper contained in concentrates (Inmet's share - 450 tonnes) and 6,400 ounces of contained gold (Inmet's share - 1,200 ounces).

Throughput was lower in February and March because lower crusher availability and a broken conveyor belt reduced the amount of feed that could be delivered to the mill. A higher portion of harder skarn ore also lowered throughput.

2008 outlook for production and costs

We have not adjusted for the shortfall in production during the first quarter. Ok Tedi's 2008 objective has remained unchanged.

Financial review

Ok Tedi benefited from higher copper and gold prices

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended March 31	
	2008	2007
Sales analysis at 18%		
Copper sales (tonnes)	7,400	7,700
Gold sales (ounces)	20,200	22,200
Gross copper sales	\$68	\$56
Gross gold sales	17	16
Other metal sales	1	1
Gross sales	86	73
Smelter processing charges and freight	(9)	(12)
Net sales	\$77	\$61
Cost analysis at 18%		
Tonnes of ore milled (thousands)	900	1,200
Direct production costs (\$ per tonne)	\$24	\$17
Direct production costs	\$20	\$20
Change in inventory	1	(1)
Depreciation and other non-cash costs	2	2
Operating costs	\$23	\$21
Operating earnings	\$54	\$40
Operating cash flow	\$39	\$8

The table below shows what contributed to the change in operating earnings and operating cash flow between 2008 and 2007.

<i>(millions)</i>	three months ended March 31
Higher metal prices, denominated in Canadian dollars	\$17
Lower sales volumes	(3)
Lower smelter processing charges	5
Higher variable compensation	(2)
Higher operating costs	(3)
Increase in operating earnings, compared to 2007	\$14
Decreased tax expense because of lower taxable earnings	1
Changes in net working capital	16
Increase in operating cash flow, compared to 2007	\$31

The change in working capital this quarter reflects lower accounts receivable due to timing of payments.

The mine waste management program is expected to be completed mid-year

Ok Tedi's capital spending this quarter was mainly for the mine waste management program.

<i>(18 percent)</i>	three months ended March 31			objective
	2008	2007	change	2008
Capital spending	\$8,000	\$6,200	+29%	\$23,000

2008 outlook for capital spending

Ok Tedi plans to spend \$130 million (Inmet's 18 percent share is \$23 million) in 2008. Of the \$130 million, about \$43 million will be for the mine waste management program, \$27 million for the pit drainage tunnel, and the rest for mine equipment and other sustaining capital.

Status of our development projects

Las Cruces

Quarterly development update

Plant construction

In the first quarter Las Cruces had completed the following:

- 70 percent of construction
- 81 percent of total physical progress.

Work is progressing on schedule. We have established our operations team, and it has been working closely with the contractors to refine procedures and ensure a smooth and rapid commissioning period beginning in late July.

Mining progress and direct ore shipping

A total of 3.9 million cubic metres of waste were removed from the mine during the first quarter, including waste for the phase two pit extension. Mining costs continue to be below budget because of more efficient blasting and haulage.

Las Cruces is progressing with its plan to selectively mine and crush approximately 130,000 tonnes of high grade ore and ship it directly to smelters. We still expect to sell 130,000 tonnes of ore and have confirmed orders to sell the majority of this material commencing in June. This should result in the production of approximately 18,000 tonnes of copper.

At the same time, ore will be stockpiled in preparation for the plant start-up in the fourth quarter. The build-up of the stockpile will permit blending of the ore to ensure optimal feed for start-up.

2008 outlook for development and operations

Las Cruces construction is on schedule and we expect copper cathode production to begin in the fourth quarter. By March 31, 2008, €381 million had been spent or committed on the project, and we expect to spend the balance in 2008. Las Cruces will start generating revenue in 2008 with the shipment of high grade copper ore beginning in June and copper cathode beginning in the fourth quarter.

The table below shows the spending this quarter and the amount required for the balance of 2008 to complete construction:

(millions)	Spending	Lending under Tranche A of credit facility	Subsidies received	Funding from project sponsors
Up to March 31, 2008	€345	€113	€8	€231
Remainder of 2008	118	58	45	8
	€463	€171	€53	€239

The table below shows expected production for 100 percent of Las Cruces

	2008 target	2009 target
Tonnes of ore processed (thousands)	240	800
Strip ratio	28	32
Copper grades (percent)	12	9
Copper production (tonnes)	27,000	64,000
Smelter processing charges and freight for crushed ore sales (C \$ per tonne)	\$210	-
Direct production cost of ore processed (C \$ per tonne)	\$172	\$150

CERATTEPE

Quarterly development update

On March 26, 2008, we received notice from the Rize Administrative Court of its decision to grant an injunction against the Cerattepe project. See *Managing risk* at page 29 for more details. The Turkish Ministry of Energy and Natural Resources has appealed the decision and we have joined in that process. The injunction prevents any further development work on the property. If the appeal succeeds, work would continue while we wait for the Court to make its final decision on the applications to cancel the operating licences. We expect the Court to reach its decision about the applications to cancel by the end of 2008.

Although we are disappointed with the decision to grant an injunction, we will continue with our efforts to advance the Cerattepe project. We continue to maintain an active campaign of community dialogue and engagement to reinforce support for the project.

The following work was underway this quarter:

Underground development

Ramp development reached 350 metres by the end of March. A further 400 metres is required to reach the orebody. Mobile equipment for the mine has been ordered.

Aerial tramway

Detailed engineering has progressed and ropeway components are now ready to ship to the site. We are in the process of obtaining permits for the tramway to be installed by the end of 2008.

Çayeli mill expansion

The mill needs to increase its capacity from 1.2 million tonnes per year to 1.5 million tonnes per year. This requires a new grinding and flotation section as well as a small SAG mill and a ball mill. The design is ongoing and major equipment has been ordered.

2008 outlook for development

We plan to continue to move the project forward and hope to start production by the end of the first quarter of 2009, subject to the outcome of current legal proceedings (see *Managing Risk – Cerattepe legal proceedings*). To date we have spent and committed capital of \$53 million.

PETAQUILLA

Quarterly development update

On March 26, 2008, we entered into an agreement with Teck Cominco Limited to proceed with the development of the Petaquilla copper project in Panama. Under the agreement we will work closely with Teck Cominco during the next crucial phase of project development, acting as operator of the project on behalf of Teck Cominco and will fund our and Teck Cominco's share of project expenditures for an interim period that will end once we have contributed US \$50 million in development costs that have been incurred on the project or September 30, 2009, whichever is earlier.

At the end of the interim period, Teck Cominco must choose either to continue participating in the project and resume funding, or to sell its interest.

