INMET MINING

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FOR IMMEDIATE RELEASE
February 21, 2013

All amounts in US dollars unless indicated otherwise

Toronto, Canada – TSX: IMN Inmet announces fourth quarter earnings from operations of $112 million compared to $89 million in the fourth quarter of 2011.

Fourth quarter highlights

- **Strong earnings from operations**
  Earnings from operations were $112 million compared to $89 million in the fourth quarter of 2011. This increase is due to the strong performance of our operations. Earnings were negatively affected by the timing of shipments at Çayeli and finalization adjustments, together totalling $11 million for the quarter or $0.15 per share.

- **Copper and zinc production exceeded expectations**
  Our operations produced 111,700 tonnes of copper and 66,300 tonnes of zinc in 2012, exceeding our target ranges for the year. Las Cruces has consistently achieved monthly design capacity of 6,000 tonnes of copper cathode since first crossing this threshold in April 2012.

- **Increase in closure liabilities for closed properties**
  We recognized a charge of $10 million in earnings from operations, or $0.14 per share, for an increase in estimated costs for post-closure obligations at our closed properties this quarter. This compares to a charge of $16 million recognized in the fourth quarter of 2011 primarily as a result of a decrease in the discount rates we applied in determining the liabilities at period end.

- **Net income reduced by foreign exchange losses**
  Net income of $38 million this quarter reflects after-tax foreign exchange losses of $19 million, or $0.27 per share, mainly on US dollar cash held in our euro-based entities. Our excess cash balances are held in US dollar funds as we plan to use these funds for the construction of Cobre Panama.

- **Construction of Cobre Panama progressing**
  By the end of the year, Minera Panama S.A. had entered into commitments for approximately $4.1 billion, representing 67 percent of estimated capital expenditures for the Cobre Panama project.

- **Issuance of $500 million in senior unsecured notes**
  On December 18, 2012, we issued $500 million in senior unsecured notes, the proceeds of which will be used to fund development of Cobre Panama. The notes bear a coupon rate of interest of 7.5 percent and mature on June 1, 2021.

- **First Quantum offer**

  On January 9, 2013, First Quantum Minerals Ltd. (First Quantum) commenced an unsolicited offer to acquire all of Inmet Mining's issued and outstanding common shares for consideration of cash or First Quantum shares or a combination of cash and First Quantum shares. Inmet's Board of Directors, on the recommendation of its Special Committee of the independent directors and with input from its, and the Special Committee's, financial and legal advisors, has recommended that Inmet shareholders reject this offer for reasons as set out in the Directors' Circular mailed to shareholders.

Key financial data

(thousands, except per share amounts)	three months ended December 31 **2012**	2011	**change**	year ended December 31 **2012**	2011	**change**
FINANCIAL HIGHLIGHTS						
Sales						
Gross sales	**$259,868**	$233,394	+11%	**$1,123,977**	$947,911	+19%
Net income						
Net income from continuing operations	**$38,221**	$46,544	-18%	**$330,076**	$256,314	+29%
Net income from continuing operations per share	**$0.56**	$0.67	-16%	**$4.78**	$3.86	+24%
Net income from discontinued operations	**-**	-	-	**-**	80,786	-100%
Net income from discontinued operations per share	**-**	-	-	**-**	$1.22	-100%
Net income attributable to Inmet shareholders	**$38,775**	46,544	-17%	**$331,211**	$337,100	-2%
Net income per share	**$0.56**	$0.67	-16%	**$4.78**	$5.08	-6%
Cash flow						
Cash flow provided by operating activities	**$116,851**	$70,768	+65%	**$543,392**	$391,976	+39%
Cash flow provided by operating activities per share [(1)]	**$1.68**	$1.02	+65%	**$7.83**	$5.90	+33%
Capital spending [(2)]	**$342,467**	$57,100	+500%	**$785,761**	$201,909	+289%
OPERATING HIGHLIGHTS						
Production						
Copper (tonnes)	**27,600**	26,200	+5%	**111,700**	84,800	+32%
Zinc (tonnes)	**20,700**	17,900	+16%	**66,300**	80,400	-18%
Pyrite (tonnes)	**222,500**	210,500	+6%	**891,700**	804,900	+11%
Copper cash cost (US $ per pound) [(3)]	**$0.85**	$0.82	+4%	**$0.88**	$0.86	+2%

