

INMET

MINING

Quarterly Report Three Months Ended March 31, 2009

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 2008 Annual Review.

Highlights

- **Earnings lower because of lower metal prices**
Lower copper and zinc prices reduced sales by \$88 million this quarter compared to the same quarter in 2008. Earnings from Troilus of \$58 million in the quarter were unique as it completed mining high grade ore from the bottom of the pit while realizing a price for gold of US \$942 per ounce.
- **Copper prices increased from last quarter**
We realized a copper price of US \$2.01 per pound this quarter, of which US \$0.27 per pound was a result of finalization adjustments in respect of shipments in previous quarters. This quarter, copper recorded its strongest quarterly price performance since 2006, gaining over 30 percent, compared to a 50 percent decline in the fourth quarter of 2008.
- **Copper cash costs**
Copper cash costs this quarter were US \$0.56 per pound compared to US \$0.33 per pound in the first quarter of 2008. The increase in unit costs is largely due to lower zinc metal credits. Cash costs are a non-GAAP measure (see pages 29 and 30).
- **Production**
Copper production this quarter was in line with last year's production. Zinc production was lower and gold production was higher.
- **Las Cruces resumes mining operations**
On April 7th, the Andalusian Regional Ministry of Innovation, Science and Business (CICE) issued a resolution to approve lifting of the suspension on mining at Las Cruces imposed in May 2008, and Las Cruces believes it has satisfied the prescribed pre-conditions for the resumption of mining set out in the resolution and is awaiting CICE's confirmation that it can resume mining. Plant commissioning has been completed and we expect first copper to be produced at the beginning of June.
- **Petaquilla pursuing higher copper production target**
The base case for the front-end engineering and design program is a throughput rate of 150,000 tonnes per day, which equates to an average annual production of 275,000 tonnes of copper for the first ten years. Work is progressing well on the drilling program designed to expand reserves to ensure a minimum mine life of 30 years at this throughput.

Key financial data

	three months ended March 31		
	2009	2008	change
FINANCIAL HIGHLIGHTS			
(thousands, except per share amounts)			
Sales			
Gross sales	\$239,152	\$276,281	-13%
Net income			
Net income	\$51,327	\$106,674	-52%
Net income per share	\$1.06	\$2.21	-52%
Cash flow			
Cash flow provided by operating activities	\$17,097	\$76,750	-78%
Cash flow provided by operating activities per share ⁽¹⁾	\$0.35	\$1.59	-78%
Capital spending			
	\$94,859	\$111,414	-15%
OPERATING HIGHLIGHTS			
Production ⁽²⁾			
Copper (tonnes)	20,000	19,200	+4%
Zinc (tonnes)	15,300	20,300	-25%
Gold (ounces)	78,800	56,300	+40%
Cash costs ⁽³⁾			
Copper (US \$ per pound)	\$0.56	\$0.33	+70%
Gold (US \$ per ounce)	\$120	\$392	-69%

	as at March 31	as at December 31
	2009	2008
FINANCIAL CONDITION		
Current ratio	3.0 to 1	2.4 to 1
Gross debt to total equity ⁽⁴⁾	19%	19%
Net working capital balance (millions)	\$513	\$475
Cash balance (millions)	\$507	\$573
Shareholders' equity (millions)	\$1,949	\$1,868

⁽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 29 and 30.

⁽⁴⁾ Gross debt includes long-term debt and current portion of long-term debt less the non-recourse note owing from Las Cruces to its non-controlling shareholder.

Current market environment

Although we saw some improvement in base metal prices in the latter part of this quarter, we continue to consider market conditions to be volatile. Based on the strength of our financial position, together with our relatively low operating costs:

- we do not expect market conditions to have any impact on our ability to meet expected production levels
- we expect to maintain capital expenditures
- we expect to continue to pursue our growth objectives by advancing the Petaquilla project and considering other opportunities as they arise.

We will monitor the metal and financial markets, our financial performance and resources, and our capital spending to make sure we maintain the financial strength we need in these volatile and uncertain markets.

First quarter report

We prepared this report as of April 28, 2009.

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		
	2009	2008	change
EARNINGS FROM OPERATIONS ⁽¹⁾			
Çayeli	\$14,901	\$53,655	-72%
Pyhäsalmi	6,543	27,994	-77%
Troilus	54,484	8,635	+531%
Ok Tedi	17,585	53,918	-67%
Other	(484)	(494)	-2%
	93,029	143,708	-35%
DEVELOPMENT AND EXPLORATION			
Corporate development and exploration	(3,232)	(2,618)	+23%
CORPORATE COSTS			
General and administration	(4,124)	(3,648)	+13%
Investment and other income	(11,203)	14,754	-176%
Asset impairment	(6,419)	-	-100%
Interest expense	(492)	(447)	+10%
Income and capital taxes	(19,015)	(44,870)	-58%
Non-controlling interest	2,783	(205)	+1,458%
	(38,470)	(34,416)	+12%
Net income	\$51,327	\$106,674	-52%
Basic net income per share	\$1.06	\$2.21	-52%
Diluted net income per share	\$1.06	\$2.21	-52%
Weighted average shares outstanding	48,282	48,282	-

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

Key changes in 2009

(millions)	three months ended March 31	see page
EARNINGS FROM OPERATIONS		
Sales		
Lower copper and zinc prices denominated in Canadian dollars	\$(88)	7
Higher gold prices and other prices	30	7
Higher sales volumes	12	8
Costs		
Lower smelter processing charges and freight	4	9
Higher operating costs, net of costs that vary with income and cash flows	(2)	
Higher depreciation	(7)	10
Decrease in earnings from operations, compared to 2008	(51)	
CORPORATE COSTS		
Lower income tax expense from lower earnings	20	12
Asset impairment related to Cerattepe, net of tax recovery	-	12
Lower interest income on cash balances	(7)	11
Foreign exchange loss on Las Cruces debt	(11)	11
Other foreign exchange loss	(6)	11
Decrease in net income, compared to 2008	\$(55)	

Understanding our performance

Metal prices

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

	three months ended March 31		
	2009	2008	change
US dollar metal prices			
Copper (per pound)	US \$2.01	US \$4.16	-52%
Zinc (per pound)	US \$0.52	US \$1.08	-52%
Gold (per ounce)	US \$922	US \$776	+19%
Canadian dollar metal prices			
Copper (per pound)	C\$ 2.50	C\$ 4.16	-40%
Zinc (per pound)	C\$ 0.65	C\$ 1.08	-40%
Gold (per ounce)	C\$1,147	C\$ 776	+48%

There was an overall improvement in base metal prices by the end of the first quarter, and a steady increase in the price of gold.

In the first quarter of 2009 the copper price gained over 30 percent, compared to a 50 percent decline in the previous quarter, and reached over US \$1.80 per pound for the first time since November 2008. The average market copper price for the quarter was US \$1.56 per pound including the March average of US \$1.70 per pound.

Total copper exchange stocks fell by 40,000 tonnes in March, with much of the material destined for China. This is the largest monthly draw down in LME warehouses we have seen in the past four years.

Zinc prices were down for the first two months of the year, but increased 13 percent in March, bringing the price back to where it had been at the start of the year. The average price for zinc was US \$0.55 per pound in March. Like copper, zinc prices were boosted by the Chinese stockpile purchases, which brought down stocks in Asian warehouses, and reduced LME stocks by about four percent in March.

The median price for gold in the first quarter of 2009 was about US \$862 per ounce, about six percent below its closing price of US \$918 per ounce at the end of March. In February, gold prices approached US \$1,000 per ounce for the first time in 11 months in response to rising fears about the stability of the global economy.

Towards the end of 2008, the financial crisis began to have a significant effect on demand for sulphur and sulphuric acid. According to analysts, the sulphuric acid market will continue to deteriorate and sulphur prices will continue to be lower over the short to medium term. This will have a direct impact on pyrite prices.

Exchange rates

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

	three months ended March 31		
	2009	2008	Change
Exchange rates			
1 US\$ to C\$	\$1.24	\$1.00	+24%
1 euro to C\$	\$1.62	\$1.51	+7%
1 euro to US\$	\$1.31	\$1.51	-13%

Sales are affected by the conversion of US dollar revenue to Canadian dollars. Foreign exchange had a significant impact on our first quarter 2009 results compared to the same period last year. The Canadian dollar dropped 24 percent relative to the US dollar and 7 percent relative to the euro.

Net income was \$19 million more for the quarter because of fluctuations in the value of the US dollar and euro relative to the Canadian dollar, as described in the table below.

(millions)	three months ended March 31
US dollar sales translated into Canadian dollars (reflected in Canadian dollar sales price)	\$60
Çayeli and Ok Tedi US dollar costs translated into Canadian dollars	(33)
Pyhäsalmi euro based costs translated into Canadian dollars	(3)
Foreign exchange loss on Las Cruces debt, net of tax and non-controlling interest	(6)
Foreign exchange loss on euro denominated cash held in Canada	(2)
Other	3
	\$19

Treatment charges up for copper and down 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 charges we realized this quarter and year to date.

	2009	2008	three months ended March 31 change
Treatment charges			
Copper (per dry metric tonne of concentrate)	US\$68	US\$52	+31%
Zinc (per dry metric tonne of concentrate)	US\$248	US\$310	-20%
Price participation			
Copper (per pound)	US\$0.02	US\$0.05	-60%
Zinc (per pound)	US(\$0.03)	US(\$0.04)	-25%
Freight charges			
Copper (per dry metric tonne of concentrate)	US\$26	US\$50	-48%
Zinc (per dry metric tonne of concentrate)	US\$23	US\$39	-41%

Copper treatment charges were higher this quarter than 2008 because of less favourable contract terms with smelters. Contract terms for zinc smelters have not been finalized yet and are based on 2008 terms.