The following work was underway this quarter:

Front End Engineering and Design (FEED) study

Work is continuing on this study and a project review team is currently studying opportunities to reduce capital costs and enhance project economics. The targeted completion date for the final study is the first half of 2009.

Drilling

Drilling to expand the resource, to confirm prospective locations for plant and other facilities and to provide geotechnical information for engineering work is continuing.

Plant and equipment

We have received proposals for the construction of the SAG and ball mills. Because of the long lead times we have placed an order for two SAG mills and four ball mills subject to cancellation terms.

Baseline work for the social and environmental impact assessment

Work is progressing in this area and we expect to submit our impact assessment to the Panamanian environmental authorities in the second quarter of 2009.

Petaquilla team in Panama

We have started building a dedicated team to lead all development, engineering, technical, environmental and permitting activities in Panama.

2008 outlook for development

Petaquilla is expected to spend approximately \$75 million on the project in 2008 to complete the FEED study as well as ordering long lead time capital equipment. The capital items must be ordered at this stage of development to maintain the project schedule.

Managing our liquidity

(millions)	three months ended	
	2008	March 31 2007
CASH FROM OPERATING ACTIVITIES		
Çayeli	\$15	\$60
Pyhäsalmi	31	40
Troilus	6	-
Ok Tedi	39	8
Corporate development and exploration not included in operation's cash flow	(2)	(1)
General and administration	(4)	(3)
Other	(8)	1
	77	105
CASH FROM INVESTING AND FINANCING		
Capital spending	(111)	(52)
Long-term borrowings	50	14
Funding from non-controlling shareholder	15	5
Foreign exchange on cash held in foreign currency	37	(3)
Other	(3)	(11)
	(12)	(47)
Increase in cash	65	58
Cash and short-term investments		
Beginning of period	841	640
End of period	\$906	\$698

OPERATING ACTIVITIES

Key components of the change in operating cash flows

(millions)	three months ended
	March 31
Higher earnings from operations (see page 4)	\$10
Non-cash changes in operating earnings:	
Increased tax expense	(5)
Changes in working capital	(32)
Other	(1)
Decrease in operating cash flow, compared to 2007	\$(28)

Operating cash flows are lower this quarter compared to 2007 because working capital is higher from higher accounts receivable at Çayeli, and payment of corporate year-end incentive bonuses were higher this year.

2008 outlook for operating activities

Based on our outlook for metal prices and production, we expect our operating cash flows for our operating mines to be in a similar range for 2008 as they were for 2007 and we expect operating cash flows from the start of production at Las Cruces.

INVESTING AND FINANCING

Capital spending

(millions)	three months ended		<i>revised</i>
	2008	March 31 2007	<i>objective</i> 2008
Çayeli	\$6	\$5	\$23
Pyhäsalmi	2	-	12
Troilus	-	-	1
Ok Tedi	8	7	23
Las Cruces	92	38	342
Cerattepe	3	2	53
	\$111	\$52	\$454

Please see *Results of our operations* and *Status of our development projects* for a discussion of actual results and our 2008 objective.

Las Cruces borrowed an additional €26 million this quarter, bringing the total amount borrowed under Tranche A of its credit facility to €113 million.

2008 outlook for investing and financing

We expect capital spending to be \$454 million in 2008:

- \$325 million for the continuing development of the Las Cruces mine and \$17 million for its sustaining capital
- \$53 million for development at Cerattepe assuming the injunction is lifted
- \$8 million for the mine waste management program and \$5 million for drainage tunnel underground work at Ok Tedi.

We will finance the spending at Las Cruces through a combination of debt, government subsidies and sponsor contributions (see page 22). On June 30, 2008, the credit facility will be converted from a euro facility to a US dollar facility. Repayments will be made in US dollars and interest will be calculated using US Libor rates.

We also expect to invest \$36 million (our 48 percent share) for FEED studies and the deposits required for long lead time equipment at Petaquilla. This will be funded from Inmet's current cash balances.

Financial condition

CASH

Our cash and equivalents balance of \$906 million at March 31, 2008 included cash and money market instruments that mature in 90 days or less from the date of acquisition, and short-term investments that mature in 91 days to a year.

Cash and short-term investments were generally held in:

- short-term debt instruments issued by Canadian Crown Corporations
- AAA rated money market funds managed by leading international fund managers investing in money market and short-term debt securities and fixed income securities issued by leading international financial institutions and their sponsored securitization vehicles
- cash and term and overnight deposits with leading Canadian and international financial institutions.

Our restricted cash balance of \$49 million included:

- \$14 million in trust for future rehabilitation at Ok Tedi
- \$14 million of cash collateralized letters of credit for Inmet
- \$21 million related to issuing letters of credit to suppliers at Las Cruces.

COMMON SHARES

Common shares outstanding as of	
March 31, 2008 and April 29, 2008	48,281,759
Deferred share units outstanding as of	
March 31, 2008	76,143
(redeemable on a one-for-one basis for common shares)	

Dividend declaration

Inmet's board of directors has declared an eligible dividend of \$0.10 per common share payable on June 15, 2008 to shareholders of record as at May 31, 2008.

FINANCIAL INSTRUMENTS

The table below shows the gold and copper forward sales, and the currency and interest rate hedges (and their marked-to-market valuations) recorded on our balance sheet at the end of this quarter.

Type of contract	Expiry	Quantity	Price	C\$ marked-to-market gain (loss) at March 31, 2008
Copper forward sales				
Ok Tedi	2008	2.6 million lbs	US \$2.78 per lb	
	2009	3.2 million lbs	US \$2.41 per lb	
		5.8 million lbs	US \$2.58 per lb	\$(6.5 million) ⁽¹⁾
Gold forward sales				
Troilus	2008	43,700 ounces	US \$352 per oz.	\$(26.5 million) ⁽²⁾
Ok Tedi	2008	3,400 ounces	US \$372 per oz.	
	2010	3,600 ounces	US \$748 per oz.	
	2011	3,600 ounces	US \$775 per oz.	
	2012	3,600 ounces	US \$803 per oz.	
	2013	1,800 ounces	US \$825 per oz.	
		16,000 ounces	US \$695 per oz.	\$(6.8 million) ⁽²⁾
Currency forward sales				
Las Cruces	2008	US \$215 million	€171.80 million	\$54.3 million
Interest rate swaps				
Las Cruces	2008 to 2014	US \$179 million <small>(reducing in conjunction with debt repayment schedule)</small>	5.2 percent	\$(14.5 million)

(1) At a copper price of US \$3.86 per pound.

(2) At a gold price of US \$933 per ounce.