FINANCIAL CONDITION (US millions, except ratio)	**as at December 31 2012**	as at December 31 2011
Current ratio	**8.4 to 1**	9.3 to 1
Net working capital balance	**$2,358**	$1,263
Cash balance (including bonds and other securities; millions)	**$3,618**	$1,655
Gross debt[(4)]	**$1,960**	$17
Net debt (net cash)[(5)]	**($1,658)**	($1,639)
Shareholders' equity attributable to Inmet shareholders	**$3,972**	$3,306

(1) Cash flow provided by operating activities divided by average shares outstanding for the period.
(2) The year ended December 31, 2012 includes capital spending of $713 million at Cobre Panama. The year ended December 31, 2011 includes capital spending of $129 million at Cobre Panama.
(3) Copper cash cost per pound is a non-GAAP financial measure – see *Supplementary financial information* on pages 31 to 33.
(4) Gross debt includes long-term debt and the current portion of long-term debt
(5) Net debt (net cash) is a non-GAAP measure defined as long-term debt less cash and short-term investments, including bonds and other securities.

Fourth quarter press release

Where to find it

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 December 31, 2012.

Change in Inmet's functional and presentation currencies to the US dollar

The decision to construct Cobre Panama has significantly increased Inmet's exposure to the US dollar. Effective June 1, 2012, the US dollar was adopted as Inmet's functional currency on a prospective basis. We translated Inmet's May 31, 2012 financial statement items from Canadian dollars to US dollars using the May 31, 2012 exchange rate US $0.97 per Canadian dollar (Transition Rate). Our operating entities continue to measure the items in their financial statements using their functional currencies; Çayeli and Cobre Panama use the US dollar, and Pyhäsalmi and Las Cruces use the euro.

At the same time we changed our presentation currency from Canadian dollars to US dollars and now report our results in US dollars. We have restated all comparative financial statements from previously reported Canadian dollar amounts to US dollars using the Transition Rate.

Caution with respect to forward-looking statements and information

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

These statements 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 like may, expect, anticipate, believe or other similar words. Our objectives and outlook have been prepared based on our existing operations, expectations and circumstances. Actual events and results could be substantially different, however, because of the risks and uncertainties associated with our business or events that happen after the date of this interim report.

You should not place undue reliance on forward-looking statements. As a general policy, we do not update forward-looking statements except if there is an offering document or where securities legislation requires us to do so.

Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Also, many of the factors are beyond the control of Inmet. Accordingly, readers should not place undue reliance on forward-looking statements or information. Inmet undertakes no obligation to update forward-looking statements or information as a result of new information after the date of this interim report except as required by law. All forward-looking statements and information herein are qualified by this cautionary statement.