Statutory tax rates remain consistent

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

	2009	2008	change
Statutory tax rates			
Çayeli	24%	24%	-
Pyhäsalmi	26%	26%	-
Ok Tedi	37%	37%	-
Las Cruces	30%	30%	-

Earnings from operations

Earnings from operations include the following:

(thousands)	three months ended March 31		
	2009	2008	change
Gross sales	\$239,152	\$276,281	-13%
Smelter processing charges and freight	(40,540)	(44,157)	-8%
Cost of sales:			
Direct production costs	(78,419)	(77,534)	+1%
Inventory changes	(3,895)	2,940	-232%
Provisions for mine rehabilitation and other non-cash charges	(7,590)	(4,652)	+63%
Depreciation	(15,679)	(9,170)	+71%
Earnings from operations	\$93,029	\$143,708	-35%

Gross sales were down this year

(thousands)	three months ended March 31		
	2009	2008	change
Gross sales by operation			
Çayeli	\$60,021	\$100,616	-40%
Pyhäsalmi	33,981	54,908	-38%
Troilus	86,990	34,251	+154%
Ok Tedi ⁽¹⁾	58,160	86,506	-33%
	\$239,152	\$276,281	-13%
Gross sales by metal			
Copper	\$104,739	\$168,168	-38%
Zinc	27,024	48,806	-45%
Gold	93,014	43,287	+115%
Other	14,375	16,020	-10%
	\$239,152	\$276,281	-13%

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

Key components of the change in sales: copper and zinc prices down, gold prices up

(millions)	three months ended March 31
Lower copper prices, denominated in Canadian dollars	\$(70)
Lower zinc prices, denominated in Canadian dollars	(18)
Higher gold prices, denominated in Canadian dollars	28
Changes in other metal prices	2
Higher sales volumes	21
Decrease in gross sales, compared to 2008	\$(37)

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 forward price of the metal 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).

We recorded \$14 million in positive finalization adjustments from 2008 sales in the first quarter.

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

- 39 million pounds of copper provisionally priced at US \$1.83 per pound
- 3 million pounds of zinc provisionally priced at US \$0.59 per pound.

The finalization adjustment we record for these sales will depend on the actual price when the sale settles, which can be from one to five months after we initially record it. We expect the sales that had not settled on March 31, 2009 to settle in the following months:

(millions of pounds)	copper	zinc
April 2009	26	3
May 2009	9	-
June 2009	2	-
July and August 2009	2	-
Unsettled sales at March 31, 2009	39	3

Gold sales volumes up in the quarter – Troilus completes mining in the high grade pit bottom

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

	three months ended March 31		
	2009	2008	change
Sales volumes			
Copper (tonnes)	19,000	18,300	+4%
Zinc (tonnes)	18,700	20,500	-9%
Gold (ounces)	83,900	55,300	+52%
Pyrite (tonnes)	76,000	124,100	-39%

Production

	three months ended March 31			<i>revised objective 2009</i>
	2009	2008	change	
Inmet's share ⁽¹⁾				
Copper (tonnes)				
Ok Tedi	6,600	6,700	-1%	31,600
Çayeli	7,000	8,100	-14%	36,800
Pyhäsalmi	3,600	3,500	+3%	13,000
Las Cruces	-	-	-	20,200
Troilus	2,800	900	+211%	6,000
	20,000	19,200	+4%	107,600
Zinc (tonnes)				
Çayeli	11,800	12,700	-7%	56,400
Pyhäsalmi	3,500	7,600	-54%	22,600
	15,300	20,300	-25%	79,000
Gold (ounces)				
Troilus	58,100	35,000	+66%	132,200
Ok Tedi	20,700	21,300	-3%	109,400
	78,800	56,300	+40%	241,600
Pyrite (tonnes)				
Pyhäsalmi	190,800	194,500	-2%	510,000

⁽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 compared to the first quarter of 2008:

- zinc production was lower mainly because zinc grades at Pyhäsalmi were lower
- gold production was higher because grades were higher at Troilus.

2009 outlook for sales

Our outlook for sales ties directly to our production outlook. We expect copper and zinc sales volumes in 2009 to be higher than 2008 because our production expectations, which include new copper production at Las Cruces, are higher.

We have set a higher copper production target for 2009 because of expected production at Las Cruces and expected higher throughput at Çayeli and Ok Tedi. Estimated production for our 70 percent share of Las Cruces includes 16,400 tonnes of copper cathode and 3,800 tonnes of ore that, depending on market conditions and export permit renewals, we plan on shipping directly to smelters (we also plan on shipping another 8,900 tonnes of ore directly to smelters in 2010). Our Las Cruces objective is lower than our original objective because of the delay in receiving approval to resume mining. It assumes first copper is produced in June.

We expect to mine lower zinc grades at Pyhäsalmi in 2009.

Our gold target for 2009 is consistent with our 2008 results. We expect more production from Ok Tedi because of higher throughput, but lower production from Troilus after it starts to produce gold from its lower grade stockpiles.

Our Canadian dollar sales revenues are affected by the US dollar denominated metal price we receive, and the exchange rate between the US dollar and Canadian dollar. The market uncertainty makes it difficult to forecast metal prices, but we remain focused on maximizing the efficiency of our operations to ensure that we remain highly competitive in any economic environment.

Lower smelter processing charges for the quarter

(thousands)	three months ended March 31		
	2009	2008	change
Smelter processing charges and freight by operation			
Çayeli	\$19,076	\$22,013	-13%
Pyhäsalmi	8,991	10,820	-17%
Troilus	6,260	2,187	+186%
Ok Tedi ⁽¹⁾	6,213	9,137	-32%
	\$40,540	\$44,157	-8%
Smelter processing charges and freight by metal			
Copper	\$18,516	\$20,894	-11%
Zinc	15,188	19,772	-23%
Other	6,836	3,491	+96%
	\$40,540	\$44,157	-8%
Smelter processing charges by type and freight			
Copper treatment and refining charges	\$9,693	\$5,975	+62%
Zinc treatment charges	11,679	11,792	-1%
Copper price participation	1,463	1,963	-25%
Zinc price participation	(1,668)	(1,894)	-12%
Content losses	10,743	16,257	-34%
Other	1,968	2,272	-13%
Freight	6,662	7,792	-15%
	\$40,540	\$44,157	-8%

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

Copper treatment and refining charges were higher in 2009 compared to 2008 because of less favourable contract terms with smelters. Zinc treatment charges were lower in part because of lower sales volumes. The 2009 terms for zinc have not yet been finalized.

2009 outlook for smelter processing charges and freight

We expect copper treatment and refining costs to increase in 2009, and recently signed agreements with our smelters reflect this. We sell approximately 90 percent of our copper concentrate under long-term contracts. We are estimating annual treatment costs of US \$75 per dry metric tonne in 2009. We also expect there will continue to be minimal price participation.

In the first quarter of 2009, smelters joined mines in cutting zinc production to respond to the decline in demand for refined zinc and to falling prices. We expect zinc mine production in 2009 to be below smelting requirements, and believe that a balanced or deficit zinc concentrate market could evolve. We therefore expect realized zinc processing charges to be less than US \$200 per tonne in 2009.

We are expecting production to begin at Las Cruces in June. Depending on certain conditions, it may sell crushed ore to smelters and incur smelter processing charges. The costs associated with smelting this material are expected to be higher than at our other operations because of the higher level of impurities in this ore.

Las Cruces' copper cathode production will be sold directly to copper fabricators, bypassing the smelters and eliminating smelting and refining charges.

We expect our ocean freight costs to be about 20 percent lower than they were in 2008 because of the general slowdown in global economic activity.

Direct production costs and cost of sales were higher than last year

(thousands)	three months ended March 31		
	2009	2008	change
Direct production costs by operation			
Çayeli	\$20,472	\$23,340	-12%
Pyhäsalmi	15,654	14,604	+7%
Troilus	18,606	19,947	-7%
Ok Tedi ⁽¹⁾	23,687	19,643	+21%
Total direct production costs	78,419	77,534	+1%
Inventory changes	3,895	(2,940)	+232%
Reclamation, accretion and other non-cash expenses	7,590	4,652	+63%
Total cost of sales	\$89,904	\$79,246	+13%

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

2009 outlook for cost of sales

We expect cost of sales to increase in 2009 reflecting the expected start of production at Las Cruces. We expect to see cost reductions in consumables and energy. The total amount we spend in Canadian dollars will also be affected by the value of the US dollar and euro relative to the Canadian dollar.

Depreciation was higher than last year

(thousands)	three months ended March 31		
	2009	2008	change
Depreciation by operation			
Çayeli	\$3,473	\$2,373	+46%
Pyhäsalmi	2,602	2,150	+21%
Troilus	3,419	2,418	+41%
Ok Tedi	6,185	2,229	+177%
	\$15,679	\$9,170	+71%

Depreciation to date in 2009 is higher mainly because we started depreciating the mine waste tailings plant at Ok Tedi.

2009 outlook for depreciation

We expect depreciation to be about \$70 million for 2009. Depreciation for Las Cruces should be about \$14 million, assuming we capitalize pre-production for the four months after first copper is produced, which is expected in June.

Corporate costs

Corporate costs include general and administration costs, taxes, interest and other income.

Investment and other income was lower in the quarter because of foreign exchange losses

(thousands)	three months ended March 31	
	2009	2008
Interest income	\$2,042	\$8,723
Foreign exchange gain (loss)	(10,098)	6,858
Other	(3,147)	(827)
	\$(11,203)	\$14,754

Foreign exchange gain (loss)

We have a foreign exchange gain or loss when:

- we revalue certain foreign denominated assets and liabilities
- we distribute funds from our self-sustaining operations and recognize the foreign exchange we previously deferred on our original investment and on funds as they accumulated.