The currency forward sale at Las Cruces expires June 30, 2008. This forward sale has been accounted for as a hedge against the conversion of the euro denominated credit facility to a US dollar denominated facility. On June 30, assuming we maintain a gain position; we will receive cash on settlement. If the hedge remains effective at June 30, this cash (or deferred gain) will increase the carrying value of the loan and will be amortized as a reduction to interest expense over the term of the loan.

Managing risk

The following is an update to the discussion, only where required, of the key risks associated with our business and the strategies we use to manage them. You can find the full discussion in our 2007 annual review.

Development at Las Cruces

Las Cruces is a development project, and while we are confident that the project will add value as planned, there are still significant risks to completing the project as planned, particularly in the ability of Las Cruces contractors to meet critical construction milestones.

While there are rigorous controls on contractor performance, progress depends on the abilities of the Las Cruces owner team and construction manager to hire the necessary people and effectively manage them.

A local non-governmental group has initiated several legal proceedings claiming that various government approvals for the project were not granted according to regulatory requirements. We believe these claims are without merit and are vigorously defending against them. Two of these proceedings were dismissed in 2006. Two other proceedings are still outstanding.

Cerattepe legal proceedings

After the Turkish Administrative Supreme Court reinstated the project operating licences on procedural grounds in April 2007, the plaintiffs in the prior proceedings re-filed applications to have the licences cancelled with the newly created Rize Administrative Court, and also made applications to stop work on the property and to cancel a lease of the land where the ropeway terminus will be located.

We joined the proceedings as an intervener and, together with the Turkish Ministry of Energy and Natural Resources, have filed defences to the application to cancel, which we continue to believe are without merit.

On March 26, 2008 we received notice from the Rize Administrative Court of its decision to grant an injunction against the Cerattepe project. As a result, our subsidiary Artvin Bakir Maden Isletmeleri, A.S. (ABMI) is prevented from carrying out further development work on the Cerattepe property.

The main defendant in the legal proceedings is the Turkish Ministry of Energy and Natural Resources (ABMI is a co-defendant). The Ministry has appealed the injunction decision to the Trabzon District Administrative Court, and we expect that court will rule on the appeal in May 2008.

If the appeal succeeds, ABMI will begin work on the property again and continue development activities until the Rize Administrative Court makes its final decision on the cancellation applications. The status of the operating licences would still remain subject to such decision.

Although we are disappointed with the decision to grant an injunction, we will continue with our efforts concerning the Cerattepe project. If the Ministry's appeal concerning the injunction is not successful or if the Rize Administrative court decides the licenses should be cancelled, the project's development schedule will be delayed.

Sensitivity analysis

The table below shows you the effect of key variables on our net income, based on our 2008 objectives.

	A change of:	Would change our 2008 net income by:	Would change our 2008 net income per share by:
Metal prices			
Copper (per pound)	US \$0.30	\$44 million	\$0.90
Zinc (per pound)	US \$0.10	\$8 million	\$0.16
Gold (per ounce) (1)	US \$100	\$17 million	\$0.35
Exchange rates			
Canadian dollar per US dollar	C\$0.10	\$56 million	\$1.17
Canadian dollar per euro	C\$0.10	\$5 million	\$0.11
Treatment and refining charges			
Copper treatment charge per tonne and copper refining charge per pound	US \$10		
	US \$0.10	\$4 million	\$0.08
Zinc treatment charge per tonne	US \$10	\$1 million	\$0.02
Freight and energy costs			
Concentrate freight per tonne	10%	\$3 million	\$0.07
Fuel price per litre	\$0.10	\$4 million	\$0.08
Electricity per kilowatt hour	\$0.01	\$5 million	\$0.09

(1) Calculations include hedging in place at December 31, 2007.

Accounting changes

We adopted a new section of the CICA Handbook:

Section 3031 - Inventories

Effective January 1, 2008, we adopted CICA Handbook section 3031 – *Inventory* on a prospective basis. This Section requires inventory to be measured at cost or net realizable value — whichever is lower.

The section also clarifies the allocation of fixed production overhead, requires consistent use of either first-in, first-out or weighted average to measure inventories, requires insurance and capital spares be accounted for as property, plant and equipment and requires that any previous write-downs be reversed when the value of inventories increases. The amount of the reversal is limited to the amount of the original write-down.

As a result, certain administrative and other costs that were previously included in the cost of inventory are now expensed as incurred. Metal inventory and materials and supplies are measured at weighted average cost or net realizable value – whichever is lower.

This change in policy had the following impact on our first quarter 2008 financial statements:

- decreased opening 2008 inventory by \$5.2 million
- increased opening 2008 property, plant and equipment by \$2.4 million
- decreased opening 2008 future income tax liability by \$0.6 million
- decreased opening 2008 retained earnings by \$2.2 million.

Recently issued accounting pronouncement:

Section 3064 - Goodwill and intangible assets

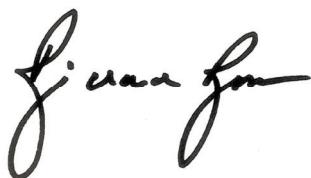
This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. This section replaces Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. It provides guidance for the recognition of internally developed intangible assets and ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. Standards concerning goodwill are unchanged from the standards included in the previous section. This section will become effective for us beginning on January 1, 2009. We are currently assessing the impact this change in accounting policy will have on our consolidated financial statements.

Supplementary financial information

Page 32 includes supplementary financial information on cash costs. These measures do not fall into the category of generally accepted accounting principles.

We use unit cash cost information as a key performance indicator, both on a segment basis and consolidated basis. We have included cash costs as supplementary information because we believe our key stakeholders use this measure as a financial indicator of our profitability and cash flows before the effects of capital investment and financing costs, such as interest.

Since cash costs is not a recognized measure under Canadian generally accepted accounting principles it should not be considered in isolation of earnings or cash flows. There is also no standard way to calculate them, so they are not a reliable way to compare us to other companies.