Our financial results

(thousands, except per share amounts)	three months ended December 31 2012	2011	change	year ended December 31 2012	2011	change
EARNINGS FROM OPERATIONS [1]						
Çayeli	**$16,493**	$34,668	-52%	**$162,879**	$154,618	+5%
Las Cruces	**73,397**	40,384	+82%	**279,250**	122,373	+128%
Pyhäsalmi	**32,395**	30,190	+7%	**111,357**	138,597	-20%
Other	**(9,924)**	(16,190)	-39%	**(17,104)**	(16,190)	+6%
	112,361	89,052	+26%	**536,382**	399,398	+34%
DEVELOPMENT AND EXPLORATION						
Corporate development and exploration	**(8,620)**	(6,333)	+36%	**(35,616)**	(28,273)	+26%
CORPORATE COSTS						
General and administration	**(14,896)**	(7,487)	+99%	**(53,522)**	(33,306)	+61%
Investment and other income	**(16,279)**	(3,883)	+319%	**24,206**	29,748	-19%
Finance costs	**(2,632)**	(2,314)	+14%	**(10,070)**	(9,182)	+10%
Income and capital taxes	**(31,713)**	(22,491)	+41%	**(131,304)**	(102,071)	+29%
	(65,520)	(36,175)	+81%	**(170,690)**	(114,811)	+49%
Net income from continuing operations	**38,221**	46,544	-18%	**330,076**	256,314	+29%
Income from discontinued operation (net of taxes)	**-**	-	-	**-**	80,786	-100%
Non-controlling interest	**554**	-	+100%	**1,135**	-	+100%
Net income attributable to Inmet shareholders	**$38,775**	$46,544	-17%	**$331,211**	$337,100	-2%
Income from continuing operations per common share	**$0.56**	$0.67	-16%	**$4.78**	$3.86	+24%
Diluted income from continuing operations per common share	**$0.56**	$0.67	-16%	**$4.75**	$3.85	+23%
Basic net income per common share	**$0.56**	$0.67	-16%	**$4.78**	$5.08	-6%
Diluted net income per common share	**$0.56**	$0.67	-16%	**$4.75**	$5.06	-6%
Weighted average shares outstanding	**69,366**	69,332	-	**69,362**	66,432	+4%

[1] Gross sales less smelter processing charges and freight, cost of sales including depreciation and provisions for mine reclamation at closed properties.

Key changes in 2012

(millions)	three months ended December 31	year ended December 31	see page
EARNINGS FROM OPERATIONS			
Market Factors			
Higher (lower) copper prices	$1	($35)	8
Lower zinc prices	-	(7)	8
Lower other metal prices	(6)	(9)	8
Lower smelter processing charges	-	4	10
Foreign exchange – decreased operating costs	1	5	11
Operational Factors			
Higher sales volume at Las Cruces, net of production costs	27	196	20
Higher (lower) sales volumes at our other mines	(2)	11	8
Higher operating costs at our other mines	(5)	(9)	11
Higher depreciation due to Las Cruces production	(3)	(17)	12
Lower (higher) charge for mine rehabilitation at closed properties	6	(1)	11
Other	4	(1)	
Increase in operating earnings, compared to 2011	**23**	**137**	
Higher taxes from higher income	(9)	(29)	14
Higher corporate development, exploration and administrative costs	(10)	(28)	13
Foreign exchange changes	(11)	(4)	13
Other	(1)	(2)	
Higher (lower) net income from continuing operations compared to 2011	**(8)**	**74**	
Lower income from discontinued operation – Ok Tedi	-	(81)	14
Non-controlling interest	-	1	
Lower net income attributable to Inmet shareholders compared to 2011	**($8)**	**($6)**	

Understanding our performance

Metal prices

The table below shows the average metal prices we realized this quarter and year to date.
The prices we realize include finalization adjustments – see *Gross sales* on page 8.

	three months ended December 31			year ended December 31		
	2012	2011	**change**	**2012**	2011	**change**
Copper (per pound)	**$3.48**	$3.51	-1%	**$3.59**	$3.84	-7%
Zinc (per pound)	**$0.88**	$0.87	+1%	**$0.88**	$0.97	-9%

Copper

Copper prices on the London Metals Exchange (LME) averaged $3.61 per pound this year, or 10 percent lower than the average in 2011 of $4.00 per pound. Although average copper prices were lower in 2012, prices recovered substantially from the sharp decline that occurred in the fourth quarter of 2011. LME copper prices averaged $3.59 per pound in the fourth quarter, an increase of 6 percent over the comparative quarter of 2011.

Zinc

LME zinc prices averaged $0.89 per pound this quarter, an increase of 3 percent over the fourth quarter of 2011. For the year, LME zinc prices averaged $0.88 per pound, 11 percent lower than the average 2011 zinc price of $0.99 per pound.

