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All amounts in Canadian dollars unless indicated otherwise

Toronto, Canada – Inmet announces second quarter earnings

Second quarter highlights

• **Foreign exchange losses reduce earnings**

Inmet announces second quarter earnings of \$0.86 per share compared with earnings of \$1.37 per share in the second quarter of 2009. Our net income this quarter was \$39 million lower (\$0.69 per share) than the same quarter last year because of foreign exchange on repatriation of funds and long-term debt. We recognized foreign exchange losses of \$21 million this quarter on the repatriation of cash from Çayeli and Pyhäsalmi. In the same quarter of 2009, we recognized foreign exchange gains of \$18 million mainly from revaluing Las Cruces' US dollar denominated debt under its credit facility.

• **Consistent earnings from operations**

Earnings from operations were \$87 million compared to \$85 million last year, even though Troilus contributed \$10 million less. Higher copper and zinc prices increased our operating earnings by \$11 million compared to the same quarter of 2009.

• **Strong performance at Çayeli and Pyhäsalmi**

Çayeli milled 295,000 tonnes this quarter, and Pyhäsalmi milled 355,000 tonnes. Both operations remain on target to meet their annual throughput objectives.

• **Higher zinc production and lower gold production**

Zinc production was higher this quarter because grades at Çayeli were higher. Gold production was significantly lower because Troilus concluded operations during the quarter.

• **Las Cruces progressing on commissioning plan**

While we have achieved increasing productivity rates, a number of equipment failures and operational issues delayed the ramp-up of the plant and limited our ability to operate continuously. As a result, we produced 6,600 tonnes of copper cathode during the quarter compared to a target of 12,400 tonnes. We believe we have identified the key bottlenecks to production and we continue to take steps to significantly increase our operating reliability. We will continue with the rigorous implementation of the ramp up plan to achieve our goal of full production by the end of the year and we are encouraged by the capability that the plant has demonstrated in recent months.

• **Troilus concludes operations**

After reaching the milestone of producing 2 million ounces of gold on June 16th, Troilus concluded 13 years of operations at the end of June after depletion of all remaining surface ore stockpiles. We would like to thank all of the employees of Troilus for their tremendous dedication and contributions as well as the Cree community for its support of this project.

Key financial data

	three months ended June 30			six months ended June 30		
	2010	2009	change	2010	2009	change
FINANCIAL HIGHLIGHTS						
(thousands, except per share amounts)						
Sales						
Gross sales	\$215,051	\$213,042	+1%	\$466,610	\$452,194	+3%
Net income						
Net income	\$48,436	\$66,528	-27%	\$128,307	\$117,855	+9%
Net income per share	\$0.86	\$1.37	-37%	\$2.29	\$2.43	-6%
Cash flow						
Cash flow provided by operating activities	\$80,289	\$90,596	-11%	\$171,866	\$107,693	+60%
Cash flow provided by operating activities per share ⁽¹⁾	\$1.43	\$1.86	-23%	\$3.06	\$2.22	+38%
Capital spending ⁽²⁾	\$11,014	\$86,263	-87%	\$32,835	\$181,122	-82%
OPERATING HIGHLIGHTS						
Production ⁽³⁾						
Copper (tonnes)	22,500	19,200	+17%	43,700	39,300	+11%
Zinc (tonnes)	20,600	17,500	+18%	39,300	32,800	+20%
Gold (ounces)	36,700	50,600	-27%	76,900	129,400	-41%
Pyrite (tonnes)	137,700	132,200	+4%	335,200	323,000	+4%
Copper cash cost (US \$ per pound) ⁽⁴⁾	\$0.47	\$0.52	-10%	\$0.43	\$0.55	-22%
FINANCIAL CONDITION						
	as at June 30		as at December 31			
	2010		2009			
Current ratio	3.9 to 1		4.2 to 1			
Gross debt to total equity ⁽⁵⁾	1%		1%			
Net working capital balance (millions)	\$502		\$609			
Cash balance including long-term bonds (millions)	\$757		\$634			
Shareholders' equity (millions)	\$2,269		\$2,238			

⁽¹⁾ Cash flow provided by operating activities divided by average shares outstanding for the period.

⁽²⁾ For the six months ended June 30, 2010, this includes capital spending of \$41 million at Cobre Panama and \$29 million at Las Cruces reduced by positive cash flow from pre-operating costs net of revenues and working capital changes at Las Cruces of \$53 million. For the six months ended June 30, 2009 this includes \$119 million of capital spending at Las Cruces (mainly for construction).

⁽³⁾ Inmet's share.

⁽⁴⁾ Copper cash cost per pound is a non-GAAP measure – see *Supplementary financial information* on pages 31 to 33.

⁽⁵⁾ Gross debt includes long-term debt and the current portion of long-term debt, less the non-recourse note owing from Las Cruces to its non-controlling shareholder.

Second quarter press release

Where to find it

Our financial results	4
Key changes in 2010.....	4
Understanding our performance	5
Earnings from operations.....	7
Corporate costs.....	11
Results of our operations	13
Çayeli	14
Las Cruces.....	16
Pyhäsalmi	17
Troilus	20
Ok Tedi	22
Status of our development project	24
Cobre Panama.....	24
Managing our liquidity	25
Financial condition	28
Accounting changes.....	29
Supplementary financial information.....	31

In this press release, *Inmet* means Inmet Mining Corporation and *we, us* and *our* mean Inmet and/or its subsidiaries and joint ventures. *This quarter* refers to the three months ended June 30, 2010. *Revised objective* is as of July 27, 2010.

Forward looking information

Securities regulators encourage companies to disclose forward-looking information to help investors understand a company's future prospects. This press release contains statements about our future financial condition, results of operations and business.

These are "forward-looking" because we have used what we know and expect today to make a statement about the future. Forward-looking statements usually include words such as *may, expect, anticipate, believe* or other similar words. We believe the expectations reflected in 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 press release. 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.

Our financial results

(thousands, except per share amounts)	three months ended June 30			six months ended June 30		
	2010	2009	change	2010	2009	change
EARNINGS FROM OPERATIONS ⁽¹⁾						
Çayeli	\$24,472	\$22,185	+10%	\$61,568	\$37,086	+66%
Pyhäsalmi	22,309	11,783	+89%	45,166	18,326	+146%
Troilus	6,252	16,032	-61%	17,299	70,516	-75%
Ok Tedi	33,905	35,530	-5%	74,873	53,115	+41%
Other	(69)	(508)	-86%	(1,011)	(992)	+2%
	86,869	85,022	+2%	197,895	178,051	+11%
DEVELOPMENT AND EXPLORATION						
Corporate development and exploration	(2,524)	(2,727)	-7%	(5,303)	(5,959)	-11%
CORPORATE COSTS						
General and administration	(6,288)	(4,785)	+31%	(11,798)	(8,909)	+32%
Investment and other income	(18,370)	16,466	-212%	(18,448)	5,263	-451%
Asset impairment	-	-	-	-	(6,419)	-100%
Stand-by costs	-	-	-	(6,753)	-	+100%
Interest expense	(421)	(493)	-15%	(873)	(985)	-11%
Income and capital taxes	(15,249)	(24,177)	-37%	(35,394)	(43,192)	-18%
Non-controlling interest	4,419	(2,778)	-259%	8,981	5	not meaningful
	(35,909)	(15,767)	+128%	(64,285)	(54,237)	+19%
Net income	\$48,436	\$66,528	-27%	\$128,307	\$117,855	+9%
Basic net income per share	\$0.86	\$1.37	-37%	\$2.29	\$2.43	-6%
Diluted net income per share	\$0.86	\$1.36	-37%	\$2.28	\$2.42	-6%
Weighted average shares outstanding	56,107	48,712	+15%	56,107	48,498	+16%

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

Key changes in 2010

(millions)	three months ended June 30	six months ended June 30	see page
EARNINGS FROM OPERATIONS			
Sales			
Higher copper and zinc prices denominated in Canadian dollars	\$11	\$67	7
Higher (lower) sales volumes	(3)	1	
Costs			
(Higher) lower smelter processing charges and freight	3	(1)	9
Lower operating costs, including costs that vary with income and cash flows	4	9	10
Lower operating earnings at Troilus	(10)	(53)	8
Other	(3)	(3)	
Higher earnings from operations, compared to 2009	\$2	\$20	
CORPORATE COSTS			
Foreign exchange changes	(39)	(31)	11
Asset impairment in 2009	-	6	11
Lower income taxes	9	8	
Non-controlling interest change	7	9	
Stand-by costs	-	(6)	11
Other	3	4	
Higher (lower) net income, compared to 2009	(\$18)	\$10	

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 June 30			six months ended June 30		
	2010	2009	change	2010	2009	change
US dollar metal prices						
Copper (per pound)	\$2.86	\$2.22	+29%	\$3.12	\$2.14	+46%
Zinc (per pound)	\$0.81	\$0.69	+17%	\$0.91	\$0.60	+52%
Gold (per ounce)	\$1,208	\$900	+34%	\$1,140	\$932	+22%
Canadian dollar metal prices						
Copper (per pound)	\$2.94	\$2.60	+13%	\$3.23	\$2.58	+25%
Zinc (per pound)	\$0.83	\$0.81	+2%	\$0.94	\$0.72	+31%
Gold (per ounce)	\$1,242	\$1,050	+18%	\$1,179	\$1,124	+5%

Copper

Copper prices declined steadily this quarter, following the volatility of the first quarter of 2010. London Metals Exchange (LME) cash prices went down to US \$2.88 per pound on July 1 – a drop of 19 percent from the peak of US \$3.57 per pound at the beginning of the quarter. However, we believe that downward potential in the third quarter is limited by the strong supply side fundamentals and increasing consumption in industrialized countries. LME inventories dropped by 12 percent (63,000 tonnes) during the quarter, reflecting the pick-up in demand from countries other than China, as well as the continued strength in Chinese imports.

Zinc

Zinc has performed poorly during the first half of the year, and prices have been volatile. It is believed that high prices in 2009 encouraged zinc supply and resulted in a surplus of refined zinc in 2010, as the continuing rise in exchange stocks in the last six months has demonstrated. LME zinc stocks increased to 616,000 tonnes from 489,000 tonnes in January. The price of zinc followed other metals and fell to US \$0.72 per pound – the lowest it has been since July 2009.

Gold

This quarter, the price of gold rose for the seventh consecutive quarter – the best performance in the last two and a half years. Prices have risen by 11 percent since the beginning of April – a period in which all base metals and other precious metals were significantly down – and on June 28, hit an all-time high of US \$1,259 per ounce.

Pyrite

Sulphur and pyrite prices were down during the second quarter. In the first quarter of the year, sulphur prices had risen because demand for fertilizer was expected to be strong, and data indicated that production would be low. The price of sulphur is expected to continue to go down in the second half of the year because the seasonally high consumption period in China is finished.

Exchange rates

Exchange rates affect our revenue and earnings. The table below shows the average exchange rates we realized this quarter and for the year to June compared to 2009.

	three months ended June 30			six months ended June 30		
	2010	2009	change	2010	2009	change
Exchange rates						
1 US\$ to C\$	\$1.03	\$1.17	-12%	\$1.03	\$1.21	-15%
1 euro to C\$	\$1.31	\$1.59	-18%	\$1.37	\$1.61	-15%
1 euro to US\$	\$1.28	\$1.36	-6%	\$1.33	\$1.33	-

Our sales are affected by the conversion of US dollar revenue to Canadian dollars. Compared to the same quarter last year, the value of the Canadian dollar appreciated 12 percent relative to the US dollar, and 18 percent relative to the euro.

Our earnings are affected by changes in foreign currency exchange rates when we:

- translate the results of our operations from their functional currency (US dollars or euros) to Canadian dollars
- revalue US dollars and euros that we hold in cash in Canada
- translate US dollar sales at Troilus to Canadian dollars.

Treatment charges down for copper

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. We finalized our contract terms with zinc smelters this quarter. While treatment charges for zinc concentrates are higher than last year, price participation is lower. Results this quarter include adjustments we've made to first quarter charges, which were at 2009 rates.

(US\$)	three months ended June 30			six months ended June 30		
	2010	2009	change	2010	2009	change
Treatment charges						
Copper (per dry metric tonne of concentrate)	US \$52	US \$66	-21%	US \$56	US \$67	-16%
Zinc (per dry metric tonne of concentrate)	US \$284	US \$131	+117%	US \$247	US \$192	+29%
Price participation						
Copper (per pound)	US \$0.01	US \$0.03	-67%	US \$0.01	US \$0.03	-67%
Zinc (per pound)	US (\$0.11)	US \$0.05	-320%	US (\$0.02)	US \$0.01	-300%
Freight charges						
Copper (per dry metric tonne of concentrate)	US \$67	US \$34	+97%	US \$68	US \$30	+127%
Zinc (per dry metric tonne of concentrate)	US \$35	US \$28	+25%	US \$32	US \$26	+23%

Statutory tax rates remain consistent

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

	2010	2009	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:

(thousands)	three months ended June 30			six months ended June 30		
	2010	2009	change	2010	2009	change
Gross sales	\$215,051	\$213,042	+1%	\$466,610	\$452,194	+3%
Smelter processing charges and freight	(36,794)	(40,589)	-9%	(81,123)	(81,129)	-
Cost of sales:						
Direct production costs	(67,507)	(71,935)	-6%	(139,059)	(150,354)	-8%
Inventory changes	(2,825)	2,222	+227%	(10,400)	(1,673)	+522%
Provisions for mine rehabilitation and other non-cash charges	(2,105)	(4,114)	-49%	(3,958)	(11,704)	-66%
Depreciation	(18,951)	(13,604)	+39%	(34,175)	(29,283)	+17%
Earnings from operations	\$86,869	\$85,022	+2%	\$197,895	\$178,051	+11%

Gross sales were marginally higher

(thousands)	three months ended June 30			six months ended June 30		
	2010	2009	change	2010	2009	change
Gross sales by operation						
Çayeli	\$68,026	\$63,711	+7%	\$150,432	\$123,732	+22%
Pyhäsalmi	44,006	43,001	+2%	95,446	76,982	+24%
Troilus	27,723	37,407	-26%	62,177	124,397	-50%
Ok Tedi ⁽¹⁾	75,296	68,923	+9%	158,555	127,083	+25%
	\$215,051	\$213,042	+1%	\$466,610	\$452,194	+3%
Gross sales by metal						
Copper	\$111,329	\$105,260	+6%	\$253,927	\$209,999	+21%
Zinc	39,598	33,028	+20%	86,271	60,052	+44%
Gold	50,520	55,711	-9%	99,860	148,725	-33%
Other	13,604	19,043	-29%	26,552	33,418	-20%
	\$215,051	\$213,042	+1%	\$466,610	\$452,194	+3%

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

Key components of the change in sales: higher copper prices, lower sales volumes at Troilus

(millions)	three months ended June 30	six months ended June 30
Higher copper prices, denominated in Canadian dollars	\$10	\$48
Higher zinc prices, denominated in Canadian dollars	1	20
Higher gold prices, denominated in Canadian dollars	3	4
Changes in other metal prices	(4)	(8)
Lower gross sales from Troilus	(10)	(62)
Higher sales volumes at our other mines	2	12
Higher gross sales, compared to 2009	\$2	\$14

We record sales that settle during the reporting period using the metal price on the day they settle. For sales that have not 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 by adjusting our gross sales in the period when we settle the sale (finalization adjustment).