Richard A. Ross
*Chairman and
Chief Executive Officer*



Jochen Tilk
*President and
Chief Operating Officer*

Toronto, Canada
April 29, 2008

INMET MINING CORPORATION

Supplementary financial information

Cash costs

2008 For the three months ended March 31

	per pound of copper			TOTAL COPPER	per ounce of gold
	ÇAYELI	PYHÄSALMI	OK TEDI		TROILUS
(US dollars)					
Direct production costs	\$1.06	\$1.90	\$1.27	\$1.30	\$567
Royalties and variable compensation	0.24	-	0.11	0.15	-
Smelter processing charges and freight	1.19	1.16	0.55	0.95	62
Metal credits	(1.86)	(3.90)	(1.37)	(2.07)	(237)
Cash cost	\$0.63	(\$0.84)	\$0.56	\$0.33	\$392

2007 For the three months ended March 31

	per pound of copper			TOTAL COPPER	per ounce of gold
	ÇAYELI	PYHÄSALMI	OK TEDI		TROILUS
(US dollars)					
Direct production costs	\$0.97	\$1.62	\$0.92	\$1.06	\$498
Royalties and variable compensation	0.11	-	-	0.04	-
Smelter processing charges and freight	0.90	2.01	0.57	0.94	58
Metal credits	(1.79)	(5.13)	(0.84)	(1.94)	(108)
Cash cost	\$0.19	(\$1.50)	\$0.65	\$0.10	\$448

Reconciliation of cash costs to statements of earnings

2008 For the three months ended March 31

	per pound of copper			TOTAL COPPER	per ounce of gold
	ÇAYELI	PYHÄSALMI	OK TEDI		TROILUS
(millions of Canadian dollars, except where otherwise noted)					
GAAP reference	page 15	page 17	page 21		page 19
Direct production costs	\$23	\$15	\$20	\$58	\$20
Smelter processing charges and freight	22	11	9	42	2
By product sales	(37)	(27)	(18)	(82)	(8)
Adjust smelter processing and freight, and sales to production basis	3	(5)	(2)	(4)	-
Operating costs net of metal credits	\$11	(\$6)	\$9	\$14	\$14
US \$ to C\$ exchange rate	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Inmet's share of production (000's)	18,000	7,800	14,800	40,600	35,000
Cash cost	\$0.63	(\$0.84)	\$0.56	\$0.33	\$392

2007 For the three months ended March 31

	per pound of copper			TOTAL COPPER	per ounce of gold
	ÇAYELI	PYHÄSALMI	OK TEDI		TROILUS
(millions of Canadian dollars, except where otherwise noted)					
GAAP reference	page 15	page 17	page 21		page 19
Direct production costs	\$21	\$13	\$20	\$54	\$20
Smelter processing charges and freight	31	19	12	62	2
By product sales	(59)	(41)	(17)	(117)	(5)
Adjust smelter processing and freight, and sales to production basis	11	(4)	(1)	6	-
Operating costs net of metal credits	\$4	(\$13)	\$14	\$5	\$17
US \$ to C\$ exchange rate	\$1.17	\$1.17	\$1.17	\$1.17	\$1.17
Inmet's share of production (000's)	16,400	7,000	18,000	41,400	33,200
Cash cost	\$0.19	(\$1.50)	\$0.65	\$0.10	\$448

INMET MINING CORPORATION

Quarterly review

(unaudited)

Latest Four Quarters

	2008	2007	2007	2007
	First	Fourth	Third	2007
(thousands of Canadian dollars, except per share amounts)	quarter	quarter	quarter	Second quarter
STATEMENTS OF EARNINGS				
Gross sales	\$ 276,281	\$ 224,773	\$ 272,293	\$ 320,018
Smelter processing charges and freight	(44,157)	(43,902)	(42,557)	(55,413)
Cost of sales	(79,246)	(78,809)	(72,057)	(78,181)
Depreciation	(9,170)	(9,480)	(8,739)	(8,039)
	143,708	92,582	148,940	178,385
Corporate development and exploration	(2,618)	(3,510)	(2,895)	(1,836)
General and administration	(3,648)	(12,622)	(2,674)	(2,162)
Investment and other income	14,754	5,968	9,644	13,415
Interest expense	(447)	(407)	(424)	(424)
Capital tax (expense) recovery	(126)	212	(273)	(274)
Income tax expense	(44,744)	(18,551)	(37,649)	(48,509)
Non-controlling interest	(205)	(27)	167	(545)
Net income	\$ 106,674	\$ 63,645	\$ 114,836	\$ 138,050
Net income per common share	\$ 2.21	\$ 1.32	\$ 2.38	\$ 2.86
Diluted net income per common share	\$ 2.21	\$ 1.32	\$ 2.37	\$ 2.86

Previous Four Quarters

	2007	2006	2006	2006
	First	Fourth	Third	2006
(thousands of Canadian dollars, except per share amounts)	quarter	quarter	quarter	Second quarter
STATEMENTS OF EARNINGS				
Gross sales	\$ 286,614	\$ 258,911	\$ 301,100	\$ 317,624
Smelter processing charges and freight	(64,606)	(65,005)	(60,270)	(63,668)
Cost of sales	(79,377)	(67,868)	(73,394)	(78,778)
Depreciation	(9,415)	(9,057)	(9,025)	(8,225)
	133,216	116,981	158,411	166,953
Corporate development and exploration	(842)	(4,136)	(2,708)	(1,456)
General and administration	(2,840)	(6,128)	(2,618)	(2,624)
Investment and other income	7,427	17,972	1,759	2,940
Interest expense	(438)	(425)	(412)	(391)
Capital tax (expense) recovery	(274)	-	41	(246)
Income tax expense	(35,376)	(26,679)	(42,902)	(33,240)
Non-controlling interest	205	(165)	11	154
Net income	\$ 101,078	\$ 97,420	\$ 111,582	\$ 132,090
Net income per common share	\$ 2.09	\$ 2.02	\$ 2.31	\$ 2.74
Diluted net income per common share	\$ 2.09	\$ 2.02	\$ 2.31	\$ 2.74

INMET MINING CORPORATION
Consolidated financial statements
March 31, 2008

These financial statements have not been reviewed by Inmet Mining Corporation's external auditors.

INMET MINING CORPORATION

Consolidated balance sheets

(thousands of Canadian dollars)	March 31 2008	December 31 2007
	(unaudited)	
Assets		
Current assets:		
Cash and short-term investments (note 5)	\$906,044	\$840,823
Restricted cash (note 6)	6,369	1,569
Accounts receivable	188,262	131,197
Inventories (note 2)	56,207	52,725
Future income tax asset	12,164	14,515
	1,169,046	1,040,829
Restricted cash (note 6)	43,029	37,205
Property, plant and equipment	1,042,783	870,965
Investments (note 7)	40,040	32,266
Future income tax asset	9,395	7,884
Derivatives (note 8)	54,340	33,565
Other assets	8,992	25,751
	\$2,367,625	\$2,048,465
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$172,086	\$172,800
Current portion of long-term debt	14,539	12,971
	186,625	185,771
Long-term debt (note 9)	334,418	234,317
Reclamation liabilities (note 10)	91,224	84,017
Derivatives (note 8)	54,287	43,960
Other liabilities	23,918	19,249
Future income tax liabilities	41,953	37,084
Non-controlling interest	60,126	51,574
	792,551	655,972
Commitments (note 11)		
Shareholders' equity		
Share capital	337,464	337,464
Contributed surplus	61,173	60,722
Stock based compensation	1,157	1,085
Retained earnings	1,181,436	1,076,958
Accumulated other comprehensive loss (note 12)	(6,156)	(83,736)
	1,575,074	1,392,493
	\$2,367,625	\$2,048,465