Foreign exchange gains (losses) are a result of the following:

(millions)	three months ended March 31	
	2009	2008
Revaluation of US dollar denominated debt at Las Cruces	\$(11)	-
Distribution of funds from subsidiaries	-	(5)
Revaluation of euro denominated cash held in Canada	(2)	1
Revaluation of short-term foreign intergroup loans and other monetary items	3	11
	\$(10)	\$7

2009 outlook for investment and other income

Investment and other income is affected by cash balances, interest rates and exchange rates. We plan to continue to repatriate excess cash balances from our foreign operations. This might result in foreign exchange gains or losses, depending on the strength or weakness of the Canadian dollar relative to when we initially invested in the operations or the rate at which funds were accumulated. The amount of the gain or loss, if any, will depend on the amount distributed and foreign exchange rates at the time of distribution.

We plan to repatriate approximately US \$80 million in cash from Çayeli and €10 million from Pyhäsalmi in the second quarter of 2009. This excess cash was accumulated at 2008 average exchange rates. The foreign exchange impact will depend on the exchange rate on the day of repatriation. Because Ok Tedi distributes its earnings more frequently, the effect of repatriation is normally not that significant.

At March 31, 2009, we held €13 million in Canada that could be affected by foreign exchange gains or losses.

Asset impairment

We made a decision in 2008 not to proceed with the Cerattepe project. All work has ceased on the project and we took a \$34 million charge that year to write down the assets to net realizable value. This quarter, we took an additional impairment charge of \$6 million and a tax recovery of \$6 million.

Income tax expense was lower in the quarter because earnings were lower

(thousands)	three months ended March 31		
	2009	2008	change
Çayeli	\$(581)	\$19,124	-103%
Pyhäsalmi	435	6,023	-93%
Ok Tedi	6,540	19,347	-66%
Las Cruces	(4,035)	250	-1,714%
Corporate	16,656	126	+13,119%
	\$19,015	\$44,870	-58%

Our tax expense changes as our earnings change.

- At Çayeli, we recorded a \$6 million tax recovery related to the impairment on Cerattepe.
- At Las Cruces, we recorded a tax recovery related to foreign exchange losses from the translation of US dollar denominated debt.
- The tax expense at Corporate relates to a provision for Quebec mining duties and a reduction in our future income tax asset to reflect Troilus' first quarter earnings.

2009 outlook for income tax expense

We are not expecting any further changes in statutory tax rates at our operations this year. We do, however, expect to expense approximately \$10 million in Quebec mining duties, depending on Troilus' 2009 net income.

Results of our operations

2009 estimates

We have included estimates for our 2009 operating earnings and operating cash flows in our financial review by operation. In deriving our estimates we used our 2009 objectives for production and cost per tonne of ore milled, as well as the following assumptions:

Copper price	US \$1.50 per pound
Zinc price	US \$0.50 per pound
Gold price	US \$900 per ounce
Copper treatment cost	US \$75 per tonne
Zinc treatment cost	US \$200 per tonne
US \$ to C\$ exchange rate	\$1.25
euro to C\$ exchange rate	\$1.50
Working capital	Assume no changes

Çayeli

	three months ended March 31			objective
	2009	2008	change	2009
Tonnes of ore milled (000's)	264	278	-5%	1,200
Tonnes of ore milled per day	2,900	3,100	-5%	3,300
Grades (percent)				
copper	3.4	3.6	-6%	3.8
zinc	6.2	6.5	-5%	6.5
Mill recoveries (percent)				
copper	78	81	-4%	80
zinc	72	70	+3%	72
Production (tonnes)				
copper	7,000	8,100	-14%	36,800
zinc	11,800	12,700	-7%	56,400
Cost per tonne of ore milled (C\$)	\$77	\$84	-8%	\$81

Production targets remain consistent

Çayeli achieved a mill throughput rate of 143 tonnes per hour during the quarter – which keeps it on target to achieve its objective of a 1.2 million tonne annualized rate.

Interruptions in stope sequencing, however, meant lower mine production and mill throughput, as well as lower ore grades than last year's first quarter and our 2009 plan. Copper and zinc production were therefore lower this quarter than in the first quarter of 2008. We expect grades to increase in the second quarter.

Operating costs for the quarter were lower than last year, mainly because of the drop in the value of the Turkish lira, which reduced labour costs, and the cost of key commodities, such as copper sulphate and electricity. Programs designed to achieve additional savings also made an impact, saving about \$0.5 million in operating costs and 700 man shift hours in labour throughout the quarter. Royalty charges were \$2 million less than the first quarter of last year because earnings were lower.

2009 outlook for production and costs

We expect copper grades in 2009 to increase to 3.8 percent and zinc grades to rise to 6.5 percent. Although we have not adjusted our objective for cost per tonne of ore milled yet, we expect savings during the year from cost savings programs, lower commodity prices and lower labour costs.

The current three-year labour agreement will expire in May 2009 and negotiations with the union are expected to begin in May. Pay increases historically have exceeded inflation levels. We will make a strong effort to manage labour cost escalations to maintain our competitiveness.

Royalties also have a significant effect on costs and are variable depending on earnings. Cost per tonne of ore milled includes \$7 per tonne in royalties in the first quarter. We have estimated that royalties will be \$3 per tonne out of our total 2009 objective of \$81 per tonne of ore milled, depending on metal prices.

Financial review

Lower earnings this quarter because of a significant decline in copper and zinc prices

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended March 31		objective
	2009	2008	2009
Sales analysis			
Copper sales (tonnes)	6,500	6,700	36,800
Zinc sales (tonnes)	14,800	13,900	56,400
Gross copper sales	\$37	\$64	\$152
Gross zinc sales	21	34	78
Other metal sales	2	3	23
Gross sales	60	101	253
Smelter processing charges and freight	(19)	(22)	(99)
Net sales	\$41	\$79	\$154
Cost analysis			
Tonnes of ore milled (thousands)	264	278	1,200
Direct production costs (\$ per tonne)	\$77	\$84	\$81
Direct production costs	\$20	\$23	\$97
Change in inventory	2	(2)	-
Depreciation and other non-cash costs	4	4	18
Operating costs	\$26	\$25	\$115
Operating earnings	\$15	\$54	\$39
Operating cash flow	(\$9)	\$15	\$51

The objective for 2009 uses the assumptions laid out on page 13.

The table below shows what contributed to the change in operating earnings and operating cash flow between 2009 and 2008.

<i>(millions)</i>	three months ended March 31
Lower metal prices, denominated in Canadian dollars	\$(39)
Lower smelter processing charges	1
Lower royalty	2
Higher depreciation	(1)
Other	(2)
Lower operating earnings, compared to 2008	(39)
Lower tax expense because earnings were lower	11
Changes in working capital	5
Other	(1)
Lower operating cash flow, compared to 2008	\$(24)

Spending in 2009 will be limited to sustaining capital

	three months ended March 31			objective
	2009	2008	change	2009
Capital spending	\$3,600	\$5,700	-37%	\$22,000

Capital spending in the quarter was for mine equipment replacements.

2009 outlook for capital spending

Çayeli expects to spend \$22 million in 2009 on mine equipment replacements, mill upgrades and mine development.

Pyhäsalmi

		three months ended March 31			objective
		2009	2008	change	2009
Tonnes of ore milled (000's)		349	348	-	1,370
Tonnes of ore milled per day		3,900	3,900	-	3,750
Grades (percent)	copper	1.1	1.1	-	1.0
	zinc	1.2	2.4	-50%	1.9
	sulphur	44	42	+5%	42
Mill recoveries (percent)	copper	95	96	-1%	94
	zinc	85	92	-8%	87
Production (tonnes)	copper	3,600	3,500	+3%	13,000
	zinc	3,500	7,600	-54%	22,600
	pyrite	190,800	194,500	-2%	510,000
Cost per tonne of ore milled (C\$)		\$45	\$42	+7%	\$41

Lower zinc grades reduce zinc production by more than half

Pyhäsalmi maintained its strong production record in the first quarter of 2009, processing at an annualized rate of 1.4 million tonnes.

Copper production was consistent with last year. Zinc production in the first quarter was lower than we planned and lower than the first quarter of 2008 because changes in stope sequencing resulted in lower grades. Pyrite production was consistent with last year, but a steep drop in pyrite demand at the end of 2008 reduced prices significantly, and customers took only minimum contracted deliveries. Pyhäsalmi sold 76,000 tonnes of pyrite in the first quarter of 2009 compared to 124,000 tonnes in the same period last year.

The higher cost in 2009 is a result of the exchange rate between the euro and Canadian dollar.

2009 outlook for production and costs

Pyhäsalmi expects to mine 1.4 million tonnes of 1 percent copper and 1.9 percent zinc in 2009, and produce 13,000 tonnes of copper and 22,600 tonnes of zinc. Zinc grades are expected to increase through the rest of the year to reach our objective of 1.9 percent.

Financial review

Lower earnings this quarter because of a significant decline in copper and zinc prices

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended March 31		objective
	2009	2008	2009
Sales analysis			
Copper sales (tonnes)	3,700	3,500	13,000
Zinc sales (tonnes)	4,000	6,600	22,600
Pyrite sales (tonnes)	76,000	124,000	510,000
Gross copper sales	\$17	\$28	\$54
Gross zinc sales	6	15	31
Other metal sales	11	12	46
Gross sales	34	55	131
Smelter processing charges and freight	(9)	(11)	(38)
Net sales	\$25	\$44	\$93
Cost analysis			
Tonnes of ore milled (thousands)	349	348	1,370
Direct production costs (\$ per tonne)	\$45	\$42	\$41
Direct production costs	\$16	\$15	\$56
Change in inventory	(1)	(2)	-
Depreciation and other non-cash costs	3	3	11
Operating costs	\$18	\$16	\$67
Operating earnings	\$7	\$28	\$26
Operating cash flow	(\$2)	\$31	\$33

The objective for 2009 uses the assumptions laid out on page 13.