In the second quarter, we recorded \$9 million in negative finalization adjustments from first quarter sales.

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

- 23 million pounds of copper provisionally priced at US \$2.95 per pound
- 10 million pounds of zinc provisionally priced at US \$0.81 per pound.

The finalization adjustment we record for these sales will depend on the actual price we receive when they settle, which can be up to five months from the time we initially record it. We expect these sales to settle in the following months:

(millions of pounds)	copper	zinc
July 2010	16	10
August 2010	3	-
September 2010	3	-
December 2010	1	-
Unsettled sales at June 30, 2010	23	10

Lower gold sales volumes this year – Troilus concluded processing low-grade stockpiled ore

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 June 30			six months ended June 30		
	2010	2009	change	2010	2009	change
Sales volumes						
Copper (tonnes)	21,800	18,300	+19%	43,300	36,800	+18%
Zinc (tonnes)	21,600	18,600	+16%	41,300	37,300	+11%
Gold (ounces)	40,000	52,500	-24%	83,400	131,900	-37%
Pyrite (tonnes)	108,300	121,000	-10%	199,100	197,000	+1%

Production

Inmet's share ⁽¹⁾	three months ended June 30			six months ended June 30			revised objective 2010
	2010	2009	change	2010	2009	change	
Copper (tonnes)							
Çayeli	7,100	7,500	-5%	14,200	14,600	-3%	30,500
Las Cruces cathode	4,600	-	+100%	7,800	-	+100%	25,000
Las Cruces copper contained in ore	-	-	-	-	-	-	12,300
Pyhäsalmi	4,000	3,700	+8%	6,900	7,300	-5%	13,400
Troilus	700	1,100	-36%	2,000	3,900	-49%	2,000
Ok Tedi	6,100	6,900	-12%	12,800	13,500	-5%	29,300⁽²⁾
	22,500	19,200	+17%	43,700	39,300	+11%	112,500
Zinc (tonnes)							
Çayeli	15,000	11,800	+27%	26,500	23,600	+12%	51,700
Pyhäsalmi	5,600	5,700	-2%	12,800	9,200	+39%	31,300
	20,600	17,500	+18%	39,300	32,800	+20%	83,000
Gold (ounces)							
Troilus	18,600	26,700	-30%	37,900	84,800	-55%	37,900
Ok Tedi	18,100	23,900	-24%	39,000	44,600	-13%	102,600⁽²⁾
	36,700	50,600	-27%	76,900	129,400	-41%	140,500
Pyrite (tonnes)							
Pyhäsalmi	137,700	132,200	+4%	335,200	323,000	+4%	420,000

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

⁽²⁾ This production objective is subject to the possible exchange of our 18 percent equity interest in Ok Tedi for a 5 percent net smelter return royalty, which is expected to occur in the third quarter of 2010.

Copper production this quarter and year to June was higher than 2009 because of new production at Las Cruces, offset somewhat by lower production at Ok Tedi as a result of the labour disruption.

Zinc production was up mainly because zinc grades and recoveries at Çayeli were higher.

Gold production was down because grades were lower at Troilus (as production was drawn from the last of its low grade stockpiles) and at Ok Tedi because of a labour disruption and lower grades.

2010 outlook for sales

We use our production objectives to estimate our sales target, except for copper contained in ore at Las Cruces that we intend to ship directly to smelters that may get shipped in 2011. We expect copper and zinc sales volumes this year to be higher than 2009 because we expect production to be higher. We expect gold sales volumes to be lower than 2009 because production ended at Troilus at the end of the second quarter of 2010.

We expect copper production to be about 33 percent higher than 2009 because of the incremental production at Las Cruces. We will begin recognizing Las Cruces' results in operating earnings as of July 1, 2010. We estimate our 70 percent share of 2010 production at Las Cruces to include 25,000 tonnes of copper cathode, and 12,300 tonnes of copper contained in ore that we intend to ship directly to smelters. We do not have the permits we need to ship the ore yet and therefore we have excluded this ore from our sales target, but we have begun mining and stockpiling it in anticipation of receiving the permits. We expect zinc production to increase because we plan to mine higher zinc grades at Pyhäsalmi in 2010.

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 overall outlook for copper demand is broadly positive in 2010 and copper is the most favoured base metal because of its strong fundamentals.

Lower smelter processing charges and freight for the quarter

(thousands)	three months ended June 30			six months ended June 30		
	2010	2009	change	2010	2009	change
Smelter processing charges and freight by operation						
Çayeli	\$18,590	\$18,438	+1%	\$38,695	\$37,514	+3%
Pyhäsalmi	8,550	12,326	-31%	20,055	21,317	-6%
Troilus	1,563	2,458	-36%	4,321	8,718	-50%
Ok Tedi ⁽¹⁾	8,091	7,367	+10%	18,052	13,580	+33%
	\$36,794	\$40,589	-9%	\$81,123	\$81,129	-
Smelter processing charges and freight by metal						
Copper	\$15,660	\$19,827	-21%	\$34,745	\$38,343	-9%
Zinc	15,504	11,780	+32%	35,978	26,968	+33%
Other	5,630	8,982	-37%	10,400	15,818	-34%
	\$36,794	\$40,589	-9%	\$81,123	\$81,129	-
Smelter processing charges by type and freight						
Copper treatment and refining charges	\$5,532	\$8,882	-38%	\$12,377	\$18,575	-33%
Zinc treatment charges	12,794	5,602	+128%	20,863	17,281	+21%
Copper price participation	410	1,275	-68%	1,120	2,738	-59%
Zinc price participation	(5,351)	2,407	-322%	(1,438)	739	-295%
Content losses	12,302	10,660	+15%	26,936	21,400	+26%
Freight	10,095	9,724	+4%	18,559	16,386	+13%
Other	1,012	2,039	-50%	2,706	4,010	-33%
	\$36,794	\$40,589	-9%	\$81,123	\$81,129	-

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

Our copper treatment and refining charges were lower than they were in 2009 because we have more favourable terms with smelters. Total zinc processing charges including price participation were higher than last year mainly because sales volumes were higher. Content losses were higher because metal prices are higher than they were last year.

2010 outlook for smelter processing charges and freight

We expect costs for copper treatment and refining to be lower in 2010 based on agreements we have signed with our customers. We sell approximately 90 percent of our copper concentrate under long-term contracts. We are estimating annual treatment costs of US \$50 per dry metric tonne in 2010. We also expect price participation to be minimal.

We expect the zinc concentrate market to be dictated by zinc price levels and demand from China. We expect zinc processing charges to be lower than they were in 2009.

In 2010, Las Cruces may sell high grade crushed ore to smelters and incur smelter processing charges. We

expect the cost to smelt and refine the ore to be higher than it is at our other operations, because copper grades in crushed ore are lower than they are in concentrates, and the level of impurities is higher.

Las Cruces sells its copper cathode production directly to buyers in the Spanish and Mediterranean markets.

We expect our ocean freight costs to be about 20 percent higher than they were in 2009 because of the expected recovery in global trade and associated shipping demand.

Direct production costs and cost of sales slightly lower than last year

(thousands)	three months ended June 30			six months ended June 30		
	2010	2009	change	2010	2009	change
Direct production costs by operation						
Çayeli	\$21,273	\$19,834	+7%	\$43,009	\$40,306	+7%
Pyhäsalmi	12,853	15,711	-18%	27,831	31,365	-11%
Troilus	11,814	13,816	-14%	23,905	32,422	-26%
Ok Tedi ⁽¹⁾	21,567	22,574	-4%	44,314	46,261	-4%
Total direct production costs	67,507	71,935	-6%	139,059	150,354	-8%
Inventory changes	2,825	(2,222)	+227%	10,400	1,673	+522%
Reclamation, accretion and other non-cash expenses	2,105	4,114	-49%	3,958	11,704	-66%
Total cost of sales	\$72,437	\$73,827	-2%	\$153,417	\$163,731	-6%

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

Direct production costs are lower in the quarter and year to date than they were in 2009, mainly because we finished mining at Troilus in April 2009 and at Pyhäsalmi because of a stronger Canadian dollar relative to the euro.

2010 outlook for cost of sales

Our budget for 2010 assumes our costs will be similar to 2009 in local currency terms. Consolidated direct production costs should be higher because production costs at Las Cruces will no longer be capitalized as of July 1, 2010, somewhat offset by lower Canadian dollar costs at Pyhäsalmi due to a stronger Canadian dollar relative to the euro.

Certain variable costs may continue to affect our earnings, depending on metal prices:

- royalties at Çayeli are affected by its net income
- variable employee compensation costs at Ok Tedi are affected by its cash flows
- royalties at Las Cruces are affected by its net sales.

Depreciation higher this quarter

(thousands)	three months ended June 30			six months ended June 30		
	2010	2009	change	2010	2009	change
Depreciation by operation						
Çayeli	\$3,246	\$3,373	-4%	\$6,470	\$6,846	-5%
Pyhäsalmi	1,903	2,162	-12%	3,712	4,764	-22%
Troilus	5,623	3,301	+70%	10,002	6,720	+49%
Ok Tedi	8,179	4,768	+72%	13,991	10,953	+28%
	\$18,951	\$13,604	+39%	\$34,175	\$29,283	+17%

Depreciation at Troilus and Ok Tedi was significantly higher this quarter and year to June because we increased their assets related to asset retirement obligations at the end of 2009. We also began amortizing the cost of underwater storage pits Ok Tedi uses to store sulphur concentrate the tailings management plant produces.

2010 outlook for depreciation

We expect depreciation to be higher in 2010 because we will begin to depreciate Las Cruces' operating assets starting July 1.

Corporate costs

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

Investment and other income (expense)

(thousands)	three months ended June 30		six months ended June 30	
	2010	2009	2010	2009
Interest income	\$1,760	\$701	\$3,357	\$2,743
Foreign exchange gain (loss)	(20,738)	18,196	(23,153)	8,098
Dividend and royalty income	1,175	385	1,889	685
Mark to market on Ok Tedi copper forward contracts	-	(1,007)	-	(2,426)
Other	(567)	(1,809)	(541)	(3,837)
	(\$18,370)	\$16,466	(\$18,448)	\$5,263

Foreign exchange gain (loss)

We have a foreign exchange gain or loss when we:

- revalue certain foreign denominated assets and liabilities
- 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.

Our foreign exchange gains (losses) are from:

(thousands)	three months ended June 30		six months ended June 30	
	2010	2009	2010	2009
Translation of Las Cruces' US dollar-denominated bank credit facility	\$ -	\$15,273	\$ -	\$3,808
Translation of foreign – denominated cash held at corporate	202	149	(569)	(1,446)
Translation of other – monetary assets and liabilities	381	(1,138)	72	1,824
Reduction in our net investments	(21,321)	3,912	(22,656)	3,912
	(\$20,738)	\$18,196	(\$23,153)	\$8,098

We recognized foreign exchanges losses of \$21 million this quarter on the repatriation of cash from Çayeli and Pyhäsalmi. In the same quarter of 2009, we recognized a total foreign exchange gain of \$18 million mainly from revaluing Las Cruces' US dollar denominated debt under its credit facility.

2010 outlook for investment and other income

Investment and other income is affected by our cash and held to maturity investment balances, and by interest rates and exchange rates. For the remainder of the year, we expect to repatriate funds only from Ok Tedi. Because Ok Tedi distributes its earnings more frequently, the effect of repatriation is normally not significant.

Stand-by costs

In the first quarter of 2010, we could not mine ore at Las Cruces because of the water levels in the pit. We expensed \$6.8 million in water plant operating and maintenance costs because they did not relate to production activities.

Asset impairment

We made a decision in 2008 not to proceed with the Cerattepe project. All work ceased on the project and we took a \$34 million charge to write down the assets to its net realizable value. In the first quarter of 2009, we took an additional impairment charge of \$6 million, as well as a \$6 million tax recovery (reflected in income taxes), to adjust to current net realizable value.

Income tax expense (recovery)

(thousands)	three months ended June 30			six months ended June 30		
	2010	2009	change	2010	2009	change
Çayeli	\$4,953	\$2,212	+124%	\$12,406	\$1,631	+661%
Pyhäsalmi	4,911	1,870	+163%	9,926	2,305	+331%
Ok Tedi	11,054	12,469	-11%	27,589	19,009	+45%
Las Cruces	(7,067)	4,302	-264%	(14,530)	267	-5,542%
Troilus and corporate	1,316	3,199	-59%	(161)	19,730	-101%
	\$15,167	\$24,052	-37%	\$35,230	\$42,942	-18%
Consolidated effective tax rate	24%	27%	-3%	22%	27%	-5%

Our tax expense changes as our earnings change.

The consolidated effective tax rate went down by 5 percent compared to 2009 mainly because Las Cruces recognized a tax recovery on a foreign exchange loss from its intercompany US dollar denominated debt. The foreign exchange eliminates on consolidation, but the tax recovery does not as there is no corresponding tax expense on the foreign exchange gain.

2010 outlook for income tax expense

We expect statutory tax rates at our operations in 2010 to remain the same as they were in 2009 unless a statutory tax rate change is enacted.