(see accompanying notes)

INMET MINING CORPORATION

Segmented balance sheets

2008 As at March 31

(unaudited)	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	
Assets							
Cash and short-term investments	\$364,092	\$312,948	\$151,721	\$ -	\$44,943	\$32,340	\$906,044
Other current assets	23,441	65,230	50,252	27,122	47,466	49,491	263,002
Restricted cash	14,444	-	-	-	13,545	15,040	43,029
Property, plant and equipment	653	125,794	71,238	28,218	71,861	745,019	1,042,783
Investments	40,040	-	-	-	-	-	40,040
Derivatives	-	-	-	-	-	54,340	54,340
Other assets	6,977	335	-	6,289	4,786	-	18,387
	\$449,647	\$504,307	\$273,211	\$61,629	\$182,601	\$896,230	\$2,367,625
Liabilities							
Current liabilities	\$5,283	\$48,948	\$14,732	\$12,190	\$32,375	\$73,097	\$186,625
Long-term debt	18,375	-	-	-	-	316,043	334,418
Reclamation liabilities	24,299	3,339	14,911	7,767	20,577	20,331	91,224
Derivatives	-	-	-	26,474	13,269	14,544	54,287
Other liabilities	5,013	4,758	-	291	1,527	12,329	23,918
Future income tax liabilities	-	17,250	7,992	-	2,701	14,010	41,953
Non-controlling interest	-	-	-	-	-	60,126	60,126
	\$52,970	\$74,295	\$37,635	\$46,722	\$70,449	\$510,480	\$792,551

2007 As at December 31

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	
Assets							
Cash and short-term investments	\$359,359	\$333,671	\$111,492	\$ -	\$13,473	\$22,828	\$840,823
Other current assets	23,455	29,384	55,069	23,644	38,162	30,292	200,006
Restricted cash	14,444	-	-	-	11,836	10,925	37,205
Property, plant and equipment	629	115,064	63,147	28,413	63,655	600,057	870,965
Investments	32,266	-	-	-	-	-	32,266
Derivatives	-	-	-	-	-	33,565	33,565
Other assets	22,343	441	-	6,289	2,101	2,461	33,635
	\$452,496	\$478,560	\$229,708	\$58,346	\$129,227	\$700,128	\$2,048,465
Liabilities							
Current liabilities	\$16,948	\$39,161	\$14,560	\$11,972	\$21,487	\$81,643	\$185,771
Long-term debt	16,267	-	-	-	-	218,050	234,317
Reclamation liabilities	24,393	3,169	13,104	7,662	19,708	15,981	84,017
Derivatives	-	-	-	26,889	9,034	8,037	43,960
Other liabilities	5,057	4,787	-	-	1,412	7,993	19,249
Future income tax liabilities	-	17,723	7,393	-	-	11,968	37,084
Non-controlling interest	-	-	-	-	-	51,574	51,574
	\$62,665	\$64,840	\$35,057	\$46,523	\$51,641	\$395,246	\$655,972

INMET MINING CORPORATION
Consolidated statements of earnings

(unaudited)

(thousands of Canadian dollars except per share amounts)	Three Months Ended March 31	
	2008	2007
Gross sales	\$276,281	\$286,614
Smelter processing charges and freight	(44,157)	(64,606)
Cost of sales	(79,246)	(79,377)
Depreciation	(9,170)	(9,415)
	143,708	133,216
Corporate development and exploration	(2,618)	(842)
General and administration	(3,648)	(2,840)
Investment and other income (note 13)	14,754	7,427
Interest expense	(447)	(438)
Capital tax expense	(126)	(274)
Income tax expense (note 14)	(44,744)	(35,376)
Non-controlling interest	(205)	205
Net income	\$106,674	\$101,078
Basic and diluted net income per common share (note 15)	\$2.21	\$2.09
Weighted average shares outstanding (000's)	48,282	48,278
(see accompanying notes)		

INMET MINING CORPORATION
Segmented statements of earnings

(unaudited)

2008 For the three months ended March 31

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	
Gross sales	\$ -	\$100,616	\$54,908	\$34,251	\$86,506	\$ -	\$276,281
Smelter processing charges and freight	-	(22,013)	(10,820)	(2,187)	(9,137)	-	(44,157)
Cost of sales	(494)	(22,575)	(13,944)	(21,011)	(21,222)	-	(79,246)
Depreciation	-	(2,373)	(2,150)	(2,418)	(2,229)	-	(9,170)
	(494)	53,655	27,994	8,635	53,918	-	143,708
Corporate development and exploration	(1,977)	(70)	(566)	(5)	-	-	(2,618)
General and administration	(3,648)	-	-	-	-	-	(3,648)
Investment and other income (expense)	10,561	4,861	-	1,361	(2,862)	833	14,754
Interest expense	(447)	-	-	-	-	-	(447)
Capital tax recovery	(126)	-	-	-	-	-	(126)
Income tax expense	-	(19,124)	(6,023)	-	(19,347)	(250)	(44,744)
Non-controlling interest	-	-	-	-	-	(205)	(205)
Net income	\$3,869	\$39,322	\$21,405	\$9,991	\$31,709	\$378	\$106,674

2007 For the three months ended March 31

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	
Gross sales	\$ -	\$117,734	\$65,340	\$30,242	\$73,298	\$ -	\$286,614
Smelter processing charges and freight	-	(31,168)	(18,614)	(2,693)	(12,131)	-	(64,606)
Cost of sales	(488)	(24,434)	(12,923)	(22,028)	(19,504)	-	(79,377)
Depreciation	-	(2,697)	(2,361)	(2,709)	(1,648)	-	(9,415)
	(488)	59,435	31,442	2,812	40,015	-	133,216
Corporate development and exploration	(747)	(209)	(461)	575	-	-	(842)
General and administration	(2,840)	-	-	-	-	-	(2,840)
Investment and other income (expense)	8,135	(315)	-	292	-	(685)	7,427
Interest expense	(438)	-	-	-	-	-	(438)
Capital tax expense	(274)	-	-	-	-	-	(274)
Income tax expense	(181)	(13,671)	(6,907)	-	(14,617)	-	(35,376)
Non-controlling interest	-	-	-	-	-	205	205
Net income (loss)	\$3,167	\$45,240	\$24,074	\$3,679	\$25,398	(\$480)	\$101,078