The table below shows what contributed to the change in operating earnings and operating cash flow between 2009 and 2008.

<i>(millions)</i>	three months ended March 31
Lower metal prices, denominated in Canadian dollars	\$(11)
Lower pyrite sales, net of costs to sell	(5)
Lower sales volumes	(5)
Lower operating earnings, compared to 2008	(21)
Lower tax expense because of lower earnings	6
Changes in working capital (mainly from higher accounts receivable)	(15)
Other	(3)
Lower operating cash flow, compared to 2008	\$(33)

Capital spending to sustain and improve

<i>(thousands)</i>	three months ended March 31			objective
	2009	2008	change	2009
Capital spending	\$800	\$1,800	-56%	\$11,000

2009 outlook for capital spending

We expect to spend \$11 million in 2009, mainly for mine equipment, making improvements in the mill and renovating process water pumps. We expect to replace the zinc circuit cells in September, and these should provide a reliable circuit for the remaining mine life.

Troilus

		three months ended March 31			objective
		2009	2008	change	2009
Tonnes of ore milled (000's)		1,500	1,400	+7%	6,200
Tonnes of ore milled per day		16,700	15,400	+7%	16,900
Strip ratio		0.1	1.2	-89%	0.3
Grades	gold (grams/tonne)	1.44	0.93	+55%	0.82
	copper (percent)	0.20	0.07	+186%	0.11
Mill recoveries (percent)	gold	85	84	+1%	81
	copper	95	91	+4%	92
Production	gold (ounces)	58,100	35,000	+66%	132,200
	copper (tonnes)	2,800	900	+211%	6,000
Cost per tonne of ore milled (C\$)		\$13	\$14	-7%	\$10

Record gold production in January and February

Troilus had record production in the first two months of the year because of the high grade of the ore it mined from the main 87 pit.

As we were mining the final benches of the pit, we expected challenges with the stability of the pit walls. By the end of February and into March those concerns caused us to frequently suspend activities, which impacted production. At the end of March, the pit wall had deteriorated to the point where we decided to permanently withdraw from the pit bottom and resulted in a net loss in reserves of about 2,600 ounces.

2009 outlook for production and costs

Stockpile recovery will begin in May, lowering production costs.

We expect mill throughput of 6.2 million tonnes for the year at average grades of 0.8 grams per tonne gold and 0.11 percent copper, which should produce 132,200 ounces of gold and 6,000 tonnes of copper.

Layoffs of mining and maintenance personnel began at the end of March and will continue once the primary reclamation activities and pit clean up are completed.

Financial review

Higher gold prices and higher sales volumes improved earnings

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended March 31		<i>revised objective</i>
	2009	2008	2009
Sales analysis			
Gold sales (ounces)	60,100	35,100	132,200
Copper sales (tonnes)	2,800	800	6,000
Gross gold sales	\$70	\$26	\$149
Gross copper sales	16	7	25
Other metal sales	1	1	3
Gross sales	87	34	177
Smelter processing charges and freight	(6)	(2)	(13)
Net sales	\$81	\$32	\$164
Cost analysis			
Tonnes of ore milled (thousands)	1,500	1,400	6,200
Direct production costs (\$ per tonne)	\$13	\$14	\$10
Direct production costs	\$19	\$20	\$62
Change in inventory	3	(1)	1
Depreciation and other non-cash costs	4	4	12
Operating costs	\$26	\$23	\$75
Operating earnings	\$55	\$9	\$89
Operating cash flow	\$49	\$6	\$99

The objective for 2009 uses the assumptions laid out on page 13.

The table below shows what contributed to the change in operating earnings and operating cash flow between 2009 and 2008.

<i>(millions)</i>	three months ended March 31
Higher gold price denominated in Canadian dollars	\$26
Lower copper price denominated in Canadian dollars	(12)
Higher sales volumes	31
Higher smelter processing charges	(1)
Lower operating costs	2
Higher operating earnings, compared to 2008	46
Changes in working capital	(5)
Other	2
Higher operating cash flow, compared to 2008	\$43

Ok Tedi

(100 percent)		three months ended March 31			objective 2009
		2009	2008	change	
Tonnes of ore milled (000's)		5,200	5,000	+4%	25,300
Tonnes of ore milled per day		57,800	54,900	+4%	69,000
Strip ratio		1.6	1.9	-16%	1.2
Grades	copper (percent)	0.8	0.9	-11%	0.8
	gold (grams/tonne)	1.1	1.0	+10%	1.1
Mill recoveries (percent)	copper	86	85	+1%	84
	gold	66	73	-10%	68
Production	copper (tonnes)	36,900	37,300	-1%	176,000
	gold (ounces)	115,100	118,500	-3%	608,000
Cost per tonne of ore milled (C\$)		\$25	\$24	+4%	\$26

Throughput to improve once the mine tailings management plant has reached designed performance

The mine plan this quarter was modified to limit the amount of sulphur in tailings while the tailings management plant is being fully commissioned. The purpose of the plant is to minimize discharge of sulphur to the river, thus greatly reducing the potential environmental impact. Until the plant reaches its design performance, Ok Tedi will only mine ores with low sulphur content. The change in plan reduced gold grades but increased copper grades from what we expected.

Mill throughput in the quarter was higher than last year, but lower than expected because of lower mine production and low grinding rates on certain ores. Gold recoveries were low because of difficulty with complex ores.

The cost per tonne of ore milled this quarter was higher than in 2008 mainly because of the weaker value of the Canadian dollar.

2009 outlook for production and costs

Ok Tedi expects to process 25.3 million tonnes of ore containing 0.8 percent copper and 1.1 grams per tonne of gold. This should produce 176,000 tonnes of copper and 608,000 ounces of gold. Copper grades should be slightly lower during the rest of the year, but gold grades should be slightly higher.

Modifications on the mine tailings management plant to reach full performance are required, and engineering for this is now underway. Modifying and operating the plant to achieve designed results are critical not only to achieve annual production objectives but also for the continued responsible operation of the mine.

Financial review

Lower earnings and operating cash flow

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended March 31		<i>revised objective</i>
	2009	2008	2009
Sales analysis at 18%			
Copper sales (tonnes)	6,000	7,400	31,600
Gold sales (ounces)	23,800	20,200	109,400
Gross copper sales	\$34	\$68	\$131
Gross gold sales	23	17	123
Other metal sales	1	1	4
Gross sales	58	86	258
Smelter processing charges and freight	(6)	(9)	(38)
Net sales	\$52	\$77	\$220
Cost analysis at 18%			
Tonnes of ore milled (thousands)	932	900	4,550
Direct production costs (\$ per tonne)	\$25	\$24	\$26
Direct production costs	\$23	\$20	\$118
Change in inventory	1	1	-
Depreciation and other non-cash costs	10	2	28
Operating costs	\$34	\$23	\$146
Operating earnings	\$18	\$54	\$74
Operating cash flow	(\$14)	\$39	\$70

The objective for 2009 uses the assumptions laid out on page 13.

The table below shows what contributed to the change in operating earnings and operating cash flow between 2009 and 2008.

<i>(millions)</i>	three months ended March 31
Lower copper prices, denominated in Canadian dollars	\$(19)
Higher gold prices, denominated in Canadian dollars	2
Lower sales volumes	(8)
Higher operating costs	(7)
Higher depreciation	(4)
Lower operating earnings, compared to 2008	(36)
Lower tax expense because of lower earnings	12
Changes in net working capital (mainly from the repayment of overpaid metal sales)	(34)
Add back – non-cash higher depreciation	4
Other	1
Lower operating cash flow, compared to 2008	\$(53)

Capital spending on pit drainage

In 2009, Ok Tedi spent US \$15 million (our 18 percent share was \$3 million) on capital projects. Of this, US \$8 million was for the pit drainage project.

<i>(18 percent)</i>	three months ended March 31			<i>objective</i>
	2009	2008	change	2009
Capital spending	\$3,300	\$8,000	-59%	\$26,000

2009 outlook for capital spending

Ok Tedi plans to spend US \$115 million (our 18 percent share is \$26 million) in 2009 for continuing work on the pit drainage project, further pit development and other capital projects.

Status of our development projects

Las Cruces

Quarterly development update

On April 7th, the Andalusian Regional Ministry of Innovation, Science and Business (CICE) issued a resolution to approve the lifting of the suspension of mining imposed at Las Cruces in May 2008.

Las Cruces has completed all activities required to fulfill the pre-conditions and is awaiting receipt of final verification from CICE which would enable Las Cruces to resume mining in the pit.

Preparation for first copper

Construction of the process plant has been completed and commissioned to the extent possible without ore. It is ready to start up as soon as ore is delivered, which we expect would be about four weeks after Las Cruces receives final verification from CICE that would enable it to resume mining. First copper should be produced approximately eight days after the start of production.

2009 outlook for development and production

Las Cruces construction is complete. To date, €477 million has been spent on construction capital for the project and €543 million for the total project.

The following table shows total spending for the project to the end of March 2009 and our capital objective for the rest of the year:

(millions)	up to December 31, 2008	January to March 2009	revised objective April to December 2009	total project estimate at December 31, 2009
Construction capital	€448	€29	€27	€504
Mine development	6	4	14	24
Sustaining capital	-	-	24	24
Capitalized interest	18	3	5	26
Pre-operating costs capitalized, net of sales	-	-	16	16
Value added tax	25	5	(30)	-
Other	5	-	3	8
Capital expenditures	€502	€41	€59	€602

The table below shows expected production for 100 percent of Las Cruces for 2009 (assuming we start production in June) and for the mine life.