Results of our operations

2010 estimates

Our financial review by operation includes estimates for our 2010 operating earnings and operating cash flows. We used our 2010 objectives for production and cost per tonne of ore milled to build these estimates, along with the following assumptions for the remaining six months of the year:

Copper price	US \$3.00 per pound
Zinc price	US \$0.80 per pound
Gold price	US \$1,100 per ounce
Copper treatment cost	US \$50 per tonne for contracts and US \$29 per tonne for spot sales
Zinc treatment cost	US \$265 per tonne (basis US \$2,500 per tonne) and US \$135 per tonne for spot sales
US \$ to C\$ exchange rate	\$1.05
euro to C\$ exchange rate	\$1.29
Working capital	Assume no changes for the year except for Troilus

Çayeli

	three months ended June 30			six months ended June 30			objective 2010	
	2010	2009	change	2010	2009	change		
Tonnes of ore milled (000's)	295	296	-	584	561	+4%	1,200	
Tonnes of ore milled per day	3,200	3,300	-	3,200	3,100	+4%	3,300	
Grades (percent)	copper	3.2	3.2	-	3.2	3.3	-3%	3.3
	zinc	7.0	5.9	+19%	6.3	6.0	+5%	6.1
Mill recoveries (percent)	copper	76	80	-5%	77	79	-3%	78
	zinc	73	68	+7%	72	70	+3%	70
Production (tonnes)	copper	7,100	7,500	-5%	14,200	14,600	-3%	30,500
	zinc	15,000	11,800	+27%	26,500	23,600	+12%	51,700
Cost per tonne of ore milled (C\$)	\$72	\$67	+7%	\$74	\$72	+3%	\$72	

Production results on target

Production at Çayeli was strong this quarter, and in line with its annual 1.2 million tonne objective. Çayeli set several new records for milling this quarter including: best monthly feed rate (153 dry tonnes per hour), best daily tonnage processed (3,789 tonnes), and highest daily concentrate tonnes produced (1,042 tonnes).

Copper production was lower for the quarter and year to date compared to 2009 mainly due to lower recoveries because of variation in ore types. Zinc production was significantly higher than 2009 because grades and recoveries were higher.

There were four falls of ground during the quarter, and we continue to focus on ground support and rehabilitation. Additionally, we have significantly reduced the underground backfill void.

2010 outlook for production

Production levels should remain at 1.2 million tonnes in 2010, and we expect copper and zinc grades should be at 3.3 percent for copper and 6.1 percent for zinc.

Financial review

Higher earnings for the year because copper and zinc prices were higher

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended June 30		six months ended June 30		<i>revised objective</i>
	2010	2009	2010	2009	2010
Sales analysis					
Copper sales (tonnes)	5,600	6,800	12,100	13,300	30,500
Zinc sales (tonnes)	16,600	12,700	28,900	27,500	51,700
Gross copper sales	\$35	\$36	\$85	\$73	\$214
Gross zinc sales	30	23	59	44	101
Other metal sales	3	5	6	7	14
Gross sales	68	64	150	124	329
Smelter processing charges and freight	(18)	(19)	(38)	(38)	(77)
Net sales	\$50	\$45	\$112	\$86	\$252
Cost analysis					
Tonnes of ore milled (thousands)	295	296	584	561	1,200
Direct production costs (\$ per tonne)	\$72	\$67	\$74	\$72	\$72
Direct production costs	\$21	\$20	\$43	\$40	\$86
Change in inventory	-	(1)	(1)	-	-
Depreciation and other non-cash costs	5	4	8	9	18
Operating costs	\$26	\$23	\$50	\$49	\$104
Operating earnings	\$24	\$22	\$62	\$37	\$148
Operating cash flow	\$24	\$24	\$53	\$15	\$128

The objective for 2010 uses the assumptions listed on page 13.

The table below shows what contributed to the change in operating earnings and operating cash flow between 2010 and 2009.

<i>(millions)</i>	three months ended June 30	six months ended June 30
Higher metal prices, denominated in Canadian dollars	\$4	\$31
Lower sales volumes	(2)	(4)
(Higher) lower smelter processing charges	2	(1)
Higher operating costs	(1)	(3)
Other	(1)	2
Higher operating earnings, compared to 2009	\$2	\$25
Change in tax expense because of change in taxable income	(3)	(5)
Changes in working capital (see note 2 on page 44)	-	19
Other	1	(1)
Higher operating cash flow, compared to 2009	\$-	\$38

Capital spending expected to be lower due to timing

	three months ended June 30			six months ended June 30			<i>revised objective</i>
	2010	2009	change	2010	2009	change	2010
Capital spending	\$3,100	\$3,000	+3%	\$4,900	\$6,600	-26%	\$19,000

2010 outlook for capital spending

We expect to spend \$19 million in 2010 on mobile equipment, site water control, stope stability, additional mill upgrades and development. The second phase of the headframe realignment project is underway and should be completed in the third quarter. This will bring the headframe back to its design configuration. We have established a monitoring and correction program to ensure the facility remains stable for the remaining life of the mine. At the same time, we will implement several geotechnical recommendations to curtail surface instability.

Las Cruces

(100 percent)	three months ended June 30			six months ended June 30			revised
	2010	2009	change	2010	2009	change	objective 2010
Tonnes of ore processed (000's)	111,000	-	+100%	188,000	-	+100%	566,000
Tonnes of unprocessed ore (000's)	-	-	-	-	-	-	128,000
Copper grades (percent)	7.2	-	+100%	7.0	-	+100%	7.2
							13.7
Plant recoveries (percent)	84	-	+100%	84	-	+100%	89
Copper production (tonnes)	6,600	-	+100%	11,100	-	+100%	35,700
							17,600
Cost per tonne of ore processed (subsequent to July 1, 2010) (C\$)	-	-	-	-	-	-	\$135

Fatality at Las Cruces

On May 25, 2010, a contractor at Las Cruces suffered fatal injuries in a workplace accident. As a result, Las Cruces commissioned an independent investigation to determine the cause of this tragic accident and to recommend and implement measures to minimize the potential for this kind of accident from happening again. Las Cruces remains committed to pursuing all measures necessary to provide its workers and contractors with a safe working environment.

Progress update

During the second quarter, cathode production has improved by approximately 44 percent compared to the previous quarter and the plant demonstrated during consecutive running days its ability to reach the currently available plant capacity. However, a number of equipment failures and operational issues delayed the ramp-up of the plant and limited our ability to operate continuously. As a result, we produced 6,600 tonnes of copper cathode during the second quarter as compared to a target of 12,400 tonnes. This represents approximately 37 percent of design capacity (72,000 tonnes of copper cathode per year) or 55 percent of available capacity. Available capacity reflects the temporary constraint of having only two of the three leach residue filters available as one is dedicated to the neutralization plant. Installation of the new neutralization filter is on track and the necessary additional filtration capacity should be available by the end of July. Excluding the impact of production days lost due to mechanical failures, we produced at approximately 46 percent of design capacity for the quarter or 69 percent of available capacity. During the quarter, we achieved production for single days nearing 100 percent of design capacity and for extended periods we operated at over 60 percent of design capacity.

In May, production ran very well as we produced at an average daily rate of 104 tonnes of copper cathode or 52 percent of design capacity and 78 percent of available capacity while operating 28 days during the month. This encouraged us to believe we were moving towards commercial production rates by the end of the second quarter.

We experienced a set-back during June because of unexpected non-corrosion related equipment failures mostly related to the grinding and leach thickeners causing 10 days of lost production time.

After one year since the start up of the plant, we have confirmed the exceptional quality of a high grade ore body, a sound leaching and electrowinning process and that we have completed or initiated the necessary technical improvements to the plant to improve reliability. We believe that our ramp up pattern is typical of hydrometallurgical plants and other complex processes and that the critical step to achieving full production at this point is to improve reliability and operational uptime.

2010 outlook

In July, we have continued to focus on increasing available plant capacity and reducing the causes of equipment failures and downtime as we identified these to be the root causes of our ramp up challenges. The most important steps are:

- installed an additional pressure filter and completed commissioning of the filter to increase capacity and remove a significant bottleneck to throughput
- adding permanent water treatment capacity which will be commissioned in the third quarter. This will allow for a more consistent discharge into the aquifer and maintain water balance throughout the process

- completing phase two of the Dewatering and Reinjection System which will reduce the quantity of water flowing into the pit and the resulting water treatment load in both the plant and water treatment facility
- adding a large surge tank between leaching and filtration to further smooth out the leaching operation toward the end of this year
- applying a disciplined and systematic problem solving process to identify and address root causes of downtime.

We believe we have identified the key bottlenecks to production. All of these steps and improvements should significantly add to our operating reliability. July month to date has demonstrated further signs of improvement and we have returned to production rates similar to those in May, with total copper cathode production of 2,300 tonnes as of July 25.

We believe there will be continuing challenges in the ramping up process and we are encouraged by the improved capability of our operating teams to address those as they have demonstrated in recent months. We will continue with the rigorous implementation of the ramp up plan to achieve our goal of full production by the end of the year. We require a period of continuous operation to accurately predict the timing of achieving our performance but believe a range for our 70 percent share of production of 20,000 to 30,000 tonnes of copper cathode is achievable.

We have begun mining high grade ore and stockpiling it in preparation for shipping to smelters. We have not yet received the necessary permit from the regulators to move the material off-site and cannot determine when this will occur.

Taking all factors into account, we believe it is appropriate to cease capitalizing Las Cruces' pre-operating costs net of sales and to begin recognizing these results in operating earnings and operating cash flow in our consolidated statements. This will be done as of July 1, 2010.

The table below shows estimated earnings and cash flow for 100 percent of Las Cruces using production estimates and the estimates on page 13.

<i>(millions of Canadian dollars unless otherwise stated)</i>	revised objective 2010
Sales analysis	
Copper cathode sales subsequent to July 1, 2010 (tonnes)	24,800
Gross copper sales	\$173⁽¹⁾
Smelter processing charges and freight	(1)
Net sales	\$172
Cost analysis	
Tonnes of ore processed subsequent to July 1, 2010 (thousands)	378
Direct production costs (\$ per tonne)	\$135
Direct production costs	\$51
Depreciation and other non-cash costs	31
Operating costs	\$82
Operating earnings	\$90
Operating cash flow	\$98

(1) excludes copper contained in ore that we intend to ship directly to smelters

Capital spending

<i>(100 percent and millions of Canadian dollars)</i>	three months ended June 30			six months ended June 30			revised objective 2010
	2010	2009	change	2010	2009	change	2010
Capital	\$19	\$45	-58%	\$29	\$98	-70%	\$97
Pre-operating costs capitalized, net of sales, working capital and other	(40)	9	-544%	(53)	21	-352%	(36)
Capital spending	(\$21)	\$54	-139%	(\$24)	\$119	-120%	\$61

In 2010, capital spending was mainly for the permanent water treatment plant and mine development. In 2009 it was mainly for construction capital.

2010 outlook for capital spending

We expect to spend \$97 million on capital in 2010. This includes \$33 million on a water treatment plant and other water management projects, \$18 million for mine development and \$21 million for plant improvements.

Pyhäsalmi

		three months ended June 30			six months ended June 30			<i>objective</i>
		2010	2009	change	2010	2009	change	2010
Tonnes of ore milled (000's)		355	355	-	700	704	-1%	1,370
Tonnes of ore milled per day		3,900	3,900	-	3,900	3,900	-1%	3,750
Grades (percent)	copper	1.2	1.1	+9%	1.0	1.1	-9%	1.0
	zinc	1.8	1.8	-	2.0	1.5	+33%	2.5
	sulphur	45	42	+7%	44	43	+2%	42
Mill recoveries (percent)	copper	96	96	-	96	95	+1%	94
	zinc	88	88	-	90	87	+3%	90
Production (tonnes)	copper	4,000	3,700	+8%	6,900	7,300	-5%	13,400
	zinc	5,600	5,700	-2%	12,800	9,200	+39%	31,300
	pyrite	137,700	132,200	+4%	335,200	323,000	+4%	420,000
Cost per tonne of ore milled (C\$)		\$36	\$44	-25%	\$40	\$45	-11%	\$36

Higher copper grades increase copper production

Pyhäsalmi processed at an annualized rate of 1.4 million tonnes this quarter, maintaining its strong production record.

In the second quarter, copper production was higher than last year because grades were higher, while zinc production was consistent with last year. Year to date, zinc grades and production were significantly higher than 2009 because we mined several zinc rich stopes on the periphery of the ore body in the first quarter of 2010.

We are making several technological improvements, using electronic detonators to improve blasting fragmentation and reduce wall damage, and automating full fan longhole drilling to increase productivity.

Cost per tonne of ore milled was significantly lower than last year mainly because the value of the Canadian dollar increased relative to the euro.

2010 outlook for production and costs

Pyhäsalmi expects to mine 1.4 million tonnes of 1 percent copper and 2.5 percent zinc in 2010, to produce 13,400 tonnes of copper and 31,300 tonnes of zinc.

Pyrite sales enhance Pyhäsalmi's financial performance and we have been in discussions with companies in Finland and China to secure sales of over 500,000 tonnes of pyrite per year.

Financial review

Higher earnings because of higher metal prices and lower Canadian dollar production costs

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended June 30		six months ended June 30		<i>revised objective</i>
	2010	2009	2010	2009	2010
Sales analysis					
Copper sales (tonnes)	3,600	3,500	6,800	7,100	13,400
Zinc sales (tonnes)	5,000	5,900	12,400	9,800	31,300
Pyrite sales (tonnes)	108,300	121,000	199,100	197,000	420,000
Gross copper sales	\$26	\$20	\$52	\$37	\$98
Gross zinc sales	9	11	27	17	63
Other metal sales	8	12	16	23	36
Gross sales	43	43	95	77	197
Smelter processing charges and freight	(8)	(12)	(20)	(21)	(45)
Net sales	\$35	\$31	\$75	\$56	\$152
Cost analysis					
Tonnes of ore milled (thousands)	355	355	700	704	1,370
Direct production costs (\$ per tonne)	\$36	\$44	\$40	\$45	\$36
Direct production costs	\$13	\$16	\$28	\$31	\$49
Change in inventory	(2)	-	(2)	-	-
Depreciation and other non-cash costs	2	3	4	7	12
Operating costs	\$13	\$19	\$30	\$38	\$61
Operating earnings	\$22	\$12	\$45	\$18	\$91
Operating cash flow	\$13	\$23	\$28	\$21	\$77

The objective for 2010 uses the assumptions listed on page 13.