INMET MINING CORPORATION

Consolidated statements of cash flows

(unaudited)

Three Months Ended March 31

(thousands of Canadian dollars)

2008

2007

Cash provided by (used in) operating activities ⁽¹⁾

Net income	\$106,674	\$101,078
Add (deduct) items not affecting cash:		
Gain on disposition of investments	(256)	-
Depreciation	9,170	9,415
Future income tax	2,917	(1,735)
Accretion expense on reclamation liabilities	1,021	924
Non-controlling interest	205	(205)
Other	(5,438)	897
Reclamation costs	(521)	(480)
Net change in non-cash working capital (note 4)	(37,022)	(4,914)
	<u>76,750</u>	<u>104,980</u>

Cash provided by (used in) investing activities

Capital spending	(111,414)	(51,935)
Disposition of investments	1,521	-
Sale of short-term investments	300,424	120,176
Other	-	(46)
	<u>190,531</u>	<u>68,195</u>

Cash provided by (used in) financing activities

Long-term debt borrowings (note 9)	50,346	13,840
Funding by non-controlling shareholder	15,129	4,648
Financial assurance deposits	(7,494)	(9,930)
Subsidies received	3,233	-
Other	(46)	(1,198)
	<u>61,168</u>	<u>7,360</u>

Foreign exchange change on cash held in foreign currency

<u>37,196</u>	<u>(2,509)</u>
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Increase in cash

365,645	178,026
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Cash:

Beginning of period	<u>522,505</u>	384,610
End of period	888,150	562,636

Short-term investments

<u>17,894</u>	<u>135,553</u>
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Cash and short-term investments

<u>\$906,044</u>	<u>\$698,189</u>
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(see accompanying notes)

⁽¹⁾ Supplementary cash flow information:

Cash interest paid	\$3,398	\$640
Cash taxes paid	\$15,212	\$12,371

INMET MINING CORPORATION
Segmented statements of cash flows

(unaudited)

2008 For the three months ended March 31

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDİ	LAS CRUCES	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	
Cash provided by (used in) operating activities							
Before net change in non-cash working capital	(\$2,672)	\$40,914	\$24,114	\$12,675	\$38,741	\$ -	\$113,772
Net change in non-cash working capital	(12,077)	(25,914)	7,124	(6,197)	42	-	(37,022)
	<u>(14,749)</u>	<u>15,000</u>	<u>31,238</u>	<u>6,478</u>	<u>38,783</u>	<u>-</u>	<u>76,750</u>
Cash provided by (used in) investing activities							
Capital spending	(32)	(8,883)	(1,759)	(247)	(7,959)	(92,534)	(111,414)
Disposition of investments	1,521	-	-	-	-	-	1,521
Sale of short-term investments	300,424	-	-	-	-	-	300,424
	<u>301,913</u>	<u>(8,883)</u>	<u>(1,759)</u>	<u>(247)</u>	<u>(7,959)</u>	<u>(92,534)</u>	<u>190,531</u>
Cash provided by (used in) financing activities							
	(45)	-	-	-	(615)	61,828	61,168
Foreign exchange change on cash held in foreign currency							
	-	15,933	15,375	-	1,143	4,745	37,196
Intergroup funding (distributions)							
	18,038	(42,773)	(4,625)	(6,231)	118	35,473	-
Increase (decrease) in cash	305,157	(20,723)	40,229	-	31,470	9,512	365,645
Cash:							
Beginning of period	41,041	333,671	111,492	-	13,473	22,828	522,505
End of period	346,198	312,948	151,721	-	44,943	32,340	888,150
Short-term investments	17,894	-	-	-	-	-	17,894
Cash and short-term investments	\$364,092	\$312,948	\$151,721	\$ -	\$44,943	\$32,340	\$906,044

2007 For the three months ended March 31

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDİ	LAS CRUCES	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	
Cash provided by (used in) operating activities							
Before net change in non-cash working capital	\$3,969	\$51,242	\$26,523	\$4,625	\$23,535	\$ -	\$109,894
Net change in non-cash working capital	(7,568)	8,348	13,973	(4,140)	(15,527)	-	(4,914)
	<u>(3,599)</u>	<u>59,590</u>	<u>40,496</u>	<u>485</u>	<u>8,008</u>	<u>-</u>	<u>104,980</u>
Cash provided by (used in) investing activities							
Capital spending	(24)	(7,332)	(284)	(166)	(6,463)	(37,666)	(51,935)
Sale of short-term investments	91,825	17,576	-	-	10,775	-	120,176
Other	-	-	-	(46)	-	-	(46)
	<u>91,801</u>	<u>10,244</u>	<u>(284)</u>	<u>(212)</u>	<u>4,312</u>	<u>(37,666)</u>	<u>68,195</u>
Cash provided by (used in) financing activities							
	(335)	-	-	(1,000)	(877)	9,572	7,360
Foreign exchange change on cash held in foreign currency							
	-	(2,491)	589	-	(483)	(124)	(2,509)
Intergroup funding (distributions)							
	(6,420)	(669)	(4,698)	727	-	11,060	-
Increase (decrease) in cash	81,447	66,674	36,103	-	10,960	(17,158)	178,026
Cash:							
Beginning of period	39,899	159,195	119,260	-	33,972	32,284	384,610
End of period	121,346	225,869	155,363	-	44,932	15,126	562,636
Short-term investments	135,553	-	-	-	-	-	135,553
Cash and short-term investments	\$256,899	\$225,869	\$155,363	\$ -	\$44,932	\$15,126	\$698,189

INMET MINING CORPORATION

Consolidated statements of retained earnings

(unaudited)

(thousands of Canadian dollars)	Three Months Ended March 31	
	2008	2007
Retained earnings, beginning of period, as previously reported	\$1,076,958	\$676,747
Adjustment for inventory (note 2)	(2,196)	-
Retained earnings, restated	1,074,762	676,747
Net income	106,674	101,078
Retained earnings, end of period (see accompanying notes)	\$1,181,436	\$777,825

Consolidated statements of comprehensive income

(unaudited)