Exchange rates

Exchange rates affect our revenue and earnings. The table below shows the average exchange rates we realized this quarter and year to date compared to 2011.

	three months ended December 31			year ended December 31		
	2012	2011	**change**	**2012**	2011	**change**
Exchange rates						
1 C$ to US$	**$1.01**	$0.98	+3%	**$1.00**	$1.01	-1%
1 euro to US$	**$1.30**	$1.35	-4%	**$1.29**	$1.39	-7%
1 US$ to Turkish lira	**TL 1.79**	TL 1.83	-2%	**TL 1.80**	TL 1.65	+9%

Compared to the same quarter last year, the value of the US dollar depreciated 3 percent relative to the Canadian dollar, and appreciated 4 percent relative to the euro and 2 percent relative to the Turkish lira.

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

- translate the operating expenses of our euro-based operations from their functional currency to US dollars
- revalue US dollars that we hold in cash at our operations whose functional currency is the euro
- translate Çayeli's Turkish lira denominated costs into its functional currency (US dollars).

Prior to the adoption of the US dollar as Inmet's functional currency effective June 1, 2012, our earnings were affected by changes in foreign currency exchange rates when we revalued our US dollar denominated cash, bonds and other securities and senior unsecured notes held corporately at Inmet.

Treatment charges for zinc decreased this year

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. Treatment charges for zinc concentrates were lower this year than in 2011, reflecting agreements we have signed with customers.

	three months ended December 31			year ended December 31		
(US$)	**2012**	2011	**change**	**2012**	2011	**change**
Treatment charges						
Copper (per dry metric tonne of concentrate)	**$54**	$55	-2%	**$58**	$57	+2%
Zinc (per dry metric tonne of concentrate)	**$193**	$184	+5%	**$184**	$216	-15%
Price participation						
Copper (per pound)	**$0.00**	$0.02	-100%	**$0.00**	$0.02	-100%
Zinc (per pound)	**$0.00**	($0.02)	+100%	**$0.00**	($0.01)	+100%
Freight charges						
Copper (per dry metric tonne of concentrate)	**$47**	$58	-19%	**$53**	$51	+4%
Zinc (per dry metric tonne of concentrate)	**$26**	$11	+136%	**$25**	$22	+14%

Statutory tax rates

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

	2012	2011	**change**
Statutory tax rates			
Çayeli	**24%**	24%	-
Las Cruces	**30%**	30%	-
Pyhäsalmi	**24.5%**	26%	-1.5%

Earnings from operations

(thousands)	three months ended December 31 2012	2011	change	year ended December 31 2012	2011	change
Gross sales	**$259,868**	$233,394	+11%	**$1,123,977**	$947,911	+19%
Smelter processing charges and freight	**(26,155)**	(27,330)	-4%	**(113,996)**	(126,569)	-10%
Cost of sales:						
Direct production costs	**(85,739)**	(75,962)	+13%	**(321,385)**	(292,893)	+10%
Inventory changes	**4,549**	6,780	-33%	**(3,740)**	645	-680%
Other non-cash expenses	**(10,083)**	(20,995)	-52%	**(21,502)**	(24,427)	-12%
Depreciation	**(30,079)**	(26,835)	+12%	**(126,972)**	(105,269)	+21%
Earnings from operations	**$112,361**	$89,052	+26%	**$536,382**	$399,398	+34%

Significantly higher gross sales this year

(thousands)	three months ended December 31 2012	2011	change	year ended December 31 2012	2011	change
Gross sales by operation						
Çayeli	**$58,742**	$77,124	-24%	**$358,964**	$342,458	+5%
Las Cruces	**136,909**	97,731	+40%	**538,981**	345,568	+56%
Pyhäsalmi	**64,217**	58,539	+10%	**226,032**	259,885	-13%
	$259,868	$233,394	+11%	**$1,123,977**	$947,911	+19%
Gross sales by metal						
Copper	**$198,076**	$177,344	+12%	**$902,575**	$674,116	+34%
Zinc	**36,533**	33,307	+10%	**125,362**	171,538	-27%
Other	**25,259**	22,743	+11%	**96,040**	102,257	-6%
	$259,868	$233,394	+11%	**$1,123,977**	$947,911	+19%