	2009 target	life of mine
Tonnes of ore processed (thousands)	305	17,492
Strip ratio	40	12.5
Copper grades (percent)	9.8	6.2
Copper production (tonnes)	28,800	997,200
Cost per tonne of ore processed (C \$)	\$195	\$87

Expected copper production for 2009 includes 23,400 tonnes of copper cathode and 5,400 tonnes of copper in ore that, depending on market conditions and renewal of export permits, we plan to ship directly to smelters. If market conditions change and smelters refuse to accept the ore, we will stockpile the ore and process it in the hydrometallurgical plant, which will reduce copper sales by 5,400 tonnes of copper. We still plan on mining 18,200 tonnes of copper in ore to ship directly to smelters, however, 12,800 tonnes has been shifted to 2010.

Based on the 2009 production targets and the assumptions laid out on page 13, we estimate the following operating earnings and cash flow in 2009.

100%	<i>revised objective 2009</i>
<i>(millions of Canadian dollars unless otherwise stated)</i>	
Copper sales (tonnes)	28,800
Gross copper sales	\$77
Smelter processing charges and freight	(14)
Net sales	\$63
Tonnes of ore milled (thousands)	305
Direct production costs (\$ per tonne)	\$195
Direct production costs	\$39
Change in inventory	(6)
Depreciation and other non-cash costs	14
Operating costs	\$47
Operating earnings	\$16
Operating cash flow	\$32

Petaquilla

Quarterly development update

We have three main activities at Petaquilla: drilling, social and environmental impact assessment and engineering.

Drilling

We drilled 18,000 metres in the first quarter of 2009, bringing total resource drilling to approximately 39,000 metres. We expect to achieve our project mineral reserve targets by mid-2009. Our drill programme was expanded to nine rigs from eight in the first quarter to ensure we reach our reserve target on schedule. Work is progressing well to expand reserves to ensure a minimum mine life of 30 years at a throughput rate of 150,000 tonnes per day.

Social and environmental impact assessment and community development

Baseline studies are substantially completed, and we are moving to the impact assessment stage. We expect to submit an impact assessment (EsIA) to the Panamanian environmental authorities by the end of 2009.

We have been active in supporting sustainable businesses to support our activities, including carpentry projects to supply core boxes, poultry production within communities to supply our camps, a contractor maintenance cooperative to ensure our access road is in good condition and experts to improve agricultural practices and yields. We will continue to fund these programs until they become fully sustainable.

Other initiatives, such as local scholarship programs and meal programs that we inherited, are being continued with success.

Engineering

We continued with engineering work and expect to complete the final front-end engineering and design (FEED) study by the end of 2009. The base case for the FEED study is a throughput rate of 150,000 tonnes per day, which equates to an average annual production of 275,000 tonnes of copper for the first 10 years. We intend to select an independent producer that would construct a facility to provide the power required for the operation.

2009 outlook for development

By the end of 2009, once the final FEED study is complete and the EsIA is submitted, we expect to begin detailed engineering. At the same time, we intend to seek approval of the EsIA and begin the permitting process for construction. If permits are received in a timely manner, construction should be completed in 2014.

We expect to spend approximately \$94 million in 2009 to fund this work.

We have commenced the process of meeting potential partners for the development of this project and expect to develop partnerships over the next 12 months.

Managing our liquidity

We plan our financing strategy by assessing our long-term financial requirements, reviewing our future capital needs and determining the optimal mix of several alternatives, including our significant cash position, future operating cash flow, credit facilities and project financing. In planning our capital structure, we include a liquidity cushion that allows us to address operational disruptions or general market downturns, such as the current weakening of the global economy.

(millions)	three months ended March 31	
	2009	2008
CASH FROM OPERATING ACTIVITIES		
Çayeli	\$(9)	\$15
Pyhäsalmi	(2)	31
Troilus	49	6
Ok Tedi	(14)	39
Corporate development and exploration not included in operations' cash flow	(2)	(2)
General and administration	(4)	(4)
Other	(1)	(8)
	17	77
CASH FROM INVESTING AND FINANCING		
Capital spending	(95)	(111)
Long-term debt – borrowings	-	50
- repayments	(8)	-
Funding by non-controlling shareholder	16	15
Foreign exchange on cash held in foreign currency	6	37
Other	(2)	(3)
	(83)	(12)
Increase (decrease) in cash	(66)	65
Cash and short-term investments		
Beginning of period	573	841
End of period	\$507	\$906

OPERATING ACTIVITIES

Key components of the change in operating cash flows

(millions)	three months ended March 31
Lower earnings from operations (see page 4)	\$(51)
Non-cash changes in operating earnings:	
Add back higher non-cash charges included in earnings from operations	8
Lower tax expense	21
Lower interest income	(7)
Changes in working capital	(29)
Other	(2)
Lower operating cash flow, compared to 2008	\$(60)

Operating cash flows are lower than they were in 2008 because of lower operating earnings and a large outflow of cash related to working capital. First quarter cash flow was reduced by approximately \$48 million to repay smelters for the excess provisional payments they made in 2008, before copper prices dropped.

2009 outlook for cash from operating activities

Volatile markets make it more difficult than usual to develop reliable estimates for commodity prices and foreign exchange rates. The table below shows our expected operating cash at our operations, based on the market assumptions described on page 13, and the assumptions in *Results of our operations*, which starts on page 13.

2009 estimated operating cash flow by operation

(millions)	
Çayeli	\$51
Pyhäsalmi	33
Troilus	99
Ok Tedi	70
Las Cruces	32
	\$285

INVESTING AND FINANCING

Capital spending

(millions)	three months ended March 31		revised
	2009	2008	objective
Çayeli	\$3	\$6	\$22
Pyhäsalmi	1	2	11
Troilus	-	-	-
Ok Tedi	3	8	26
Las Cruces	65	92	156
Cerattepe	-	3	-
Petaquilla	23	-	94
	\$95	\$111	\$309

Please see *Results of our operations* and *Status of our development projects* for a discussion of actual results and our 2009 objective.

Long-term debt repayments

In 2009, Las Cruces repaid €5 million under Tranche B of its credit facility which is equal to the amount of subsidies received. We expect to receive the remaining subsidies in the second quarter, and will fully repay Tranche B at that time.

2009 outlook for investing and financing

We expect capital spending to be \$309 million in 2009. The more significant items include:

- \$84 million on completion of the construction of the processing plant at Las Cruces
- \$94 million for work on the development plan at Petaquilla
- \$10 million for pit development and \$7 million for an underground drainage tunnel at Ok Tedi.

Until we start receiving proceeds from sales at Las Cruces, we expect to use sponsor contributions, value added tax refunds and government subsidies to fund its costs. We are expecting €40 million in subsidies, but we must meet certain conditions before we can receive the funds (mainly specific levels of employment and completing construction of the plant, which we believe have been met).

Financial condition

CASH

Our cash and cash equivalents balance at March 31, 2009 was \$507 million. This included cash and money market instruments that mature in 90 days or less, and short-term investments that mature in 91 days to a year.

Our policy is to invest excess cash in highly liquid investments of the highest credit quality and to limit our exposure to individual counterparties to minimize the risk associated with these investments. We base our decisions about the length of maturities on our cash flow requirements, rates of return and other factors.

General worldwide economic conditions have weakened dramatically since the end of the third quarter of 2008. In response, we have adjusted our investment positions and are now mainly invested in treasury funds to minimize liquidity risk until normal market conditions return. At March 31, 2009, we held cash and short-term investments in the following:

- Canada and provincial T-Bills
- Short-term debt instruments issued by Canadian Crown Corporations
- Highest rated asset backed commercial paper programs sponsored by leading Canadian financial institutions backed by global style liquidity lines
- AAA rated treasury funds and 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, term and overnight deposits with leading Canadian and international financial institutions benefiting directly and indirectly from support programs by various governments and central banks.

See note 4 on page 41 in the consolidated financial statements for more details about where our cash is invested.

Our restricted cash balance of \$71 million included:

- \$18 million in trust for future reclamation at Ok Tedi
- \$16 million of cash collateralized letters of credit for Inmet
- \$35 million related to issuing letters of credit to suppliers at Las Cruces and for its labour bond to the government
- \$2 million for future reclamation at Pyhäsalmi

COMMON SHARES

Common shares outstanding as of	
March 31, 2009 and April 28, 2009	48,281,909
Deferred share units outstanding as of	
March 31, 2009	85,563
(redeemable on a one-for-one basis for common shares)	

Dividend declaration

The board of directors has declared an eligible dividend of \$0.10 per common share payable on June 15, 2009 to common shareholders of record as at May 31, 2009.

FINANCIAL INSTRUMENTS

The table below shows the gold and copper forward sales 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, 2009
Ok Tedi copper forward sales	2009	2.4 million lbs	US \$2.41 per lb	\$2.0 million ⁽¹⁾
Ok Tedi gold forward sales	2010	3,600 ounces	US \$748 per oz.	(\$2.5 million) ⁽²⁾
	2011	3,600 ounces	US \$775 per oz.	
	2012	3,600 ounces	US \$803 per oz.	
	2013	1,800 ounces	US \$825 per oz.	
		12,600 ounces	US \$783 per oz.	
Las Cruces interest rate swaps	2009 to 2014	US \$179 million (reducing in conjunction with debt repayment schedule)	5.2 percent	(\$20.6 million)

⁽¹⁾ At a copper price of US \$1.84 per pound.

⁽²⁾ At a gold price of US \$937 per ounce.

Accounting changes

We adopted a new section of the CICA Handbook:

Emerging Issues Committee (EIC) 173 – Credit Risk and the fair value of financial assets and financial liabilities

Section 3855, (Financial instruments-recognition and measurement) requires certain financial assets and financial liabilities to be measured at fair value, taking into account the credit quality of the financial instrument.

The EIC reached a consensus that an entity's own credit risk *and* the credit risk of the counterparty should both be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes.