The table below shows what contributed to the change in operating earnings and operating cash flow between 2010 and 2009.

<i>(millions)</i>	three months ended June 30	six months ended June 30
Higher metal prices, denominated in Canadian dollars	\$3	\$16
Higher (lower) sales volumes	(1)	2
Lower smelting processing and freight charges	3	2
Lower operating costs	5	6
Other	-	1
Higher operating earnings, compared to 2009	\$10	\$27
Change in tax expense because of change in earnings	(4)	(9)
Changes in working capital (see note 2 on page 44)	(18)	(15)
Other	2	4
Higher (lower) operating cash flow, compared to 2009	(\$10)	\$7

Capital spending lower than expected due to timing

	three months ended June 30			six months ended June 30			<i>revised objective</i>
	2010	2009	change	2010	2009	change	2010
Capital spending	\$2,000	\$3,000	-33%	\$2,500	\$3,800	-34%	\$5,000

2010 outlook for capital spending

Capital spending in 2010 is mainly to replace mobile equipment and the secondary cone crusher.

Troilus

		three months ended June 30			six months ended June 30			revised objective
		2010	2009	change	2010	2009	change	2010
Tonnes of ore milled (000's)		1,364	1,542	-12%	2,783	3,019	-8%	2,783
Tonnes of ore milled per day		15,000	16,900	-12%	15,500	16,700	-8%	15,500
Strip ratio		-	-	-	-	0.1	-100%	-
Grades	gold (grams/tonne)	0.52	0.65	-20%	0.52	1.03	-50%	0.52
	copper (percent)	0.06	0.08	-25%	0.08	0.14	-43%	0.08
Mill recoveries (percent)	Gold	81	83	-2%	81	84	-4%	81
	Copper	87	88	-1%	89	93	-4%	89
Production	gold (ounces)	18,600	26,700	-30%	37,900	84,800	-55%	37,900
	copper (tonnes)	700	1,100	-36%	2,000	3,900	-49%	2,000
Cost per tonne of ore milled (C\$)		\$9	\$9	-	\$9	\$11	-18%	\$9

Troilus successfully concludes operations shortly after 2 million ounces of gold produced

Troilus continued to process ore from its low-grade stockpile after it finished mining the 87 pit in April 2009. This lowered gold grades and production compared to 2009, and reduced the cost per tonne of ore milled.

Ore stockpiles were frozen well into May requiring drilling and blasting and therefore affected mill throughput. Troilus reached the milestone of producing 2 million ounces of gold on June 16 and ceased milling operations at the end of June due to the depletion of all surface ore stockpiles.

Production was at a record high in the first two months of 2009 because of the high grade of the ore mined from the bottom of the main 87 pit.

2010 outlook

Troilus had 5,600 ounces of gold and 50 tonnes of copper in inventory at June 30, 2010, which it will sell in the third quarter.

A small group of workers remains onsite to oversee closure activities and we are proceeding with asset sales.

Financial review

Lower volumes sold reduces earnings

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended		six months ended		<i>revised objective 2010</i>
	2010	June 30 2009	2010	June 30 2009	
Sales analysis					
Gold sales (ounces)	18,100	28,200	39,300	88,300	44,900
Copper sales (tonnes)	800	1,100	2,200	4,000	2,200
Gross gold sales	\$23	\$29	\$46	\$99	\$52
Gross copper sales	4	8	15	24	16
Other metal sales	1	-	1	1	1
Gross sales	28	37	62	124	69
Smelter processing charges and freight	(2)	(2)	(4)	(8)	(5)
Net sales	\$26	\$35	\$58	\$116	\$64
Cost analysis					
Tonnes of ore milled (thousands)	1,364	1,542	2,783	3,019	2,783
Direct production costs (\$ per tonne)	\$9	\$9	\$9	\$11	\$9
Direct production costs	\$12	\$14	\$24	\$33	\$24
Change in inventory	2	-	5	2	9
Depreciation and other non-cash costs	6	5	12	10	14
Operating costs	\$20	\$19	\$41	\$45	\$47
Operating earnings	\$6	\$16	\$17	\$71	\$17
Operating cash flow	\$18	\$29	\$37	\$78	\$34

The objective for 2010 uses the assumptions listed on page 13.

The table below shows what contributed to the change in operating earnings and operating cash flow between 2010 and 2009.

<i>(millions)</i>	three months ended June 30	six months ended June 30
Higher gold price denominated in Canadian dollars	\$4	\$2
Lower sales volumes	(14)	(65)
Lower operating costs	2	9
Other	(2)	-
Lower operating earnings, compared to 2009	(\$10)	(\$54)
Changes in working capital (see note 2 on page 44)	(4)	9
Change in depreciation	2	3
Other	1	1
Lower operating cash flow, compared to 2009	(\$11)	(\$41)

Ok Tedi

(100 percent)	three months ended June 30			six months ended June 30			revised
	2010	2009	change	2010	2009	change	objective 2010
Tonnes of ore milled (000's)	4,900	5,400	-9%	10,500	10,500	-	23,900
Tonnes of ore milled per day	53,800	59,300	-9%	58,300	58,300	-	65,000
Strip ratio	1.4	1.9	-26%	1.4	1.7	-18%	1.2
Grades							
copper (percent)	0.8	0.8	-	0.8	0.8	-	0.8
gold (grams/tonne)	0.9	1.1	-18%	0.9	1.1	-18%	1.1
Mill recoveries (percent)							
copper	84	86	-2%	86	86	-	85
gold	69	71	-3%	70	68	+3%	66
Production							
copper (tonnes)	33,800	38,200	-12%	71,000	75,100	-5%	163,000
gold (ounces)	100,600	132,800	-24%	217,000	248,000	-13%	570,000
Cost per tonne of ore milled (C\$)	\$24	\$23	+4%	\$23	\$24	-4%	\$22

Production lower due to illegal strike action

Copper and gold production this quarter and for the year to June were significantly lower than planned, and the same quarter in 2009.

Production during the quarter was interrupted by an illegal work stoppage for the first 17 days of April. Members of the Ok Tedi Mining and Allied Workers Union (OTMAWU) took action over concerns about distributions under an employee retention bonus arrangement that is not part of Ok Tedi's industrial agreement with the OTMAWU.

Gold grades were lower in the first six months due to adjustments in the mine plan to avoid processing high sulphur, high gold areas of the mine. Despite the significant redesign and modification of the mine waste management plant, its performance continues to be challenged, requiring control of sulphur by blending the ore in the mine before it goes to the mill. This is being accomplished by mining lower benches that contain more copper and less sulphur and gold. The higher grade gold ore is available to be mined but will not be processed until the mine waste management plant is performing to expectations. A dedicated team of in-house and consulting specialists are working on the plant's technical and operational issues. Ok Tedi is also exploring other alternatives for neutralizing the impact of sulphur.

Last year, we entered into a non-binding draft term sheet with PNG Sustainable Development Programme Limited, the 52 percent majority shareholder of Ok Tedi to exchange our 18 percent equity interest in Ok Tedi for a 5 percent net smelter return royalty. During May, the relevant Papua New Guinea tax legislation was passed. Work is proceeding to finalize definitive documentation and the transaction could close in the third quarter, although there can be no assurance until definitive documentation has been completed and signed by all parties.

2010 outlook for production and costs

Ok Tedi's labour contract expires on August 31. The work stoppage in April added some uncertainty to the outcome of future negotiations. However we remain optimistic that a settlement can be reached without a strike. Ok Tedi was able to complete significant scheduled maintenance work planned for later in the year during the strike action. This, along with other productivity improvements, should allow Ok Tedi to make up most of the production lost in April. Ok Tedi expects to process 23.9 million tonnes of ore in 2010, at a grade of 0.8 percent copper and containing 1.1 grams per tonne of gold. This should produce 163,000 tonnes of copper and 570,000 ounces of gold. To meet its gold production forecast for the year, Ok Tedi needs to successfully operate the mine waste management plant.

Financial review

Higher earnings year to date due to higher copper and gold prices

<i>(millions of Canadian dollars unless otherwise stated)</i>	three months ended		six months ended		<i>revised objective</i>
	2010	June 30 2009	2010	June 30 2009	
Sales analysis at 18%					
Copper sales (tonnes)	7,300	6,900	14,600	12,400	29,300
Gold sales (ounces)	21,900	24,400	44,100	43,700	102,600
Gross copper sales	\$47	\$41	\$103	\$76	\$204
Gross gold sales	28	27	54	49	126
Other metal sales	1	1	2	2	4
Gross sales	76	69	159	127	334
Smelter processing charges and freight	(8)	(7)	(18)	(14)	(40)
Net sales	\$68	\$62	\$141	\$113	\$294
Cost analysis at 18%					
Tonnes of ore milled (thousands)	881	967	1,881	1,898	4,300
Direct production costs (\$ per tonne)	\$24	\$23	\$23	\$24	\$22
Direct production costs	\$21	\$23	\$44	\$46	\$95
Change in inventory	3	(1)	7	-	-
Depreciation and other non-cash costs	10	4	15	14	27
Operating costs	\$34	\$26	\$66	\$60	\$122
Operating earnings	\$34	\$36	\$75	\$53	\$172
Operating cash flow	\$41	\$29	\$87	\$15	\$135

The objective for 2010 uses the assumptions listed on page 13.

The table below shows what contributed to the change in operating earnings and operating cash flow between 2010 and 2009.

<i>(millions)</i>	three months ended	six months ended
	June 30	June 30
Higher copper prices, denominated in Canadian dollars	\$-	\$13
Higher gold prices, denominated in Canadian dollars	3	4
Higher sales volumes	-	4
Higher smelter processing and freight charges	(1)	(2)
Lower operating costs	(1)	6
Higher depreciation	(3)	(3)
Higher (lower) operating earnings, compared to 2009	(\$2)	\$22
Change in tax expense because of change in earnings	(6)	(22)
Changes in net working capital (see note 2 on page 44)	16	70
Change in depreciation	3	3
Other	1	(1)
Higher operating cash flow, compared to 2009	\$12	\$72

Capital spending

In 2010, Ok Tedi spent \$47 million (our share is \$8 million), mainly on a mining fleet specifically designed for limestone mining and the construction of underwater storage pits for sulphur concentrate produced by the tailings management plant. In 2009, spending was primarily for the pit drainage project.

<i>(18 percent)</i>	three months ended June 30			six months ended June 30			<i>objective</i>
	2010	2009	change	2010	2009	change	2010
Capital spending	\$4,100	\$3,300	+24%	\$8,400	\$6,600	+27%	\$21,000

2010 outlook for capital spending

Spending in 2010 will be on a mining fleet specifically designed for limestone mining, the construction of underwater storage pits for sulphur concentrate produced by the tailings management plant, and earthworks.

Status of our development project

Cobre Panama

Environmental and community affairs

We made significant progress in moving the project environmental and social impact assessment (ESIA) study to completion. The ESIA will cover all environmental and social interactions associated with the project, comply with Panamanian requirements, and will conform with the requirements of the International Finance Corporation (IFC) Performance Standards (PS) on social and environmental sustainability. We expect to submit the ESIA to the Panamanian regulatory authorities in the third quarter for their review, comment and approval. We are working closely with the Panamanian authorities to ensure there is coordination to facilitate a timely review process. While the Panamanian authorities review the ESIA, we expect that it will also be reviewed by external financing agencies to ensure compliance with the IFC PS and the Equator Principles. We continue our on-going stakeholder engagement and community development activities to build social license for the project.

Engineering

Engineering this quarter focused on obtaining additional geotechnical information in advance of basic engineering, and on the Engineering, Procurement and Construction (EPC) procurement process.

Geotechnical work, which includes rock and overburden characterization, site-specific seismic analysis and hydrology, is being undertaken at the plant and port sites, the tailings management facility, eastern infrastructure and along the coast road. It will also include seafloor investigations in the port area. At the end of the quarter, the land based program was 60 percent complete and we expect to begin the seafloor drilling in late July. All work is expected to be complete by the fourth quarter.

We have put considerable effort into selecting an EPC contractor. We sent out requests for proposal to pre-qualified consortia in April and at the end of June had received proposals. The proposals are under careful review and due diligence by Inmet and our consultants, and we expect a recommendation by mid August.

2010 outlook for development

In 2010 we plan to:

- submit the ESIA to the Panamanian environmental authorities in the third quarter
- continue our dialogue with stakeholders at the community, regional and national levels, to enhance understanding of the project and its benefits to Panama
- continue to pursue the amendment to Panama's Mineral Resources Code to permit entities in which foreign governmental bodies or authorities have an interest, to hold direct or indirect interests in mining concessions in Panama
- continue to improve site access and infrastructure
- carry out additional drilling for geotechnical and hydrological purposes and to improve our understanding of mineralization not currently included in the project base case
- enter into an agreement with an EPC contractor and start basic engineering
- work with GDF Suez Energy Central America to select an EPC contractor for the development of a 300 megawatt thermal power plant to supply power for the project
- spend \$122 million to carry out the work described.

We estimate that approval for the ESIA and permitting to begin construction could take as much as 15 months from the time the ESIA report is submitted. After we receive the approvals, site capture, preparation and construction should take approximately 48 months.

We continue to engage with other companies as part of our overall partnering and financing strategy for the project, and will consider reducing our interest in the project. We are also in discussions about other financing options for the project at this time.

Managing our liquidity

We develop our financing strategy by looking at our long-term capital requirements, and deciding on the optimal mix of cash, future operating cash flow, credit facilities and project financing.

Our capital structure includes a liquidity cushion that gives us the flexibility to deal with operational disruptions or general market downturns.