(thousands of Canadian dollars)	Three Months Ended March 31	
	2008	2007
Net income	\$106,674	\$101,078
Other comprehensive income (loss) for the period :		
Changes in fair value of gold forward sales contracts ⁽¹⁾	(9,634)	(670)
Changes in fair value of interest rate swap contracts ⁽²⁾	(2,929)	(134)
Changes in fair value of foreign exchange forward contracts ⁽³⁾	7,612	821
Changes in fair value of investments ⁽⁴⁾	(6,106)	16,900
Currency translation adjustments	75,369	(3,243)
Reclassification to net income of gains/losses realized:		
Gain on sale of investment	(256)	-
Troilus gold hedge loss	6,997	3,819
Ok Tedi gold hedge loss	1,013	-
Foreign exchange loss on reduction of net investment in self-sustaining foreign operations (note 13)	5,514	-
	77,580	17,493
Comprehensive income	\$184,254	\$118,571
(see accompanying notes)		

1 Net of income taxes of \$291 (2007 - \$103).

2 Net of income taxes of \$1,793 (2007 - \$81) and non-controlling interest of \$1,254 (2007 - \$57).

3 Net of income taxes of \$4,660 (2007 - \$504) and non-controlling interest of \$3,261 (2007 - \$353).

4 Net of income taxes of \$1,313 (2007 - \$1,228).

INMET MINING CORPORATION

Notes to the consolidated financial statements

1. Significant accounting policies

Our interim consolidated financial statements do not include all of the disclosure required for annual financial statements under generally accepted accounting principles (GAAP), and they have not been reviewed by our external auditors. These statements do, however, follow the same accounting policies and methods of application used in our most recent annual consolidated financial statements, except for the differences explained in note 2. You should read our interim statements in conjunction with our annual statements, which you can find in our 2007 Annual Review.

2. Changes in accounting policies

Effective January 1, 2008, we adopted CICA Handbook section 3031 – *Inventory* on a prospective basis. This Section requires inventory to be recorded at the lower of cost or net realizable value. The section also clarifies the allocation of fixed production overhead, requires consistent use of either first-in, first-out or weighted average to measure inventories, requires insurance and capital spares be accounted for as property, plant and equipment and requires that any previous write-downs be reversed when the value of inventories increases. The amount of the reversal is limited to the amount of the original write-down.

As a result, certain administrative and other costs that were previously included in the cost of inventory are now expensed as incurred. Metal inventory and materials and supplies are measured at the lower of weighted average cost and net realizable value.

This change in policy had the following impact on our first quarter 2008 financial statements:

- decreased opening 2008 inventory by \$5.2 million
- increased opening 2008 property, plant and equipment by \$2.4 million
- decreased opening 2008 future income tax liability by \$0.6 million
- decreased opening 2008 retained earnings by \$2.2 million.

3. Recently issued accounting pronouncement

Section 3064 - Goodwill and intangible assets

This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. This section replaces Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. It provides guidance for the recognition of internally developed intangible assets and ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. Standards concerning goodwill are unchanged from the standards included in the previous section. This section will become effective for us beginning on January 1, 2009. We are currently assessing the impact this change in accounting policy will have on our consolidated financial statements.

4. Statement of cash flows

The following tables show the components of our net change in non-cash working capital by segment for the three months ending March 31.

For the three months ended March 31, 2008

(thousands)	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Las Cruces	Total
Accounts receivable	\$15	\$(33,374)	\$12,299	\$(3,091)	\$(9,061)	\$ -	\$(33,212)
Inventories	-	(2,747)	(1,464)	(2,687)	100	-	(6,798)
Accounts payable and accrued liabilities	(11,804)	(1,589)	(1,475)	(419)	(5,537)	-	(20,824)
Taxes	(284)	11,676	(2,236)	-	15,681	-	24,837
Other	(4)	120	-	-	(1,141)	-	(1,025)
	\$(12,077)	\$(25,914)	\$7,124	\$(6,197)	\$42	\$ -	\$(37,022)

For the three months ended March 31, 2007

(thousands)	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Las Cruces	Total
Accounts receivable	\$(906)	\$14,595	\$12,851	\$(6,609)	\$(20,702)	\$ -	\$(771)
Inventories	-	2,567	(832)	2,189	(674)	-	3,250
Accounts payable and accrued liabilities	(3,258)	(13,923)	(1,361)	280	(11,749)	-	(30,011)
Taxes	(3,406)	5,103	3,315	-	17,609	-	22,621
Other	2	6	-	-	(11)	-	(3)
	\$(7,568)	\$8,348	\$13,973	\$(4,140)	\$(15,527)	\$ -	\$(4,914)

5. Cash and short-term investments

At March 31, our cash and short-term investments are held in:

(thousands)	March 31 2008	December 31 2007
Cash:		
Liquidity funds	\$322,386	\$424,390
Term deposits	56,907	22,186
Corporate	254,331	-
Overnight deposits	139,003	50,822
Other	115,523	25,549
	888,150	522,947
Short-term investments:		
Federal and crown corporation investments	-	317,876
Corporate	17,894	-
	17,894	317,876
Total cash and short-term investments	\$906,044	\$840,823

6. Restricted cash

The table below shows our restricted cash balances.

(thousands)	March 31 2008	December 31 2007
Collateralized cash for letter of credit facility	\$14,444	\$14,444
In trust for Ok Tedi rehabilitation (note 11)	13,545	11,836
Collateralized cash for letters of credit - Las Cruces	21,409	12,494
	49,398	38,774
Less current portion:		
Collateralized cash for letters of credit – Las Cruces	(6,369)	(1,569)
	\$43,029	\$37,205

Cash collateralized letters of credit for Las Cruces are for the following:

- €3.1 million to secure payments that will ultimately be for the use of an electrical substation
- €2.5 million to secure payments to local townships that it will owe once certain licences are granted
- €7.6 million for dewatering and other purposes.

7. Investments

The table below shows our investments.

(thousands)	March 31 2008	December 31 2007
Available-for-sale equity securities:		
Premier Gold Mines Ltd.	\$17,483	\$22,680
Other	5,832	9,586
	23,315	32,266
Equity accounted investment:		
Minera Petaquilla S.A.	16,725	-
	\$40,040	\$32,266

Our investment in Minera Petaquilla S.A. was included in Other assets at December 31, 2007.

8. Derivatives

The table below shows the fair value of our derivatives.

(thousands)	March 31 2008 (fair value)	December 31 2007 (fair value)
Derivative asset:		
Las Cruces currency forward sale	\$54,340	\$33,565
Derivative liabilities:		
Troilus gold forward sales	\$26,474	\$26,889
Ok Tedi gold and copper forward sales	13,269	9,034
Las Cruces interest rate swaps	14,544	8,037
	\$54,287	\$43,960

9. Long-term debt

(thousands)	March 31 2008	December 31 2007
Credit facility – Tranche A	\$183,117	\$125,776
– Tranche B	51,811	34,656
Promissory note	18,375	16,267
Loans from non-controlling shareholder	95,654	70,589
	348,957	247,288
Less current portion:		
Credit facility – Tranche B	(14,539)	(12,971)
	\$334,418	\$234,317

Credit facility

This quarter, Las Cruces borrowed an additional €26 million under Tranche A, the US \$240 million senior secured facility, and an additional €8 million under Tranche B, the €69 million senior secured bridge financing facility. The credit facility loans approximate fair value because the loans accrue interest at prevailing market rates.