We have adopted this standard retrospectively, without restatement. The adoption of EIC 173 did not have an impact on our consolidated financial statements.

Section 3064 - Goodwill and Intangible Assets

Effective January 1, 2009, we adopted CICA Handbook Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062 - *Goodwill and Other Intangible Assets* and Section 3450 - *Research and Development Costs*. This new standard establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. It provides guidance for recognizing 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. The adoption of this standard did not impact on our consolidated financial statements.

Plans on transition to International Financial Reporting Standards (IFRS):

The Accounting Standards Board confirmed in February 2008 that International Financial Reporting Standards (IFRS) will replace current Canadian GAAP for financial periods beginning on and after January 1, 2011. IFRS is based on a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosure.

While the adoption of IFRS will not change the actual cash flows we generate, it will result in changes to our reported financial position and results of operations — which could have material effects.

We have prepared a comprehensive IFRS convergence plan that addresses the changes in accounting policy, restatement of comparative periods, internal control over financial reporting, modification of existing systems, the training and awareness of staff, as well as other related business matters. Senior financial management who report to and are overseen by Inmet's Audit Committee are responsible for planning and implementing the conversion.

To date, we have completed an initial draft for the majority of our significant accounting policies. Over the next several months we will quantify and prepare the calculations to adjust our financial statements using these initial new policies. This exercise will either validate our accounting policy choices or require reconsideration of our choices. The work prepared to date has indicated that we are not expecting significant changes to the carrying values of property, plant and equipment, but based on current IFRS we would expect significant effects on our accounting for business combinations on a going forward basis. Current exposure drafts on accounting for joint venture interests, which currently includes our investment in Ok Tedi, and future income taxes could also have significant effects on our financial statements. We will continue to monitor these exposure drafts.

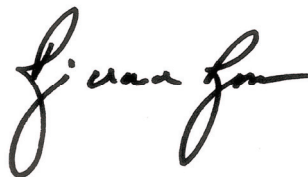
For the remainder of 2009, we will complete and finalize our accounting policies under IFRS, calculate all differences and document new internal controls. Our goal is to restate our December 31, 2009 Canadian GAAP balance sheet to IFRS in the first quarter of 2010.

Supplementary financial information

Page 30 includes supplementary financial information about 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 segmented and consolidated basis. We have included cash costs as supplementary information because we believe our key stakeholders use these measures 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 are not recognized measures under Canadian generally accepted accounting principles they should not be considered in isolation of earnings or cash flows. There is also no standard way to calculate cash costs, 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 28, 2009

INMET MINING CORPORATION

Supplementary financial information

Cash costs

2009 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	\$1.60	\$1.32	\$1.24	\$258
Royalties and variable compensation	0.09	-	(0.05)	0.02	-
Smelter processing charges and freight	1.02	0.68	0.39	0.71	84
Metal credits	(1.10)	(2.04)	(1.40)	(1.41)	(222)
Cash cost	\$0.98	\$0.24	\$0.26	\$0.56	\$120

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

Reconciliation of cash costs to statements of earnings

2009 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	\$20	\$16	\$23	\$59	\$19
Smelter processing charges and freight	19	9	6	34	6
By product sales	(23)	(17)	(24)	(64)	(17)
Adjust smelter processing and freight, and sales to production basis	3	(6)	-	(3)	-
Operating costs net of metal credits	\$19	\$2	\$5	\$26	\$8
US \$ to C\$ exchange rate	\$1.24	\$1.24	\$1.24	\$1.24	\$1.24
Inmet's share of production (000's)	15,500	7,900	14,600	38,000	58,100
Cash cost	\$0.98	\$0.24	\$0.26	\$0.56	\$120

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

Quarterly review

INMET MINING CORPORATION

Quarterly review

(unaudited)

Latest Four Quarters

	2009	2008	2008	2008
	First	Fourth	Third	Second
(thousands of Canadian dollars, except per share amounts)	quarter	quarter	quarter	quarter
STATEMENTS OF EARNINGS				
Gross sales	\$ 239,152	\$ 139,626	\$ 247,495	\$ 281,463
Smelter processing charges and freight	(40,540)	(32,870)	(49,502)	(53,209)
Cost of sales	(89,904)	(91,715)	(84,948)	(89,893)
Depreciation	(15,679)	(14,844)	(11,395)	(9,195)
	93,029	197	101,650	129,166
Corporate development and exploration	(3,232)	(1,971)	(3,548)	(2,483)
General and administration	(4,124)	(3,289)	(3,411)	(2,790)
Investment and other income (expense)	(11,203)	8,057	(5,467)	(11,358)
Asset impairment	(6,419)	(36,275)	-	-
Interest expense	(492)	(490)	(476)	(471)
Capital tax expense	(125)	(1,304)	(125)	(124)
Income tax expense	(18,890)	767	(17,379)	(44,333)
Non-controlling interest	2,783	1,794	3,813	98
Net income (loss)	\$ 51,327	\$ (32,514)	\$ 75,057	\$ 67,705
Net income (loss) per common share	\$ 1.06	\$ (0.67)	\$ 1.55	\$ 1.40
Diluted net income (loss) per common share	\$ 1.06	\$ (0.67)	\$ 1.55	\$ 1.40

Previous Four Quarters

	2008	2007	2007	2007
	First	Fourth	Third	Second
(thousands of Canadian dollars, except per share amounts)	quarter	quarter	quarter	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)	(2,475)	(2,086)
General and administration	(3,648)	(12,622)	(2,674)	(2,162)
Investment and other income	14,754	5,968	9,224	13,665
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

INMET MINING CORPORATION
Consolidated financial statements
March 31, 2009

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

Consolidated financial statements
INMET MINING CORPORATION
Consolidated balance sheets

(thousands of Canadian dollars)	March 31	December 31
	2009	2008
	(unaudited)	
Assets		
Current assets:		
Cash and short-term investments (note 4)	\$506,939	\$572,733
Restricted cash (note 5)	8,056	8,311
Accounts receivable	171,145	135,742
Inventories	72,731	74,362
Future income tax asset	14,110	14,311
	772,981	805,459
Restricted cash (note 5)	62,715	52,893
Property, plant and equipment	2,043,727	1,950,535
Investments (note 6)	21,134	17,514
Future income tax asset	11,134	5,499
Derivatives (note 7)	1,959	4,327
Other assets	4,942	5,031
	\$2,918,592	\$2,841,258
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$136,950	\$212,527
Derivatives (note 7)	8,575	8,693
Future income tax liabilities	2,915	-
Current portion of long-term debt	111,954	109,666
	260,394	330,886
Long-term debt (note 8)	419,187	384,848
Asset retirement obligations	130,522	126,782
Derivatives (note 7)	14,508	16,417
Other liabilities (note 10)	59,879	27,122
Future income tax liabilities	17,599	15,971
Non-controlling interest	67,434	71,449
	969,523	973,475
Commitments (note 9)		
Shareholders' equity		
Share capital	337,464	337,464
Contributed surplus	62,421	61,925
Stock based compensation	2,775	2,688
Retained earnings	1,334,401	1,283,074
Accumulated other comprehensive loss (note 11)	212,008	182,632
	1,949,069	1,867,783
	\$2,918,592	\$2,841,258

(see accompanying notes)

INMET MINING CORPORATION
Segmented balance sheets

2009 As at March 31

(unaudited)	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	PETAQUILLA	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	(Panama)	
Assets								
Cash and short-term investments	\$227,130	\$187,444	\$58,123	\$ -	\$20,389	\$9,707	\$4,146	\$506,939
Other current assets	11,645	52,393	46,376	33,486	46,947	74,344	851	266,042
Restricted cash	16,410	-	2,011	-	17,746	26,548	-	62,715
Property, plant and equipment	990	146,265	71,919	24,193	105,686	1,125,175	569,499	2,043,727
Investments	21,134	-	-	-	-	-	-	21,134
Other non-current assets	1,752	417	-	1,825	7,392	6,649	-	18,035
	\$279,061	\$386,519	\$178,429	\$59,504	\$198,160	\$1,242,423	\$574,496	\$2,918,592
Liabilities								
Current liabilities	\$23,359	\$34,294	\$11,160	\$11,605	\$19,035	\$152,830	\$8,111	\$260,394
Long-term debt	19,628	-	-	-	-	399,559	-	419,187
Asset retirement obligations	23,841	10,132	16,321	12,731	26,119	41,378	-	130,522
Derivatives	-	-	-	-	2,453	12,055	-	14,508
Other liabilities	4,865	4,903	-	1,856	2,011	46,244	-	59,879
Future income tax liabilities	3,952	4,335	9,094	-	-	218	-	17,599
Non-controlling interest	-	-	-	-	-	67,434	-	67,434
	\$75,645	\$53,664	\$36,575	\$26,192	\$49,618	\$719,718	\$8,111	\$969,523

2008 As at December 31

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	PETAQUILLA	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	(Panama)	
Assets								
Cash and short-term investments	\$241,238	\$192,881	\$65,976	\$ -	\$37,547	\$33,981	\$1,110	\$572,733
Other current assets	15,992	43,946	39,428	22,595	43,148	66,774	843	232,726
Restricted cash	16,343	-	2,104	-	16,667	17,779	-	52,893
Property, plant and equipment	916	144,124	74,790	27,659	105,145	1,065,435	532,466	1,950,535
Investments	17,514	-	-	-	-	-	-	17,514
Other non-current assets	3,183	454	-	1,825	7,039	2,356	-	14,857
	\$295,186	\$381,405	\$182,298	\$52,079	\$209,546	\$1,186,325	\$534,419	\$2,841,258
Liabilities								
Current liabilities	\$15,983	\$52,112	\$11,537	\$11,029	\$45,711	\$182,535	\$11,979	\$330,886
Long-term debt	19,741	-	-	-	-	365,107	-	384,848
Asset retirement obligations	23,501	9,654	16,307	12,626	25,016	39,678	-	126,782
Derivatives	-	-	-	-	1,670	14,747	-	16,417
Other liabilities	4,911	5,374	-	1,484	2,232	13,121	-	27,122
Future income tax liabilities	1,026	5,509	9,215	-	-	221	-	15,971
Non-controlling interest	-	-	-	-	-	71,449	-	71,449
	\$65,162	\$72,649	\$37,059	\$25,139	\$74,629	\$686,858	\$11,979	\$973,475