(millions)	three months ended		six months ended	
	2010	June 30 2009	2010	June 30 2009
CASH FROM OPERATING ACTIVITIES				
Çayeli	\$23	\$24	\$53	\$15
Pyhäsalmi	13	23	28	21
Troilus	18	29	37	78
Ok Tedi	41	29	87	15
Las Cruces	-	-	(7)	-
Corporate development and exploration not incurred by operations	(1)	(2)	(3)	(3)
General and administration	(6)	(5)	(12)	(9)
Other	(8)	(7)	(11)	(9)
	80	91	172	108
CASH FROM INVESTING AND FINANCING				
Purchase of property, plant and equipment	(11)	(86)	(33)	(181)
Purchase of long-term investments	(117)	-	(219)	-
Proceeds from issuance of common shares, net of transaction costs	-	334	-	334
Long-term debt repayments	-	(74)	-	(83)
Funding by non-controlling shareholder	-	28	3	44
Subsidies received	-	58	-	66
Foreign exchange on cash held in foreign currency	(3)	(18)	(19)	(13)
Other	(2)	(5)	(2)	(13)
	(133)	237	(270)	154
Increase (decrease) in cash	(53)	328	(98)	262
Cash and short-term investments				
Beginning of period	489	507	534	573
End of period	\$436	\$835	\$436	\$835

OPERATING ACTIVITIES

Key components of the change in operating cash flows

(millions)	three months ended June 30	six months ended June 30
Higher earnings from operations (see page 4)	\$2	\$20
Higher depreciation	5	5
Higher tax expense	(11)	(28)
Stand-by and corporate costs	-	(7)
Changes in working capital (see note 2 on page 44)	(8)	73
Other	1	1
Higher (lower) operating cash flow, compared to 2009	(\$11)	\$64

Operating cash flows this quarter were lower than the same quarter last year because we paid more taxes. Year to date, operating cash flows were higher than in 2009 because our operating earnings were higher, and in the first quarter of 2009 there was a large outflow of cash related to working capital, which included \$48 million to repay smelters for the excess provisional payments they made in 2008, before copper prices dropped because of the global financial crisis.

2010 outlook for cash from operating activities

The table below shows expected operating cash flow from our operations, based on our outlook for metal prices and production listed on page 13, and the assumptions in *Results of our operations*, which starts on page 13.

2010 estimated operating cash flow by operation

(millions)	
Çayeli	\$128
Las Cruces	98
Pyhäsalmi	77
Troilus	34
Ok Tedi	135
	\$472

INVESTING AND FINANCING

Capital spending

(millions)	three months ended		six months ended		<i>revised objective</i> 2010
	2010	June 30 2009	2010	June 30 2009	
Çayeli	\$3	\$3	\$5	\$6	\$19
Las Cruces	(21)	54	(24)	119	61
Pyhäsalmi	2	3	3	4	5
Ok Tedi	4	3	8	7	21
Cobre Panama	23	23	41	45	122
	\$11	\$86	\$33	\$181	\$228

Please see *Results of our operations* and *Status of our development project* for a discussion of actual results and our 2010 objective. Capital spending in 2010 was mainly for work to advance Cobre Panama.

Acquisition of long-term investments

In 2010, we bought \$219 million (\$117 million in the second quarter) in medium-term Canadian government and corporate bonds with credit ratings of A to AAA. The bonds mature between July 2010 and August 2015 and have a weighted average annual yield of 2.0 percent. This will increase our return on the cash we have set aside for capital spending at Cobre Panama.

Proceeds from public offering

In the second quarter of 2009, we completed a public offering of 7.825 million common shares of Inmet Mining, for aggregate gross proceeds of \$348 million (\$334 million net of transaction costs).

Long-term debt repayments

In the first half of 2009, Las Cruces made a scheduled repayment of US \$12 million under Tranche A of its credit facility. It also repaid €42 million under Tranche B (an amount equal to the subsidies received).

2010 outlook for investing and financing

We expect capital spending to be \$228 million in 2010. The more significant items include:

- \$61 million at Las Cruces, including \$33 million on a water treatment plant and other water management projects, \$18 million for mine development and \$21 million for plant improvements, reduced by working capital changes and pre-operating costs capitalized net of sales.
- \$122 million for work on the development at Cobre Panama, including basic engineering, advance payments for mill equipment and other costs to advance development
- \$10 million at Ok Tedi for the construction of underwater storage pits for sulphur concentrate produced by the tailings management plant.

On March 31, 2010, we entered into a subscription agreement with a subsidiary of Temasek Holdings (Private) Limited (Temasek), under which Temasek has agreed to buy 9.26 million subscription receipts for total proceeds of \$500 million. We issued the subscription receipts on April 23, 2010 and the proceeds are being held in escrow. The subscription receipts are exchangeable for an equivalent number of Inmet common shares as long as certain conditions are met on or before September 30, 2010, including:

- The coming into effect of legislation passed by the legislative assembly of the Republic of Panama to amend Panama's Mineral Resources Code to permit entities in which foreign governmental bodies or authorities have an interest, to hold direct or indirect interests in mining concessions in Panama.
- Inmet's or Cobre Panama's ability to use or exploit their rights under Cobre Panama's mining concession for the mining project are not impaired in any material way.

If the conditions are met, the subscription receipts will be exchanged for Inmet common shares equal to approximately 14 percent of our outstanding common shares. The proceeds will then be released from escrow and we will use them to fund the development of Cobre Panama and for general corporate purposes. If the conditions are not met, the subscription receipts will automatically terminate and the escrowed funds will be returned to Temasek.

Financial condition

CASH

Our cash and cash equivalents balance at June 30, 2010 was \$436 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.

The economic downturn appears to be reversing, but we are still monitoring the potential for a second downturn. We have moved some of our government funds to prime funds and have created a bond portfolio that should provide better yields with little change to our investment risk. At June 30, 2010, we held cash and short-term investments in the following:

- AAA rated treasury funds and money market funds managed by leading international fund managers, who are 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 that are benefiting directly and indirectly from support programs by various governments and central banks.

See note 3 on page 45 in the consolidated financial statements for more details about where our cash is invested.

The bond portfolio (*Held to maturity investments*) totalling \$321 million, comprises 13 percent Government of Canada bonds, 75 percent Provincial Government bonds and 12 percent corporate bonds, and the bonds mature between July 2010 and August 2015.

Our restricted cash balance of \$108 million as at June 30, 2010 included:

- \$28 million in trust for future reclamation at Ok Tedi
- \$16 million of cash collateralized letters of credit for Inmet
- \$62 million related to issuing letters of credit to suppliers and the local water authority at Las Cruces, a reclamation bond and for its labour bond to the government
- \$2 million for future reclamation at Pyhäsalmi.

COMMON SHARES

Common shares outstanding as of June 30, 2010	56,106,759
Deferred share units outstanding as of June 30, 2010 (redeemable on a one-for-one basis for common shares)	100,394

Accounting changes

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

The Accounting Standards Board has confirmed 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 our business activities, it will result in changes to our reported financial position and net income.

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, and other related items. 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 made an initial determination of all of our significant accounting policies, prepared sample financial statements and assessed the impacts on our systems and processes. We have identified and put in place a dual reporting solution to maintain our accounting records according to Canadian GAAP and IFRS for our 2010 dual reporting year. We have been working alongside our auditors while drafting our accounting policies, to ensure they agree with our choices, and that we are choosing policies that are consistent with our peers in the industry. Concurrently with documenting our new policies, we have documented the related internal controls. We have prepared a reconciliation of our historical Canadian GAAP balance sheet to IFRS balance sheet as at January 1, 2010.

We do not expect our key controls to change during and after our transition to IFRS. As a result of our training program and the preparation of a reconciliation to IFRS, we believe that our applicable personnel have obtained an appropriate understanding of IFRS as it applies to our financial reporting.

We have noted below the major differences between our current accounting policies under Canadian GAAP and the accounting policies we currently expect to apply when we transition to IFRS, and have provided quantification for the most significant differences as at January 1, 2010. We may choose to adopt different IFRS accounting policies, or we may choose to apply them only to certain transactions or circumstances, so our conversion to IFRS may be different from what we are currently expecting.

Furthermore, the standard-setting bodies that determine IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS, and their impact on our consolidated financial statements. The impact IFRS has in future years will also depend on circumstances at the time. An exposure draft on accounting for joint venture interests (including our investment in Ok Tedi) could have significant effects on our financial statements. We will continue to monitor changes to IFRS and adjust our convergence plan as necessary.

Impairment of assets

Under Canadian GAAP, we use a two-step approach to impairment testing:

- first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists
- then measuring any impairment by comparing asset carrying values with fair values (generally assessed using a discounted cash flow valuation process).

IFRS uses a one step approach to test for and measure impairment, and compares asset carrying values directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows).

This approach will lead to write-downs when carrying values of assets supported under Canadian GAAP on an undiscounted basis are not supported on a discounted basis under IFRS. IFRS also requires a full or partial reversal of previous impairment losses when circumstances have changed and the impairments have been reduced. Impairment losses cannot be reversed under Canadian GAAP.

We expect to increase January 1, 2010 property plant and equipment at Çayeli by approximately \$50 million to reverse an impairment charge we recognized for this operation in 1996. The increase is the IFRS carrying amount we would have calculated, net of depreciation, if we had not recognized the original impairment. This will result in a higher ongoing depreciation expense for Çayeli.

Business combinations

Under Canadian GAAP, mining companies that are acquired in the early development stage often do not constitute a business, and instead are accounted for as an acquisition of assets without any goodwill. The definition of a business under IFRS is broader, and most acquisitions represent business combinations, so goodwill is recognized more frequently.

In addition, most identifiable assets, liabilities, non-controlling interests and goodwill acquired in a business combination are recorded at full fair value under IFRS. Under Canadian GAAP, only the ownership percentage acquired is recorded. Non-controlling interests are recognized at book value.

Asset retirement obligations

Under Canadian GAAP, we use a credit adjusted risk free interest rate and are not required to update the rate when market rates change.

Under IFRS, we will measure asset retirement obligations using a risk free interest rate and revalue when market risk free interest rates change. We expect to increase January 1, 2010 asset retirement obligations by approximately \$40 million on transition to IFRS.

Revenue

Under Canadian GAAP, we recognize revenue when title is legally transferred to the purchaser. For certain shipments at Çayeli, Ok Tedi and Las Cruces, we transfer title when we receive the first provisional payment, which is later than the transfer point for risks and rewards of ownership.

Under IFRS, we will recognize revenue when all significant risks and rewards of ownership of our products are transferred to the purchaser. We expect to increase January 1, 2010 accounts receivable by approximately \$25 million and decrease inventories by \$6 million on transition to IFRS.

Foreign exchange gains and losses

Under Canadian GAAP, dividends, including those related to the accumulation of earnings and repayment of intercompany debt, are considered a return on investment, and we recognize the deferred foreign exchange gains or losses on these amounts in investment and other income.

Under IFRS, only dividends that represent a return on capital invested in a foreign operation require recognition of previously deferred foreign exchange gains or losses.

Future income taxes

We will need to recognize the corresponding tax asset or liability based on the resultant differences between the new carrying value of assets and liabilities under IFRS and their associated tax bases.

First time adoption of IFRS

First time adoption of International Financial Reporting Standards (IFRS 1) lists specific exemptions that we can use when we first adopt IFRS. The most significant exemptions we expect to apply are as follows:

- *Business combinations* – for business combinations that occurred before the transition date, we can choose to restate all of them under IFRS, restate all of them after a particular date, or not restate any of them. We expect to use this exemption and not restate any business combinations under IFRS.
- *Cumulative translation adjustment* – IFRS requires an entity to determine the translation differences in accordance with IFRS from the date a subsidiary was formed or acquired. IFRS 1 allows an entity to consider the cumulative translation differences for all foreign operations to be zero at the date of transition, and to reclassify the previous amount to retained earnings. We expect to use this exemption and reset our cumulative translation adjustment (unrealized losses of \$61 million) to zero on transition to IFRS with a corresponding reduction in retained earnings.
- *Property, plant and equipment associated with asset retirement obligations* – IFRS and Canadian GAAP both require us to recognize a corresponding change in asset retirement obligations in the carrying value of the related property, plant and equipment (where we identify an asset) and depreciate this amount prospectively. The amount under IFRS will be different from the amount determined under Canadian GAAP because of the different way IFRS determines asset retirement obligations.

We can use an optional transitional calculation to determine the property, plant and equipment associated with our provision for asset retirement obligations. Under the transitional calculation, we measure the provision at the transition date and discount it to the date the liability first arose. The result becomes the initial asset value. Depreciation is applied to this value. We expect to apply this exemption for certain mines and not determine property, plant and equipment associated with asset retirement obligations

retrospectively and anticipate an increase of approximately \$10 million to property, plant and equipment.

We currently expect to increase the equity attributable to common shareholders of Inmet Mining on our January 1, 2010 opening balance sheet under IFRS by approximately \$50 million, or \$0.90 per common share, compared to our December 31, 2009 balance sheet under Canadian GAAP.

Supplementary financial information

Pages 32 and 33 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.

About Inmet

Inmet is a Canadian-based global mining company that produces copper, zinc and gold. We have interests in five mining operations in locations around the world: Çayeli, Las Cruces, Pyhäsalmi, Troilus and Ok Tedi. We also have a 100 percent interest in Cobre Panama, a development property in Panama.