Key components of the change in gross sales: increasing sales volumes at Las Cruces, lower realized copper prices for the year

(millions)	three months ended December 31	year ended December 31
Higher (lower) copper prices	$1	($35)
Lower zinc prices	-	(7)
Lower other metal prices	(6)	(9)
Higher sales volumes at Las Cruces	35	221
Higher (lower) copper sales volumes at Çayeli	(14)	44
Higher (lower) zinc sales volumes	3	(39)
Higher other sales volumes	7	-
Other	-	1
Higher gross sales, compared to 2011	**$26**	**$176**

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).

This quarter, we recorded $5 million in negative finalization adjustments from third quarter shipments.

At the end of this quarter, the following sales had not been settled:
- 20 million pounds of copper provisionally priced at US $3.59 per pound
- 19 million pounds of zinc provisionally priced at US $0.94 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 the sales. We expect these sales to settle in the following months:

(millions of pounds)	copper	zinc
January 2013	16	19
February 2013	4	-
Unsettled sales at December 31, 2012	**20**	**19**

Higher copper sales volumes, lower zinc sales volumes this year

Our sales volumes are directly affected by the amount of production from our mines and our ability to ship to our customers. This quarter, timing of shipments resulted in copper sales volumes lagging production volumes by a combined 1,900 tonnes as compared to 3,100 tonnes in the fourth quarter of 2011.

Sales volumes

	three months ended December 31			year ended December 31		
	2012	2011	**change**	**2012**	2011	**change**
Copper contained in concentrate	**8,300**	10,300	-19%	**46,600**	41,200	+13%
Copper cathode (tonnes)	**17,400**	12,800	+36%	**68,800**	42,000	+64%
Total copper (tonnes)	**25,700**	23,100	+11%	**115,400**	83,200	+39%
Zinc (tonnes)	**19,000**	17,300	+10%	**65,100**	84,400	-23%
Pyrite (tonnes)	**299,700**	175,900	+70%	**852,500**	809,200	+5%

Production

	three months ended December 31			year ended December 31			
Inmet's share	**2012**	2011	**change**	**2012**	2011	**change**	***objective 2013***
Copper (tonnes)							
Çayeli	**7,000**	8,600	-19%	**31,400**	28,700	+9%	***27,800 - 30,900***
Las Cruces	**17,300**	14,100	+23%	**67,700**	42,100	+61%	***68,500 - 72,000***
Pyhäsalmi	**3,300**	3,500	-6%	**12,600**	14,000	-10%	***12,000 - 13,400***
	27,600	26,200	+5%	**111,700**	84,800	+32%	***108,300 - 116,300***
Zinc (tonnes)							
Çayeli	**11,100**	11,300	-2%	**40,700**	48,100	-15%	***35,900 - 39,900***
Pyhäsalmi	**9,700**	6,600	+47%	**25,600**	32,300	-21%	***20,300 - 22,500***
	20,800	17,900	+16%	**66,300**	80,400	-18%	***56,200 - 62,400***
Pyrite (tonnes)							
Pyhäsalmi	**222,500**	210,500	+6%	**891,700**	804,900	+11%	***820,000***

2012 production compared to target
Copper production slightly exceeded our target range as copper grades and recoveries at Çayeli exceeded expectations. Zinc production also exceeded our target range as zinc grades and recoveries at both Çayeli and Pyhäsalmi were higher than expected. We produced more pyrite at Pyhäsalmi than our target to meet the increased customer demand in China.