INMET MINING CORPORATION

Consolidated statements of earnings

(unaudited)

(thousands of Canadian dollars except per share amounts)	Three Months Ended March 31	
	2009	2008
Gross sales	\$239,152	\$276,281
Smelter processing charges and freight	(40,540)	(44,157)
Cost of sales	(89,904)	(79,246)
Depreciation	(15,679)	(9,170)
	93,029	143,708
Corporate development and exploration	(3,232)	(2,618)
General and administration	(4,124)	(3,648)
Investment and other income (expense) (note 12)	(11,203)	14,754
Asset impairment (note 15)	(6,419)	-
Interest expense	(492)	(447)
Capital tax expense	(125)	(126)
Income tax expense (note 13)	(18,890)	(44,744)
Non-controlling interest	2,783	(205)
	51,327	106,674
Net income	\$51,327	\$106,674
Basic and diluted net income per common share (note 14)	\$1.06	\$2.21
Weighted average shares outstanding (000's)	48,282	48,282
(see accompanying notes)		

INMET MINING CORPORATION
Segmented statements of earnings

(unaudited)

2009 For the three months ended March 31

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	PETAQUILLA	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	(Panama)	
Gross sales	\$ -	\$60,021	\$33,981	\$86,990	\$58,160	\$ -	\$ -	\$239,152
Smelter processing charges and freight	-	(19,076)	(8,991)	(6,260)	(6,213)	-	-	(40,540)
Cost of sales	(484)	(22,571)	(15,845)	(22,827)	(28,177)	-	-	(89,904)
Depreciation	-	(3,473)	(2,602)	(3,419)	(6,185)	-	-	(15,679)
	(484)	14,901	6,543	54,484	17,585	-	-	93,029
Corporate development and exploration	(1,848)	(494)	(890)	-	-	-	-	(3,232)
General and administration	(4,124)	-	-	-	-	-	-	(4,124)
Investment and other income (expense)	451	2,867	-	284	(1,372)	(13,433)	-	(11,203)
Asset impairment charges	-	(6,419)	-	-	-	-	-	(6,419)
Interest expense	(492)	-	-	-	-	-	-	(492)
Capital tax expense	(125)	-	-	-	-	-	-	(125)
Income tax (expense) recovery	(16,531)	581	(435)	-	(6,540)	4,035	-	(18,890)
Non-controlling interest	-	-	-	-	-	2,783	-	2,783
Net income (loss)	(\$23,153)	\$11,436	\$5,218	\$54,768	\$9,673	(\$6,615)	\$ -	\$51,327

2008 For the three months ended March 31

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	PETAQUILLA	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	(Panama)	
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 expense	(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

INMET MINING CORPORATION

Consolidated statements of cash flows

(unaudited)

Three Months Ended March 31

(thousands of Canadian dollars)

2009

2008

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

Net income	\$51,327	\$106,674
Add (deduct) items not affecting cash:		
Depreciation	15,679	9,170
Future income tax	(2,233)	2,917
Accretion expense on asset retirement obligations	1,267	1,021
Non-controlling interest	(2,783)	205
Asset impairment (note 15)	6,419	-
Foreign exchange loss (gain)	10,940	(7,436)
Other	2,496	1,742
Settlement of asset retirement obligations	(447)	(521)
Net change in non-cash working capital (note 3)	(65,568)	(37,022)
	<u>17,097</u>	<u>76,750</u>

Cash provided by (used in) investing activities

Capital spending	(94,859)	(111,414)
Disposition of investments	-	1,521
Sale of short-term investments	2,431	300,424
	<u>(92,428)</u>	<u>190,531</u>

Cash provided by (used in) financing activities

Long-term debt:		
Borrowings (note 8)	-	50,346
Repayments (note 8)	(8,328)	-
Funding by non-controlling shareholder	15,672	15,129
Financial assurance deposits	(9,440)	(7,494)
Dividends paid on common shares	-	-
Subsidies received	8,609	3,233
Other	(45)	(46)
	<u>6,468</u>	<u>61,168</u>

Foreign exchange change on cash held in foreign currency

	<u>5,500</u>	<u>37,196</u>
	(63,363)	365,645

Increase (decrease) in cash

Cash:

Beginning of period	<u>537,059</u>	<u>522,505</u>
End of period	<u>473,696</u>	<u>888,150</u>
	<u>33,243</u>	<u>17,894</u>

Short-term investments

	<u>\$506,939</u>	<u>\$906,044</u>
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Cash and short-term investments

(see accompanying notes)

(1) Supplementary cash flow information:

Cash interest paid	\$4,725	\$3,398
Cash taxes paid	\$5,848	\$15,212

INMET MINING CORPORATION
Segmented statements of cash flows

(unaudited)

2009 For the three months ended March 31

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	PETAQUILLA	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	(Panama)	
Cash provided by (used in) operating activities								
Before net change in non-cash working capital	(\$13,532)	\$11,597	\$5,660	\$59,716	\$19,224	\$ -	\$ -	\$82,665
Net change in non-cash working capital	6,979	(20,543)	(7,446)	(10,990)	(33,568)	-	-	(65,568)
	(6,553)	(8,946)	(1,786)	48,726	(14,344)	-	-	17,097
Cash provided by (used in) investing activities								
Capital spending	184	(3,567)	(772)	-	(3,321)	(64,551)	(22,832)	(94,859)
Sale of short-term investments	2,431	-	-	-	-	-	-	2,431
	2,615	(3,567)	(772)	-	(3,321)	(64,551)	(22,832)	(92,428)
Cash provided by (used in) financing activities								
Foreign exchange change on cash held in foreign currency	-	6,681	(1,143)	-	1,086	(1,668)	544	5,500
Intergroup funding (distributions)	(7,629)	395	(4,152)	(48,726)	194	34,594	25,324	-
Increase (decrease) in cash	(11,677)	(5,437)	(7,853)	-	(17,158)	(24,274)	3,036	(63,363)
Cash:								
Beginning of period	205,564	192,881	65,976	-	37,547	33,981	1,110	537,059
End of period	193,887	187,444	58,123	-	20,389	9,707	4,146	473,696
Short-term investments	33,243	-	-	-	-	-	-	33,243
Cash and short-term investments	\$227,130	\$187,444	\$58,123	\$ -	\$20,389	\$9,707	\$4,146	\$506,939

2008 For the three months ended March 31

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	PETAQUILLA	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	(Panama)	
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)
	(14,749)	15,000	31,238	6,478	38,783	-	-	76,750
Cash provided by (used in) investing activities								
Capital spending	(32)	(8,883)	(1,759)	(247)	(7,959)	(92,534)	-	(111,414)
Sale of short-term investments	1,521	-	-	-	-	-	-	1,521
Other	300,424	-	-	-	-	-	-	300,424
	301,913	(8,883)	(1,759)	(247)	(7,959)	(92,534)	-	190,531
Cash provided by (used in) financing activities								
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

INMET MINING CORPORATION

Consolidated statements of retained earnings

(unaudited)

(thousands of Canadian dollars)	Three Months Ended March 31	
	2009	2008
Retained earnings, beginning of period	\$1,283,074	\$1,074,762
Net income	51,327	106,674
Retained earnings, end of period	\$1,334,401	\$1,181,436
(see accompanying notes)		

Consolidated statements of comprehensive income

(unaudited)

(thousands of Canadian dollars)	Three Months Ended March 31	
	2009	2008
Net income	\$51,327	\$106,674
Other comprehensive income (loss) for the period :		
Changes in fair value of gold forward sales contracts	(761)	(9,925)
Changes in fair value of interest rate swap contracts	1,740	(4,722)
Changes in fair value of foreign exchange forward contracts	-	12,272
Changes in fair value of investments	3,620	(7,419)
Currency translation adjustments	27,045	75,369
Reclassification to net income of gains/losses realized:		
Gain on sale of investment	-	(256)
Troilus gold hedge loss	-	6,997
Ok Tedi gold hedge loss	-	1,013
Amortization of gain on foreign exchange forward contracts	(1,508)	-
Foreign exchange loss on reduction of net investment in self-sustaining foreign operations (note 12)	-	5,514
Income tax expense related to other comprehensive income (note 16)	(1,039)	(1,263)
	29,097	77,580
Comprehensive income	\$80,424	\$184,254
(see accompanying notes)		

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 2008 Annual Review.

2. Changes in accounting policies

Section 3064 - Goodwill and Intangible Assets

Effective January 1, 2009, we adopted CICA Handbook Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062 - *Goodwill and Other Intangible Assets* and Section 3450 - *Research and Development Costs*. This new standard establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. It provides guidance for recognizing 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. The adoption of this standard did not have an impact on our consolidated financial statements.

Emerging Issues Committee 173 – Credit Risk and the fair value of financial assets and financial liabilities

Effective January 1, 2009, we adopted EIC-173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* retroactively, without restatement. This EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of EIC 173 did not have a significant impact on our consolidated financial statements.