For more information

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

Second quarter conference call

Will be held on

- Wednesday, July 28, 2010
- 8:30 a.m. Eastern Time
- webcast available at <http://events.digitalmedia.telus.com/inmet/072810/index.php> or www.inmetmining.com

You can also dial in by calling

- Local or international: +1.416.695.6623
- Toll-free within North America: +1.800.565.0813

Starting 10:00 a.m. (ET) Wednesday, July 28, 2010, conference call replay will be available

- Local or international: +1.416.695.5800 passcode 6305255
- Toll-free within North America: +1.800.408.3053 passcode 6305255

INMET MINING CORPORATION

Supplementary financial information

Cash costs

2010 For the six months ended June 30

	per pound of copper			TOTAL COPPER
	ÇAYELI	PYHÄSALMI	OK TEDI	
(US dollars)				
Direct production costs	\$1.22	\$1.72	\$1.36	\$1.38
Royalties and variable compensation	0.11	-	0.15	0.10
Smelter processing charges and freight	1.37	1.02	0.55	0.99
Metal credits	(2.06)	(2.55)	(1.75)	(2.04)
Cash cost	\$0.64	\$0.19	\$0.31	\$0.43

2009 For the six months ended June 30

	per pound of copper			TOTAL COPPER
	ÇAYELI	PYHÄSALMI	OK TEDI	
(US dollars)				
Direct production costs	\$0.98	\$1.63	\$1.27	\$1.23
Royalties and variable compensation	0.07	-	0.01	0.03
Smelter processing charges and freight	1.06	0.74	0.40	0.74
Metal credits	(1.28)	(1.79)	(1.46)	(1.45)
Cash cost	\$0.83	\$0.58	\$0.22	\$0.55

Reconciliation of cash costs to statements of earnings

2010 For the six months ended June 30

	per pound of copper			TOTAL COPPER
	ÇAYELI	PYHÄSALMI	OK TEDI	
(millions of Canadian dollars, except where otherwise noted)				
GAAP reference	page 15	page 19	page 23	
Direct production costs	\$43	\$28	\$44	\$115
Smelter processing charges and freight	39	20	18	77
By product sales	(65)	(43)	(56)	(164)
Adjust smelter processing and freight, and sales to production basis	4	(2)	3	5
Operating costs net of metal credits	\$21	\$3	\$9	\$33
US \$ to C\$ exchange rate	\$1.03	\$1.03	\$1.03	\$1.03
Inmet's share of production (000's)	31,300	15,200	28,200	74,700
Cash cost	\$0.64	\$0.19	\$0.31	\$0.43

2009 For the six months ended June 30

	per pound of copper			TOTAL COPPER
	ÇAYELI	PYHÄSALMI	OK TEDI	
(millions of Canadian dollars, except where otherwise noted)				
GAAP reference	page 15	page 19	page 23	
Direct production costs	\$40	\$31	\$46	\$117
Smelter processing charges and freight	38	21	14	73
By product sales	(50)	(40)	(51)	(141)
Adjust smelter processing and freight, and sales to production basis	4	(1)	(1)	2
Operating costs net of metal credits	\$32	\$11	\$8	\$51
US \$ to C\$ exchange rate	\$1.21	\$1.21	\$1.21	\$1.21
Inmet's share of production (000's)	32,200	16,100	29,800	78,100
Cash cost	\$0.83	\$0.58	\$0.22	\$0.55

INMET MINING CORPORATION

Supplementary financial information

Cash costs

2010 For the three months ended June 30

	per pound of copper			TOTAL COPPER
	ÇAYELI	PYHÄSALMI	OK TEDI	
(US dollars)				
Direct production costs	\$1.25	\$1.37	\$1.44	\$1.35
Royalties and variable compensation	0.08	-	0.15	0.09
Smelter processing charges and freight	1.40	0.73	0.54	0.94
Metal credits	(2.10)	(1.69)	(1.84)	(1.91)
Cash cost	\$0.63	\$0.41	\$0.29	\$0.47

2009 For the three months ended June 30

	per pound of copper			TOTAL COPPER
	ÇAYELI	PYHÄSALMI	OK TEDI	
(US dollars)				
Direct production costs	\$0.98	\$1.65	\$1.23	\$1.21
Royalties and variable compensation	0.04	-	0.07	0.04
Smelter processing charges and freight	1.10	0.82	0.39	0.77
Metal credits	(1.46)	(1.54)	(1.53)	(1.50)
Cash cost	\$0.66	\$0.93	\$0.16	\$0.52

Reconciliation of cash costs to statements of earnings

2010 For the three months ended June 30

	per pound of copper			TOTAL COPPER
	ÇAYELI	PYHÄSALMI	OK TEDI	
(millions of Canadian dollars, except where otherwise noted)				
GAAP reference	page 15	page 19	page 23	
Direct production costs	\$21	\$13	\$21	\$55
Smelter processing charges and freight	19	8	8	35
By product sales	(32)	(17)	(29)	(78)
Adjust smelter processing and freight, and sales to production basis	-	-	-	
	2	-	4	6
Operating costs net of metal credits	\$10	\$4	\$4	\$18
US \$ to C\$ exchange rate	\$1.03	\$1.03	\$1.03	\$1.03
Inmet's share of production (000's)	15,600	8,800	13,500	37,900
Cash cost	\$0.63	\$0.41	\$0.29	\$0.47

2009 For the three months ended June 30

	per pound of copper			TOTAL COPPER
	ÇAYELI	PYHÄSALMI	OK TEDI	
(millions of Canadian dollars, except where otherwise note)				
GAAP reference	page 15	page 19	page 23	
Direct production costs	\$20	\$16	\$23	\$59
Smelter processing charges and freight	18	12	7	37
By product sales	(27)	(22)	(28)	(77)
Adjust smelter processing and freight, and sales to production basis	-	-	-	
	2	3	1	6
Operating costs net of metal credits	\$13	\$9	\$3	\$25
US \$ to C\$ exchange rate	\$1.17	\$1.17	\$1.17	\$1.17
Inmet's share of production (000's)	16,700	8,200	15,200	40,100
Cash cost	\$0.66	\$0.93	\$0.16	\$0.52

INMET MINING CORPORATION

Quarterly review

(unaudited)

Latest Four Quarters

	2010	2010	2009	2009
	Second	First	Fourth	Third
(thousands of Canadian dollars, except per share amounts)	quarter	quarter	quarter	quarter
STATEMENTS OF EARNINGS				
Gross sales	\$215,051	\$251,559	\$290,570	\$241,121
Smelter processing charges and freight	(36,794)	(44,329)	(53,696)	(41,607)
Cost of sales	(72,437)	(80,980)	(74,995)	(72,706)
Depreciation	(18,951)	(15,224)	(17,911)	(14,558)
	86,869	111,026	143,968	112,250
Corporate development and exploration	(2,524)	(2,779)	(2,915)	(1,963)
General and administration	(6,288)	(5,510)	(9,836)	(5,147)
Investment and other income (expense)	(18,370)	(78)	280	3,588
Asset impairment	-	-	(3,496)	-
Stand-by costs	-	(6,753)	-	-
Interest expense	(421)	(452)	(496)	(496)
Capital tax expense	(82)	(82)	69	(744)
Income tax expense	(15,167)	(20,063)	(38,668)	(39,244)
Non-controlling interest	4,419	4,562	857	(6,693)
Net income	48,436	79,871	\$89,763	\$61,551
Net income per common share	\$0.86	\$1.42	\$1.60	\$1.10
Diluted net income per common share	\$0.86	\$1.42	\$1.60	\$1.09

Previous Four Quarters

	2009	2009	2008	2008
	Second	First	Fourth	Third
(thousands of Canadian dollars, except per share amounts)	quarter	quarter	quarter	quarter
STATEMENTS OF EARNINGS				
Gross sales	\$213,042	\$239,152	\$139,626	\$247,495
Smelter processing charges and freight	(40,589)	(40,540)	(32,870)	(49,502)
Cost of sales	(73,827)	(89,904)	(91,715)	(84,948)
Depreciation	(13,604)	(15,679)	(14,844)	(11,395)
	85,022	93,029	197	101,650
Corporate development and exploration	(2,727)	(3,232)	(1,971)	(3,548)
General and administration	(4,785)	(4,124)	(3,289)	(3,411)
Investment and other income (expense)	16,466	(11,203)	8,057	(5,467)
Asset impairment	-	(6,419)	(36,275)	-
Interest expense	(493)	(492)	(490)	(476)
Capital tax expense	(125)	(125)	(1,304)	(125)
Income tax expense	(24,052)	(18,890)	767	(17,379)
Non-controlling interest	(2,778)	2,783	1,794	3,813
Net income (loss)	\$66,528	\$51,327	(\$32,514)	\$75,057
Net income (loss) per common share	\$1.37	\$1.06	(\$0.67)	\$1.55
Diluted net income (loss) per common share	\$1.36	\$1.06	(\$0.67)	\$1.55

INMET MINING CORPORATION

Consolidated balance sheets

(thousands of Canadian dollars)	Note reference	June 30 2010	December 31 2009
		(unaudited)	
Assets			
Current assets:			
Cash and short-term investments	3	\$436,318	\$533,913
Restricted cash	4	11,905	15,130
Accounts receivable		86,793	129,987
Inventories		78,163	103,108
Current portion of held to maturity investments	6	43,632	9,993
Future income tax asset		8,464	8,466
Assets held for sale	7	9,000	-
		<u>674,275</u>	800,597
Restricted cash	4	96,210	101,589
Property, plant and equipment		1,743,229	1,860,616
Investments in equity securities	5	49,712	42,411
Held to maturity investments	6	277,424	89,891
Future income tax asset		21,006	6,151
Other assets		2,998	2,894
		<u>\$2,864,854</u>	\$2,904,149
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities		\$168,077	\$185,145
Derivatives		1,857	1,543
Future income tax liabilities		2,084	4,612
		<u>172,018</u>	191,300
Long-term debt	8	181,338	200,026
Asset retirement obligations		142,063	145,038
Derivatives		3,544	3,165
Other liabilities		29,451	32,113
Future income tax liabilities		8,810	16,357
Non-controlling interest		58,926	78,005
		<u>596,150</u>	666,004
Commitments	9		
Shareholders' equity			
Share capital		669,952	669,952
Contributed surplus		64,130	63,296
Stock based compensation		6,058	5,170
Retained earnings		1,664,500	1,541,803
Accumulated other comprehensive loss	11	(135,936)	(42,076)
		<u>2,268,704</u>	2,238,145
		<u>\$2,864,854</u>	\$2,904,149

(see accompanying notes)

INMET MINING CORPORATION
Segmented balance sheets

2010 As at June 30

(unaudited)	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	COBRE PANAMA	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	(Panama)	
Assets								
Cash and short-term investments	\$162,495	\$128,592	\$52,909	\$ -	\$48,648	\$30,078	\$13,596	\$436,318
Other current assets	47,875	38,502	43,601	22,791	41,085	43,634	469	237,957
Restricted cash	16,219	-	1,595	-	28,014	50,382	-	96,210
Property, plant and equipment	833	119,252	56,037	-	98,615	890,936	577,556	1,743,229
Investments in equity securities	49,712	-	-	-	-	-	-	49,712
Held to maturity investments	277,424	-	-	-	-	-	-	277,424
Other non-current assets	1,801	834	-	-	4,529	16,840	-	24,004
	\$556,359	\$287,180	\$154,142	\$22,791	\$220,891	\$1,031,870	\$591,621	\$2,864,854
Liabilities								
Current liabilities	\$13,942	\$27,110	\$14,842	\$18,482	\$55,255	\$34,071	\$8,316	\$172,018
Long-term debt	15,939	-	-	-	-	165,399	-	181,338
Asset retirement obligations	28,486	9,174	13,612	8,411	40,637	41,743	-	142,063
Derivatives	-	-	-	-	3,544	-	-	3,544
Other liabilities	4,588	6,020	-	-	1,916	16,927	-	29,451
Future income tax liabilities	-	-	8,641	-	-	169	-	8,810
Non-controlling interest	-	-	-	-	-	58,926	-	58,926
	\$62,955	\$42,304	\$37,095	\$26,893	\$101,352	\$317,235	\$8,316	\$596,150

2009 As at December 31

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	COBRE PANAMA	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	(Panama)	
Assets								
Cash and short-term investments	\$251,570	\$158,631	\$66,314	\$ -	\$36,631	\$10,039	\$10,728	\$533,913
Other current assets	14,504	42,356	49,882	24,030	61,943	73,501	468	266,684
Restricted cash	16,492	-	1,854	-	26,365	56,878	-	101,589
Property, plant and equipment	920	119,669	66,217	19,376	103,693	1,013,490	537,251	1,860,616
Investments in equity securities	42,411	-	-	-	-	-	-	42,411
Held to maturity investments	89,891	-	-	-	-	-	-	89,891
Other non-current assets	1,720	248	-	-	3,523	3,554	-	9,045
	\$417,508	\$320,904	\$184,267	\$43,406	\$232,155	\$1,157,462	\$548,447	\$2,904,149
Liabilities								
Current liabilities	\$22,416	\$32,348	\$27,665	\$19,862	\$48,981	\$29,173	\$10,855	\$191,300
Long-term debt	18,094	-	-	-	-	181,932	-	200,026
Asset retirement obligations	28,606	8,805	15,293	8,497	39,546	44,291	-	145,038
Derivatives	-	-	-	-	3,165	-	-	3,165
Other liabilities	4,714	5,541	-	-	1,839	20,019	-	32,113
Future income tax liabilities	4,240	2,024	9,897	-	-	196	-	16,357
Non-controlling interest	-	-	-	-	-	78,005	-	78,005
	\$78,070	\$48,718	\$52,855	\$28,359	\$93,531	\$353,616	\$10,855	\$666,004

INMET MINING CORPORATION
Consolidated statements of earnings

(unaudited)

(thousands of Canadian dollars except per share amounts)	Note reference	Three Months Ended June 30		Six Months Ended June 30	
		2010	2009	2010	2009
Gross sales		\$215,051	\$213,042	\$466,610	\$452,194
Smelter processing charges and freight		(36,794)	(40,589)	(81,123)	(81,129)
Cost of sales		(72,437)	(73,827)	(153,417)	(163,731)
Depreciation		(18,951)	(13,604)	(34,175)	(29,283)
		86,869	85,022	197,895	178,051
Corporate development and exploration		(2,524)	(2,727)	(5,303)	(5,959)
General and administration		(6,288)	(4,785)	(11,798)	(8,909)
Investment and other income (expense)	12	(18,370)	16,466	(18,448)	5,263
Asset impairment		-	-	-	(6,419)
Stand-by costs		-	-	(6,753)	-
Interest expense		(421)	(493)	(873)	(985)
Capital tax expense		(82)	(125)	(164)	(250)
Income tax expense	13	(15,167)	(24,052)	(35,230)	(42,942)
Non-controlling interest		4,419	(2,778)	8,981	5
Net income		\$48,436	\$66,528	\$128,307	\$117,855
Basic net income per common share	14	\$0.86	\$1.37	\$2.29	\$2.43
Diluted net income per common share	14	\$0.86	\$1.36	\$2.28	\$2.42
Weighted average shares outstanding (000's)		56,107	48,712	56,107	48,498

(see accompanying notes)

INMET MINING CORPORATION
Segmented statements of earnings

(unaudited)