Loans from non-controlling shareholder

This quarter, Las Cruces received €34 million of intercompany loan advances. These loans bear interest at EURIBOR plus 8.55 percent and are due to be repaid on February 25, 2020. The non-controlling portion of these loans, €59 million, is reflected in long-term debt at March 31, 2008. Loans from non-controlling shareholders approximate fair value because the loans accrue interest at prevailing market rates.

Effective May 1, 2008, these loans will bear interest at a rate of EURIBOR plus 6.1 percent.

10. Reclamation liabilities

This quarter, we recognized additional liabilities of \$2.2 million at Las Cruces as a result of development activities that took place.

11. Commitments

Our operations have the following capital commitments as at March 31, 2008:

- Ok Tedi has committed approximately \$46.4 million (our proportionate share is \$8.4 million) to capital expenditures for the mine waste management project.
- Las Cruces has committed \$126.8 million to engineering, procurement and construction management and additional construction work related to the development of the mine and process plant.
- Çayeli has committed \$2.3 million for a ventilation raise.
- Cerattepe has committed approximately \$24 million for construction of a ropeway and orders for mine and mill equipment.

12. Accumulated other comprehensive loss (AOCL)

The table below shows the components of the beginning and ending balances of AOCL.

(thousands)	
Unrealized losses on gold forward sales contracts (net of tax of \$2,169)	\$(31,951)
Deferred Troilus gold hedges	5,444
Unrealized gains on foreign exchange forward contract ¹	17,067
Unrealized losses on interest rate swap contracts ²	(4,097)
Unrealized gains on investments (net of tax of \$2,951)	14,506
Currency translation adjustment	(84,705)
AOCL, December 31, 2007	\$(83,736)
Other comprehensive income for the three months ending March 31, 2008	77,580
AOCL, March 31, 2008	\$(6,156)
AOCL March 31, 2008 comprises:	
Unrealized losses on gold forward sales contracts (net of tax of \$2,460)	\$(32,214)
Deferred Troilus gold hedges	4,083
Unrealized gains on foreign exchange forward contract ³	24,679
Unrealized losses on interest rate swap contract ⁴	(7,026)
Unrealized gains on investments (net of tax of \$1,638)	8,144
Currency translation adjustment	(3,822)
AOCL, March 31, 2008	\$(6,156)

1. Net of tax of \$10,448 and non-controlling interest of \$7,315.
2. Net of tax of \$2,510 and non-controlling interest of \$1,756.
3. Net of tax of \$15,108 and non-controlling interest of \$10,576.
4. Net of tax of \$4,303 and non-controlling interest of \$3,010.

The table below shows the breakdown of the currency translation adjustment included in AOCL.

(thousands)	March 31 2008	December 31 2007
Pyhäsalmi (euro functional currency)	\$15,969	\$(1,466)
Las Cruces (euro functional currency)	37,481	(1,919)
Çayeli (US dollar functional currency)	(45,316)	(65,822)
Ok Tedi (US dollar functional currency)	(11,956)	(15,498)
	\$(3,822)	\$(84,705)

The US dollar to Canadian dollar exchange rate was \$1.03 at March 31, 2008 and \$0.99 at December 31, 2007. The euro to Canadian dollar exchange rate was \$1.62 at March 31, 2008 and \$1.45 at December 31, 2007.

13. Investment and other income

Investment and other income are summarized as follows:

(thousands)	three months ended March 31	
	2008	2007
Interest income	\$8,723	\$6,879
Dividend and royalty income	-	1,000
Foreign exchange gain (loss)	6,858	(8)
Other	(827)	(444)
	\$14,754	\$7,427

Interest income

Interest and dividend income was higher in this quarter compared to the same periods in 2007 because of higher cash balances.

Foreign exchange

We recorded a net foreign exchange gain of \$6.9 million this quarter. We recognized a gain of \$13 million because we revalued some of our foreign currency denominated accounts and cash balances, and recognized a deferred foreign exchange loss of \$6 million when dividends were received from Çayeli.

14. Income tax expense

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

For the three months ended March 31, 2008

(thousands)	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Las Cruces	Total
Current income taxes	\$-	\$18,550	\$5,972	\$17,305	\$-	\$41,827
Future income taxes	-	574	51	2,042	250	2,917
	\$-	\$19,124	\$6,023	\$19,347	\$250	\$44,744

For the three months ended March 31, 2007

(thousands)	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Las Cruces	Total
Current income taxes	\$386	\$11,356	\$6,865	\$18,504	\$-	\$37,111
Future income taxes	(205)	2,315	42	(3,887)	-	(1,735)
	\$181	\$13,671	\$6,907	\$14,617	\$-	\$35,376

15. Net income per share

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

(thousands)	three months ended March 31	
	2008	2007
Net income available to common shareholders	\$106,674	\$101,078

(thousands)	three months ended March 31	
	2008	2007
Weighted average common shares outstanding	48,282	48,278
Plus incremental shares from assumed conversions:		
Deferred share units	76	77
Diluted weighted average common shares outstanding	48,358	48,355

(Canadian dollars per share)	three months ended March 31	
	2008	2007
Basic and diluted net income per common share	\$2.21	\$2.09

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Investor Relations

Financial information such as annual reports, interim reports and other information is available on Inmet's web site: www.inmetmining.com.

Copies of the annual reports, interim reports and other corporate publications are also available from our Investor Relations department:

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- By email at investor@inmetmining.com
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Shareholder Inquiries

Inquiries with respect to changes of address, registration and lost share certificates should be directed to the Stock Transfer Department of CIBC Mellon Trust Company Ltd. in Toronto, Montreal, Winnipeg, Calgary or Vancouver. Alternatively, our Transfer Agent may be reached at:

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Common Shares

<i>(thousands)</i>	2008	2007
Outstanding as at March 31	48,282	48,278
Weighted average for the three months ended March 31	48,282	48,278

Stock Exchange Listing

Toronto Stock Exchange

Stock Symbol

IMN

Common Shares

Trading History

	High	Low
2008		
First Quarter	\$90.51	\$61.01
2007		
Fourth Quarter	\$109.35	\$76.05
Third Quarter	\$99.90	\$73.06
Second Quarter	\$85.48	\$64.51
First Quarter	\$65.37	\$50.64