3. 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 ended March 31, 2009

(thousands)	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable ⁽¹⁾	(\$148)	(\$24,517)	\$1,120	(\$13,785)	(\$39,433)	(\$76,763)
Inventories	-	1,218	(407)	2,940	1,388	5,139
Accounts payable and accrued liabilities	(734)	(1,851)	(221)	1,546	(1,419)	(2,679)
Taxes	7,872	4,553	(7,938)	-	5,204	9,691
Other	(11)	54	-	(1,691)	692	(956)
	\$6,979	(\$20,543)	(\$7,446)	(\$10,990)	(\$33,568)	(\$65,568)

⁽¹⁾ Includes changes in accounts payable related to metal sales.

For the three months ended March 31, 2008

(thousands)	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	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)

4. Cash and short-term investments

At period end, our cash and short-term investments are held in:

(thousands)	March 31 2009	December 31 2008
Cash:		
Liquidity funds	\$239,176	\$276,301
Bankers' acceptances	44,103	64,293
Money market funds	38,408	38,683
Corporate	36,855	-
Term deposits	29,528	78,041
Overnight deposits	15,334	14,684
Bank deposits	58,876	52,429
Other	11,416	12,628
	473,696	537,059
Short-term investments:		
Asset backed securities	12,669	-
Provincial short-term notes	-	35,674
Other	20,574	-
	33,243	35,674
Total cash and short-term investments	\$506,939	\$572,733

5. Restricted cash

The table below shows our restricted cash balances.

(thousands)	March 31 2009	December 31 2008
Collateralized cash for letter of credit facility	\$16,410	\$16,343
In trust for Ok Tedi rehabilitation	17,746	16,667
Collateralized cash for letters of credit - Las Cruces	34,604	26,090
Collateralized cash for Pyhäsalmi reclamation	2,011	2,104
	70,771	61,204
Less current portion:		
Collateralized cash for letters of credit – Las Cruces	(8,056)	(8,311)
	\$62,715	\$52,893

During the quarter, Las Cruces' restricted cash which secures a restoration bond increased by €5.4 million (note 9).

6. Investments

The table below shows our investments.

(thousands)	March 31 2009	December 31 2008
Available-for-sale equity securities:		
Premier Gold Mines Ltd.	\$18,900	\$15,309
Other	2,234	2,205
	\$21,134	\$17,514

7. Derivatives

The table below shows our derivatives.

(thousands)	March 31 2009	December 31 2008
Derivative asset:		
Ok Tedi copper forward sales contracts	\$1,959	\$4,327
Derivative liabilities:		
Ok Tedi gold forward sales contracts	\$2,453	\$1,670
Las Cruces interest rate swap contracts	20,630	23,440
	\$23,083	\$25,110

8. Long-term debt

	March 31 2009	December 31 2008
(thousands)		
Credit facility – Tranche A	\$270,735	\$262,504
– Tranche B	70,358	80,364
Promissory note	19,628	19,741
Loans from non-controlling shareholder	170,420	131,905
	531,141	494,514
Less current portion:		
Credit facility – Tranche A	(41,596)	(29,302)
– Tranche B	(70,358)	(80,364)
	\$419,187	\$384,848

Credit facility

This quarter, Las Cruces repaid €5.3 million under Tranche B equal to subsidies received. 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 €32 million of intercompany loan advances. These loans bear interest at EURIBOR plus 6.1 percent and are due to be repaid on February 25, 2020. The non-controlling portion of these loans, €102 million, is reflected in long-term debt at March 31, 2009. Loans from non-controlling shareholders approximate fair value because the loans accrue interest at prevailing market rates.

9. Commitments

Our operations have the following capital commitments as at March 31, 2009:

- Ok Tedi has committed approximately \$110.9 million (our proportionate share is \$20.0 million) to capital expenditures related to the mine waste management project.
- Las Cruces has committed \$26.8 million for engineering, procurement and construction management related to the process plant.
- Petaquilla has committed \$174.9 million for the design and supply of certain mill equipment.

During the quarter, Las Cruces' restoration bond was increased by €5.4 million to €20.2 million as a result of development activities, which took place during 2008.

10. Leases

Effective during the first quarter, Las Cruces committed to a contract for the supply of oxygen from a plant owned and operated by a third party and located at the mine site. This arrangement contains a capital lease with minimum lease payments of:

2009	\$2,001
2010	2,668
2011	2,668
2012	2,668
2013	2,668
Thereafter	27,348
Total	\$40,021

The oxygen plant has been recognized in property, plant and equipment at \$23 million based on the total minimum future lease payments discounted at Las Cruces' incremental rate of borrowing of 8.2 percent. Capital lease obligations of \$23 million have been recognized in other liabilities. The oxygen plant will be depreciated over its estimated useful life of 15 years once Las Cruces is substantially complete.

11. Accumulated other comprehensive loss (AOCI)

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

(thousands)	
Unrealized losses on gold forward sales contracts (net of tax of \$1,030)	(\$2,402)
Unrealized gains on foreign exchange forward contract ¹	21,023
Unrealized losses on interest rate swap contracts ²	(9,962)
Unrealized gains on investments (net of tax of \$667)	3,314
Currency translation adjustment	170,659
AOCI, December 31, 2008	\$182,632
Impact on adoption of EIC 173 – January 1, 2009 (note 2)	279
Other comprehensive income for the three months ending March 31, 2009	29,097
AOCI, March 31, 2009	\$212,008
AOCI March 31, 2009 comprises:	
Unrealized losses on gold forward sales contracts (net of tax of \$2,460)	(\$2,936)
Unrealized gains on foreign exchange forward contract ³	19,515
Unrealized losses on interest rate swap contract ⁴	(8,603)
Unrealized gains on investments (net of tax of \$1,273)	6,328
Currency translation adjustment	197,704
AOCI, March 31, 2009	\$212,008

1. Net of tax of \$12,792 and non-controlling interest of \$8,956.
2. Net of tax of \$6,102 and non-controlling interest of \$4,270.
3. Net of tax of \$11,874 and non-controlling interest of \$8,315.
4. Net of tax of \$5,271 and non-controlling interest of \$3,688.

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

(thousands)	March 31 2009	December 31 2008
Pyhäsalmi (euro functional currency)	\$14,123	\$17,480
Las Cruces (euro functional currency)	53,402	57,947
Çayeli (US dollar functional currency)	35,883	24,751
Ok Tedi (US dollar functional currency)	11,148	6,224
Petaquilla (US dollar functional currency)	83,148	64,257
	\$197,704	\$170,659

The US dollar to Canadian dollar exchange rate was \$1.26 at March 31, 2009 and \$1.22 at December 31, 2008. The euro to Canadian dollar exchange rate was \$1.68 at March 31, 2009 and \$1.70 at December 31, 2008.

12. Investment and other income

Investment and other income are summarized as follows:

(thousands)	three months ended	
	2009	March 31 2008
Interest income	\$2,042	\$8,723
Dividend and royalty income	-	-
Foreign exchange gain (loss)	(10,098)	6,858
Mark to market on Ok Tedi copper forward contracts	(1,419)	(2,849)
Other	(1,728)	2,022
	(\$11,203)	\$14,754

Foreign exchange

For transactions with foreign currencies we use:

- the exchange rates in effect at period-end for monetary assets and liabilities
- the exchange rates in effect on the date of the transaction for non-monetary assets and liabilities
- the exchange rates in effect on the date of the transaction for income and expenses

Foreign exchange gain (loss) is a result of:

(thousands)	three months ended	
	2009	March 31 2008
Translation of foreign-denominated cash	(\$1,595)	\$1,256
Translation of Las Cruces' US dollar- denominated debt (note 8)	(11,465)	-
Translation of other-monetary assets and liabilities	2,962	11,116
Reduction in our net investments	-	(5,514)
	(\$10,098)	\$6,858

13. Income tax expense

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

For the three months ended March 31, 2009

(thousands)	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Las Cruces	Total
Current income taxes	\$7,655	\$7,806	\$428	\$5,234	\$ -	\$21,123
Future income taxes	8,876	(8,387)	7	1,306	(4,035)	(2,233)
	\$16,531	(\$581)	\$435	\$6,540	(\$4,035)	\$18,890

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

14. Net income per share

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

(thousands)	three months ended	
	2009	March 31 2008
Net income available to common shareholders	\$51,327	\$106,674

(thousands)	three months ended	
	2009	March 31 2008
Weighted average common shares outstanding	48,282	48,282
Plus incremental shares from assumed conversions:		
Deferred share units	86	76
Long term incentive plan units	43	-
Diluted weighted average common shares outstanding	48,411	48,358

(Canadian dollars per share)	three months ended	
	2009	March 31 2008
Basic and diluted net income per common share	\$1.06	\$2.21

15. Asset impairment

We made a decision in 2008 not to proceed with the Cerattepe project. All work has ceased on the project. This quarter, we recognized an asset impairment charge of \$6 million and an associated tax recovery of \$6 million.

16. Income taxes included in other comprehensive income

The table below shows the breakdown by component of the income tax recovery (expense) included in other comprehensive income:

	three months ended	
	2008	March 31 2007
Changes in fair value of gold forward sales contracts	\$227	\$291
Changes in fair value of interest rate swap contracts	(660)	1,793
Changes in fair value of foreign exchange forward contracts	-	(4,660)
Changes in fair value of investments	(606)	1,313
	\$(1,039)	\$(1,263)

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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:

- By mail directed to our Corporate Office
- By email at investor@inmetmining.com
- By fax at + 1-416-368-4692
- By telephone at + 1-416-860-3979

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>	2009	2008
Outstanding as at March 31	48,282	48,282
Weighted average for the three months ended March 31	48,282	48,282

Stock Exchange Listing

Toronto Stock Exchange

Stock Symbol

IMN

Common Shares

Trading History

	High	Low
2009		
First Quarter	\$36.63	\$19.46
2008		
Fourth Quarter	\$47.00	\$13.38
Third Quarter	\$66.15	\$46.63
Second Quarter	\$98.61	\$66.30
First Quarter	\$90.51	\$61.01