2010 For the six months ended June 30

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	COBRE PANAMA	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	(Panama)	
Gross sales	\$ -	\$150,432	\$95,446	\$62,177	\$158,555	\$ -	\$ -	\$466,610
Smelter processing charges and freight	-	(38,695)	(20,055)	(4,321)	(18,052)	-	-	(81,123)
Cost of sales	(1,011)	(43,699)	(26,513)	(30,555)	(51,639)	-	-	(153,417)
Depreciation	-	(6,470)	(3,712)	(10,002)	(13,991)	-	-	(34,175)
	(1,011)	61,568	45,166	17,299	74,873	-	-	197,895
Corporate development and exploration	(3,247)	(78)	(1,978)	-	-	-	-	(5,303)
General and administration	(11,798)	-	-	-	-	-	-	(11,798)
Investment and other income (expense)	(18,765)	(7)	-	164	(18)	178	-	(18,448)
Stand-by costs	-	-	-	-	-	(6,753)	-	(6,753)
Interest expense	(873)	-	-	-	-	-	-	(873)
Capital tax expense	(164)	-	-	-	-	-	-	(164)
Income tax (expense) recovery	161	(12,406)	(9,926)	-	(27,589)	14,530	-	(35,230)
Non-controlling interest	-	-	-	-	-	8,981	-	8,981
Net income	(\$35,697)	\$49,077	\$33,262	\$17,463	\$47,266	\$16,936	\$ -	\$128,307

2009 For the six months ended June 30

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	COBRE PANAMA	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	(Panama)	
Gross sales	\$ -	\$123,732	\$76,982	\$124,397	\$127,083	\$ -	\$ -	\$452,194
Smelter processing charges and freight	-	(37,514)	(21,317)	(8,718)	(13,580)	-	-	(81,129)
Cost of sales	(992)	(42,286)	(32,575)	(38,443)	(49,435)	-	-	(163,731)
Depreciation	-	(6,846)	(4,764)	(6,720)	(10,953)	-	-	(29,283)
	(992)	37,086	18,326	70,516	53,115	-	-	178,051
Corporate development and exploration	(3,374)	(901)	(1,684)	-	-	-	-	(5,959)
General and administration	(8,909)	-	-	-	-	-	-	(8,909)
Investment and other income (expense)	6,420	1,070	(422)	361	(2,486)	320	-	5,263
Asset impairment charges	-	(6,419)	-	-	-	-	-	(6,419)
Interest expense	(985)	-	-	-	-	-	-	(985)
Capital tax expense	(250)	-	-	-	-	-	-	(250)
Income tax expense	(19,730)	(1,631)	(2,305)	-	(19,009)	(267)	-	(42,942)
Non-controlling interest	-	-	-	-	-	5	-	5
Net income	(\$27,820)	\$29,205	\$13,915	\$70,877	\$31,620	\$58	\$ -	\$117,855

INMET MINING CORPORATION
Segmented statements of earnings

(unaudited)

2010 For the three months ended June 30

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	COBRE PANAMA	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	(Panama)	
Gross sales	\$ -	\$68,026	\$44,006	\$27,723	\$75,296	\$ -	\$ -	\$215,051
Smelter processing charges and freight	-	(18,590)	(8,550)	(1,563)	(8,091)	-	-	(36,794)
Cost of sales	(69)	(21,718)	(11,244)	(14,285)	(25,121)	-	-	(72,437)
Depreciation	-	(3,246)	(1,903)	(5,623)	(8,179)	-	-	(18,951)
	(69)	24,472	22,309	6,252	33,905	-	-	86,869
Corporate development and exploration	(1,369)	(12)	(1,143)	-	-	-	-	(2,524)
General and administration	(6,288)	-	-	-	-	-	-	(6,288)
Investment and other income (expense)	(18,690)	(106)	-	294	(90)	222	-	(18,370)
Interest expense	(421)	-	-	-	-	-	-	(421)
Capital tax expense	(82)	-	-	-	-	-	-	(82)
Income tax (expense) recovery	(1,316)	(4,953)	(4,911)	-	(11,054)	7,067	-	(15,167)
Non-controlling interest	-	-	-	-	-	4,419	-	4,419
Net income	(\$28,235)	\$19,401	\$16,255	\$6,546	\$22,761	\$11,708	\$ -	\$48,436

2009 For the three months ended June 30

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	COBRE PANAMA	TOTAL
(thousands of Canadian dollars)		(Turkey)	(Finland)	(Canada)	(Papua New Guinea)	(Spain)	(Panama)	
Gross sales	\$ -	\$63,711	\$43,001	\$37,407	\$68,923	\$ -	\$ -	\$213,042
Smelter processing charges and freight	-	(18,438)	(12,326)	(2,458)	(7,367)	-	-	(40,589)
Cost of sales	(508)	(19,715)	(16,730)	(15,616)	(21,258)	-	-	(73,827)
Depreciation	-	(3,373)	(2,162)	(3,301)	(4,768)	-	-	(13,604)
	(508)	22,185	11,783	16,032	35,530	-	-	85,022
Corporate development and exploration	(1,526)	(407)	(794)	-	-	-	-	(2,727)
General and administration	(4,785)	-	-	-	-	-	-	(4,785)
Investment and other income (expense)	5,969	(1,797)	(422)	77	(1,114)	13,753	-	16,466
Interest expense	(493)	-	-	-	-	-	-	(493)
Capital tax expense	(125)	-	-	-	-	-	-	(125)
Income tax expense	(3,199)	(2,212)	(1,870)	-	(12,469)	(4,302)	-	(24,052)
Non-controlling interest	-	-	-	-	-	(2,778)	-	(2,778)
Net income	(\$4,667)	\$17,769	\$8,697	\$16,109	\$21,947	\$6,673	\$ -	\$66,528

INMET MINING CORPORATION
Consolidated statements of cash flows

(unaudited)

(thousands of Canadian dollars)	Note reference	Three Months Ended June 30		Six Months Ended June 30	
		2010	2009	2010	2009
Cash provided by (used in) operating activities ⁽¹⁾					
Net income		\$48,436	\$66,528	\$128,307	\$117,855
Add (deduct) items not affecting cash:					
Depreciation		18,951	13,604	34,175	29,283
Future income tax		(6,578)	13,552	(23,963)	11,319
Accretion expense on asset retirement obligations		1,222	1,208	2,527	2,475
Non-controlling interest		(4,359)	2,778	(8,981)	(5)
Asset impairment		-	-	-	6,419
Foreign exchange loss (gain)		20,927	(19,788)	22,961	(8,848)
Other		511	5,114	1,246	7,610
Settlement of asset retirement obligations		(948)	(2,309)	(1,521)	(2,756)
Net change in non-cash working capital	2	2,127	9,909	17,115	(55,659)
		<u>80,289</u>	<u>90,596</u>	<u>171,866</u>	<u>107,693</u>
Cash provided by (used in) investing activities					
Purchase of property, plant and equipment		(11,014)	(86,263)	(32,835)	(181,122)
Purchase of long-term investments	6	(116,718)	-	(219,098)	-
Sale of short-term investments		-	(47,682)	26,996	(45,251)
Funding received under Cobre Panama option agreement		4,069	-	6,208	-
		<u>(123,663)</u>	<u>(133,945)</u>	<u>(218,729)</u>	<u>(226,373)</u>
Cash provided by (used in) financing activities					
Long-term debt repayments		-	(74,174)	-	(82,502)
Issuance of common shares		-	334,284	-	334,284
Funding by non-controlling shareholder		40	28,269	2,835	43,941
Financial assurance deposits		325	700	(354)	(8,740)
Dividends paid on common shares		(5,610)	(4,828)	(5,610)	(4,828)
Subsidies received		-	57,600	360	66,209
Other		(1,023)	(45)	(1,510)	(90)
		<u>(6,268)</u>	<u>341,806</u>	<u>(4,279)</u>	<u>348,274</u>
Foreign exchange change on cash held in foreign currency					
		<u>(3,320)</u>	<u>(18,400)</u>	<u>(19,457)</u>	<u>(12,900)</u>
Increase (decrease) in cash		(52,962)	280,057	(70,599)	216,694
Cash:					
Beginning of period		489,280	473,696	506,917	537,059
End of period		<u>436,318</u>	<u>753,753</u>	<u>436,318</u>	<u>753,753</u>
Short-term investments					
		<u>-</u>	<u>80,925</u>	<u>-</u>	<u>80,925</u>
Cash and short-term investments		\$436,318	\$834,678	\$436,318	\$834,678
(see accompanying notes)					
⁽¹⁾ Supplementary cash flow information:					
Cash interest paid		\$ -	\$5,170	\$600	\$9,895
Cash taxes paid		\$54,206	\$4,792	\$74,037	\$10,640

INMET MINING CORPORATION
Segmented statements of cash flows

(unaudited)

2010 For the six months ended June 30

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	COBRE PANAMA	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	(\$16,706)	\$54,090	\$37,713	\$28,696	\$57,711	(\$6,753)	\$ -	\$154,751
Net change in non-cash working capital	(9,829)	(646)	(9,995)	8,248	29,337	-	-	17,115
	(26,535)	53,444	27,718	36,944	87,048	(6,753)	-	171,866
Cash provided by (used in) investing activities								
Purchase of property, plant and equipment	(88)	(4,882)	(2,521)	-	(8,405)	24,321	(41,260)	(32,835)
Purchase of long-term investments	(219,098)	-	-	-	-	-	-	(219,098)
Sale of short-term investments	26,996	-	-	-	-	-	-	26,996
Funding received-Cobre Panama option agreement	-	-	-	-	-	-	6,208	6,208
	(192,190)	(4,882)	(2,521)	-	(8,405)	24,321	(35,052)	(218,729)
Cash provided by (used in) financing activities	(5,428)	-	-	-	(645)	1,794	-	(4,279)
Foreign exchange change on cash held in foreign currency	-	(2,590)	(14,596)	-	392	(3,042)	379	(19,457)
Intergroup funding (distributions)	162,074	(76,011)	(24,006)	(36,944)	(66,373)	3,719	37,541	-
Increase (decrease) in cash	(62,079)	(30,039)	(13,405)	-	12,017	20,039	2,868	(70,599)
Cash:								
Beginning of period	224,574	158,631	66,314	-	36,631	10,039	10,728	506,917
End of period	162,495	128,592	52,909	-	48,648	30,078	13,596	436,318
Short-term investments	-	-	-	-	-	-	-	-
Cash and short-term investments	\$162,495	\$128,592	\$52,909	\$ -	\$48,648	\$30,078	\$13,596	\$436,318

2009 For the six months ended June 30

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	COBRE PANAMA	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	(\$21,139)	\$34,967	\$15,368	\$78,859	\$55,297	\$ -	\$ -	\$163,352
Net change in non-cash working capital	79	(19,786)	5,873	(1,173)	(40,652)	-	-	(55,659)
	(21,060)	15,181	21,241	77,686	14,645	-	-	107,693
Cash provided by (used in) investing activities								
Purchase of property, plant and equipment	(261)	(6,555)	(3,778)	-	(6,590)	(118,550)	(45,388)	(181,122)
Purchase of short-term investments	(45,251)	-	-	-	-	-	-	(45,251)
	(45,512)	(6,555)	(3,778)	-	(6,590)	(118,550)	(45,388)	(226,373)
Cash provided by (used in) financing activities	329,264	-	-	-	(749)	19,759	-	348,274
Foreign exchange change on cash held in foreign currency	-	(10,675)	(1,652)	-	(1,951)	1,371	7	(12,900)
Intergroup funding (distributions)	7,067	(90,167)	12,955	(77,686)	(105)	98,743	49,193	-
Increase (decrease) in cash	269,759	(92,216)	28,766	-	5,250	1,323	3,812	216,694
Cash:								
Beginning of period	205,564	192,881	65,976	-	37,547	33,981	1,110	537,059
End of period	475,323	100,665	94,742	-	42,797	35,304	4,922	753,753
Short-term investments	80,925	-	-	-	-	-	-	80,925
Cash and short-term investments	\$556,248	\$100,665	\$94,742	\$ -	\$42,797	\$35,304	\$4,922	\$834,678

INMET MINING CORPORATION
Segmented statements of cash flows

(unaudited)

2010 For the three months ended June 30

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	COBRE PANAMA	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	(\$8,552)	\$23,357	\$18,430	\$12,899	\$32,028	\$ -	\$ -	\$78,162
Net change in non-cash working capital	(6,575)	343	(5,729)	5,518	8,570	-	-	2,127
	(15,127)	23,700	12,701	18,417	40,598	-	-	80,289
Cash provided by (used in) investing activities								
Purchase of property, plant and equipment	(80)	(3,063)	(2,064)	-	(4,125)	21,669	(23,351)	(11,014)
Purchase of long-term investments	(116,718)	-	-	-	-	-	-	(116,718)
Funding received-Cobre Panama option agreement	-	-	-	-	-	-	4,069	4,069
	(116,798)	(3,063)	(2,064)	-	(4,125)	21,669	(19,282)	(123,663)
Cash provided by (used in) financing activities	(5,373)	-	-	-	3	(898)	-	(6,268)
Foreign exchange change on cash held in foreign currency	-	3,436	(8,204)	-	2,572	(1,707)	583	(3,320)
Intergroup funding (distributions)	127,564	(75,992)	(19,884)	(18,417)	(33,207)	(456)	20,392	-
Increase (decrease) in cash	(9,734)	(51,919)	(17,451)	-	5,841	18,608	1,693	(52,962)
Cash:								
Beginning of period	172,229	180,511	70,360	-	42,807	11,470	11,903	489,280
End of period	162,495	128,592	52,909	-	48,648	30,078	13,596	436,318
Short-term investments	-	-	-	-	-	-	-	-
Cash and short-term investments	\$162,495	\$128,592	\$52,909	\$ -	\$48,648	\$30,078	\$13,596	\$436,318

2009 For the three months ended June 30

	CORPORATE	ÇAYELI	PYHÄSALMI	TROILUS	OK TEDI	LAS CRUCES	COBRE PANAMA	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	(\$7,607)	\$23,370	\$9,708	\$19,143	\$36,073	\$ -	\$ -	\$80,687
Net change in non-cash working capital	(6,900)	757	13,319	9,817	(7,084)	-	-	9,909
	(14,507)	24,127	23,027	28,960	28,989	-	-	90,596
Cash provided by (used in) investing activities								
Purchase of property, plant and equipment	(445)	(2,988)	(3,006)	-	(3,269)	(53,999)	(22,556)	(86,263)
Purchase of short-term investments	(47,682)	-	-	-	-	-	-	(47,682)
	(48,127)	(2,988)	(3,006)	-	(3,269)	(53,999)	(22,556)	(133,945)
Cash provided by (used in) financing activities	329,374	-	-	-	24	12,408	-	341,806
Foreign exchange change on cash held in foreign currency	-	(17,356)	(509)	-	(3,037)	3,039	(537)	(18,400)
Intergroup funding (distributions)	14,696	(90,562)	17,107	(28,960)	(299)	64,149	23,869	-
Increase (decrease) in cash	281,436	(86,779)	36,619	-	22,408	25,597	776	280,057
Cash:								
Beginning of period	193,887	187,444	58,123	-	20,389	9,707	4,146	473,696
End of period	475,323	100,665	94,742	-	42,797	35,304	4,922	753,753
Short-term investments	80,925	-	-	-	-	-	-	80,925
Cash and short-term investments	\$556,248	\$100,665	\$94,742	\$ -	\$42,797	\$35,304	\$4,922	\$834,678

INMET MINING CORPORATION
Consolidated statements of retained earnings

(unaudited)

(thousands of Canadian dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Retained earnings, beginning of period	\$1,621,674	\$1,334,401	\$1,541,803	\$1,283,074
Net income	48,436	66,528	128,307	117,855
Dividends on common shares	(5,610)	(4,828)	(5,610)	(4,828)
Retained earnings, end of period (see accompanying notes)	\$1,664,500	\$1,396,101	\$1,664,500	\$1,396,101

Consolidated statements of comprehensive income (loss)

(unaudited)

(thousands of Canadian dollars)	Note reference	Three Months Ended June 30		Six Months Ended June 30	
		2010	2009	2010	2009
Net income		\$48,436	\$66,528	\$128,307	\$117,855
Other comprehensive income (loss) for the period :					
Changes in fair value of gold forward sales contracts		(1,019)	(344)	(801)	(1,105)
Changes in fair value of interest rate swap contracts		-	3,244	-	4,984
Changes in fair value of investments		7,128	5,781	7,300	9,401
Currency translation adjustments		34,342	(98,622)	(77,511)	(71,577)
Reclassification to net income of gains/losses realized:					
Amortization of gain on foreign exchange forward contracts		-	(1,523)	-	(3,031)
Foreign exchange loss on reduction of net investment in self-sustaining foreign operations	12	(21,321)	(3,912)	(22,656)	(3,912)
Income tax expense related to other comprehensive income	15	(732)	(2,098)	(192)	(3,137)
		18,398	(97,474)	(93,860)	(68,377)
Comprehensive income (loss) (see accompanying notes)		\$66,834	(\$30,946)	\$34,447	\$49,478

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). These statements do, however, follow the same accounting policies and methods of application used in our most recent annual consolidated financial statements. You should read our interim statements in conjunction with our annual statements, which you can find in our 2009 Annual Report.

These statements have been approved by Inmet's board of directors and have been reviewed by our external auditors.

2. Statement of cash flows

The following tables show the components of our net change in non-cash working capital by segment.

For the six months ended June 30, 2010

(thousands)	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable	(\$678)	\$8,267	\$1,150	\$3,734	\$13,901	\$26,374
Inventories	-	(677)	(1,549)	6,602	7,748	12,124
Accounts payable and accrued liabilities	1,907	(4,276)	(5,569)	(2,088)	2,154	(7,872)
Taxes	(11,055)	(4,026)	(4,027)	-	6,179	(12,929)
Other	(3)	66	-	-	(645)	(582)
	(9,829)	(\$646)	(\$9,995)	\$8,248	\$29,337	\$17,115

For the six months ended June 30, 2009

(thousands)	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable	\$66	(\$15,678)	(\$6,203)	(\$495)	(\$48,400)	(\$70,710)
Inventories	-	219	390	3,938	(12)	4,535
Accounts payable and accrued liabilities	(2,871)	(5,522)	1,257	(4,616)	382	(11,370)
Taxes	5,342	1,172	10,429	-	7,671	24,614
Other	(2,458)	23	-	-	(293)	(2,728)
	\$79	(\$19,786)	\$5,873	(\$1,173)	(\$40,652)	(\$55,659)

For the three months ended June 30, 2010

(thousands)	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable	(\$83)	\$8,663	\$225	\$3,476	\$14,163	\$26,444
Inventories	-	(513)	(2,131)	2,450	4,361	4,167
Accounts payable and accrued liabilities	5,138	(5,218)	970	(408)	435	917
Taxes	(11,631)	(2,578)	(4,793)	-	(9,803)	(28,805)
Other	1	(11)	-	-	(586)	(596)
	(\$6,575)	\$343	(\$5,729)	\$5,518	\$8,570	\$2,127

For the three months ended June 30, 2009

(thousands)	Corporate	Çayeli	Pyhäsalmi	Troilus	Ok Tedi	Total
Accounts receivable	\$214	\$8,839	(\$7,323)	\$13,290	(\$8,967)	\$6,053
Inventories	-	(999)	797	998	(1,400)	(604)
Accounts payable and accrued liabilities	(2,137)	(3,671)	1,478	(6,162)	1,801	(8,691)
Taxes	(2,530)	(3,381)	18,367	-	2,467	14,923
Other	(2,447)	(31)	-	1,691	(985)	(1,772)
	(\$6,900)	\$757	\$13,319	\$9,817	(\$7,084)	\$9,909

3. Cash and short-term investments

(thousands)	June 30 2010	December 31 2009
Cash:		
Liquidity funds	\$161,429	\$205,190
Bankers' acceptances	34,125	92,200
Money market funds	29,571	19,951
Term deposits	64,684	40,140
Overnight deposits	24,639	54,435
Bank deposits	121,870	95,001
	436,318	506,917
Short-term investments:		
Corporate	-	26,996
Total cash and short-term investments	436,318	\$533,913

4. Restricted cash

(thousands)	June 30 2010	December 31 2009
Collateralized cash for letter of credit facility - Inmet Mining	\$16,219	\$16,492
In trust for Ok Tedi reclamation	28,014	26,365
Collateralized cash for letters of credit - Las Cruces	62,287	72,008
Collateralized cash for Pyhäsalmi reclamation	1,595	1,854
	108,115	116,719
Less current portion:		
Collateralized cash for letters of credit - Las Cruces	(11,905)	(15,130)
	\$96,210	\$101,589

5. Investments in equity securities

(thousands)	June 30 2010	December 31 2009
Available-for-sale equity securities:		
Premier Gold Mines Ltd (9.5 million shares)	\$47,628	\$39,501
Other	2,084	2,910
	\$49,712	\$42,411

6. Held to maturity investments

We invested an additional \$219 million in long-term Canadian and Provincial government bonds with credit ratings of A to AAA. The bonds mature between July 2010 and August 2015 and have a weighted average annual yield to maturity of 2.0 percent. We have designated these bonds as held to maturity, measuring them initially at fair value and subsequently at amortized cost.

7. Assets held for sale

During the second quarter, Troilus concluded operations after the depletion of all surface ore stockpiles. We have begun to sell the remaining plant and equipment with a total carrying value as at June 30, 2010 of \$9 million, which we expect will occur within the next 12 months.

8. Long-term debt

(thousands)	June 30, 2010	December 31, 2009
Promissory note	\$15,939	\$18,094
Loans from non-controlling shareholder	165,399	181,932
	\$181,338	\$200,026

Loans from non-controlling shareholder

Las Cruces received intercompany loan advances of €6.4 million in 2010 and €40 million in 2009. 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, €127.1 million, was reflected in long-term debt at June 30, 2010. Loans from non-controlling shareholders approximate fair value because the loans accrue interest at prevailing market rates.

9. Commitments

Capital commitments

Our operations have the following capital commitments as at June 30, 2010:

- Ok Tedi committed approximately \$90.6 million (our proportionate share is \$16.3 million) mainly for mobile equipment and the construction of underwater storage pits for sulphur concentrate produced by the mine waste tailings plant.
- Las Cruces committed \$25.9 million primarily for the purchase of a permanent water treatment plant.
- Cobre Panama committed \$126.3 million for the design and supply of two SAG mills, four ball mills and the related gearless drives.

10. Subscription agreement with Temasek Holdings

On March 31, 2010, we entered into a subscription agreement with a subsidiary of Temasek Holdings (Private) Limited (Temasek), under which Temasek has agreed to buy 9.26 million subscription receipts for total proceeds of \$500 million. We issued the subscription receipts on April 23, 2010 and the proceeds are being held in escrow. The subscription receipts are exchangeable for an equivalent number of Inmet common shares as long as certain conditions are met on or before September 30, 2010, including:

- The coming into effect of legislation passed by the legislative assembly of the Republic of Panama to amend Panama's Mineral Resources Code to permit entities in which foreign governmental bodies or authorities have an interest, to hold direct or indirect interests in mining concessions in Panama.
- Inmet's or Cobre Panama's ability to use or exploit their rights under Cobre Panama's mining concession for the mining project are not impaired in any material way.

If the conditions are met, the subscription receipts will be exchanged for Inmet common shares equal to approximately 14 percent of our outstanding common shares. The proceeds will then be released from escrow and we will use them to fund the development of Cobre Panama and for general corporate purposes. If the conditions are not met, the subscription receipts will automatically terminate and the escrowed funds will be returned to Temasek.

11. 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 \$2,015)	(\$4,701)
Unrealized gains on investments (net of tax of \$4,788)	23,794
Currency translation adjustment	(61,169)
AOCL, December 31, 2009	(\$42,076)
Other comprehensive loss for the six months ending June 30, 2010	(93,860)
AOCL, June 30, 2010	(\$135,936)
AOCL June 30, 2010 comprises:	
Unrealized losses on gold forward sales contracts (net of tax \$2,255)	(\$5,262)
Unrealized gains on investments (net of tax of \$5,220)	30,662
Currency translation adjustment	(161,336)
AOCL, June 30, 2010	(\$135,936)

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

(thousands)	June 30, 2010	December 31, 2009
Pyhäsalmi (euro functional currency)	(\$26,514)	(\$5,308)
Las Cruces (euro functional currency)	(113,274)	(8,793)
Çayeli (US dollar functional currency)	(5,119)	(20,901)
Ok Tedi (US dollar functional currency)	(11,922)	(13,751)
Cobre Panama (US dollar functional currency)	(4,507)	(12,416)
	(\$161,336)	(\$61,169)

The Canadian dollar to US dollar exchange rate was \$1.06 at June 30, 2010 and \$1.05 at December 31, 2009. The Canadian dollar to euro exchange rate was \$1.30 at June 30, 2010 and \$1.50 at December 31, 2009.

12. Investment and other income

Investment and other income are summarized as follows:

(thousands)	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Interest income	\$1,760	\$701	\$3,357	\$2,743
Foreign exchange gain (loss)	(20,738)	18,196	(23,153)	8,098
Dividend and royalty income	1,175	385	1,889	685
Mark to market on Ok Tedi copper forward contracts	-	(1,007)	-	(2,426)
Other	(567)	(1,809)	(541)	(3,837)
	(\$18,370)	\$16,466	(\$18,448)	\$5,263

Foreign exchange

For transactions with foreign currencies we use the exchange rates in effect:

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

Foreign exchange gain (loss) is a result of:

(thousands)	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Translation of Las Cruces' US dollar-denominated bank credit facility	\$ -	\$15,273	\$ -	\$3,808
Translation of foreign – denominated cash held at corporate	202	149	(569)	(1,446)
Translation of other-monetary assets and liabilities	381	(1,138)	72	1,824
Reduction in our net investments	(21,321)	3,912	(22,656)	3,912
	(\$20,738)	\$18,196	(\$23,153)	\$8,098

13. Income tax expense

For the six months ended June 30, 2010

(thousands)	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Las Cruces	Total
Current income taxes	\$2,743	\$15,180	\$9,887	\$31,383	\$ -	\$59,193
Future income taxes	(2,904)	(2,774)	39	(3,794)	(14,530)	(23,963)
	(\$161)	\$12,406	\$9,926	\$27,589	(\$14,530)	\$35,230

For the six months ended June 30, 2009

(thousands)	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Las Cruces	Total
Current income taxes	\$10,164	\$10,606	\$1,758	\$9,095	\$ -	\$31,623
Future income taxes	9,566	(8,975)	547	9,914	267	11,319
	\$19,730	\$1,631	\$2,305	\$19,009	\$267	\$42,942

For the three months ended June 30, 2010

(thousands)	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Las Cruces	Total
Current income taxes	\$1,582	\$5,374	\$4,945	\$9,844	\$ -	\$21,745
Future income taxes	(266)	(421)	(34)	1,210	(7,067)	(6,578)
	\$1,316	\$4,953	\$4,911	\$11,054	(\$7,067)	\$15,167

For the three months ended June 30, 2009

(thousands)	Corporate	Çayeli	Pyhäsalmi	Ok Tedi	Las Cruces	Total
Current income taxes	\$2,509	\$2,800	\$1,330	\$3,861	\$ -	\$10,500
Future income taxes	690	(588)	540	8,608	4,302	13,552
	\$3,199	\$2,212	\$1,870	\$12,469	\$4,302	\$24,052

14. Net income per share

(thousands)	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Net income available to common shareholders	\$48,436	\$66,528	\$128,307	\$117,855
(thousands)				
Weighted average common shares outstanding	56,107	48,712	56,107	48,498
Plus incremental shares from assumed conversions:				
Deferred share units	100	83	100	83
Long term incentive plan units	43	43	43	43
Diluted weighted average common shares outstanding	56,250	48,838	56,250	48,624
(Canadian dollars per share)				
Basic net income per common share	\$0.86	\$1.37	\$2.29	\$2.43
Dilutive effect from assumed conversions of deferred share units and long term incentive plan units per common share	-	(\$0.01)	(\$0.01)	(\$0.01)
Diluted net income per common share	\$0.86	\$1.36	\$2.28	\$2.42

15. Income taxes recovery (expense) included in other comprehensive income

(thousands)	Three months ended June 30		Six months ended June 30	
	2010	2009	2010	2009
Changes in fair value of gold forward sales contracts	\$305	\$104	\$240	\$331
Changes in fair value of interest rate swap contracts	-	(1,233)	-	(1,893)
Changes in fair value of investments	(1,037)	(969)	(432)	(1,575)
	(\$732)	(\$2,098)	(\$192)	(\$3,137)