2012 production compared to 2011
Copper production was higher than in 2011 mainly because of higher production at Las Cruces. Zinc production was lower than in 2011 due to lower zinc grades at Çayeli and Pyhäsalmi. This quarter, zinc production was higher than the fourth quarter of 2011 due to higher grades and recoveries at Pyhäsalmi. Pyhäsalmi increased pyrite production this year to meet higher customer demand.

2013 outlook for sales
We use our production objectives to estimate our sales target.

We expect overall copper production in 2013 of between 108,300 tonnes and 116,300 tonnes, in line with 2012.

We expect zinc production volumes in 2013 to decrease by approximately 10 percent as zinc grades trend more towards overall reserve grades at Çayeli and Pyhäsalmi.

Our revenues are also affected by the metal prices we receive.

According to international research, copper supply should grow modestly in 2013. Production from the start-up of new operations and improvements at existing mines could be somewhat offset by the risk of mine underperformance, delays to existing or new development projects and possible labour disruptions. Continued strong demand is expected in China, coupled with continued economic recovery in Europe and the United States. The small expected market surplus should support copper prices in 2013 at a level similar to 2012.

For zinc, modest increases are expected in both market supply and demand with a contracting market surplus. These market trends should support average prices in 2013 above those of 2012.

Zinc smelter processing charges down, copper charges up this year

	three months ended December 31			year ended December 31		
(thousands)	**2012**	2011	**change**	**2012**	2011	**change**
Smelter processing charges and freight by operation						
Çayeli	**$12,856**	$14,373	-11%	**$67,348**	$69,424	-3%
Las Cruces	**861**	351	+145%	**2,374**	1,188	+100%
Pyhäsalmi	**12,438**	12,606	-1%	**44,274**	55,957	-21%
	$26,155	$27,330	-4%	**$113,996**	$126,569	-10%
Smelter processing charges and freight by metal						
Copper	**$8,425**	$10,986	-23%	**$49,439**	$42,368	+17%
Zinc	**13,479**	11,251	+20%	**46,296**	63,500	-27%
Other	**4,251**	5,093	-17%	**18,261**	20,701	-12%
	$26,155	$27,330	-4%	**$113,996**	$126,569	-10%
Smelter processing charges by type, and freight						
Copper treatment and refining charges	**$2,923**	$3,683	-21%	**$17,847**	$14,410	+24%
Zinc treatment charges	**7,101**	6,199	+15%	**23,402**	34,368	-32%
Copper price participation	**-**	416	-100%	**-**	1,542	-100%
Zinc price participation	**(56)**	(648)	-91%	**(10)**	(1,872)	-99%
Content losses	**8,199**	8,930	-8%	**36,626**	42,427	-14%
Freight	**7,796**	8,449	-8%	**35,066**	34,477	+2%
Other	**192**	301	-37%	**1,065**	1,217	-12%
	$26,155	$27,330	-4%	**$113,996**	$126,569	-10%

For the year, and the quarter, changes in our copper treatment and refining charges are due to changes in copper-in concentrate sales volumes. Sales volumes also drove variations in zinc treatment charges at Çayeli and Pyhäsalmi, in addition to more favorable terms with smelters, reflecting a deficit in the zinc concentrate market at the time our 2012 contracts were negotiated.

2013 outlook for smelter processing charges and freight
We expect our costs for copper treatment and refining to be higher in 2013 than in 2012 as the global copper concentrate supply is expected to narrowly exceed smelter capacity in 2013, shifting the market to a slight surplus position towards the end of the year. We do not expect to pay copper price participation in 2013.

We expect total zinc smelter processing charges, including price participation, to be slightly higher than 2012.

Las Cruces sells its copper cathode production directly to buyers in the Spanish and Mediterranean markets and therefore does not incur smelting processing charges and has relatively low freight costs.

We expect our ocean freight costs to be similar to rates realized in 2012.

Higher direct production costs and cost of sales

(thousands)	three months ended December 31 2012	2011	change	year ended December 31 2012	2011	change
Direct production costs by operation						
Çayeli	**$25,758**	$23,991	+7%	**$94,330**	$93,237	+1%
Las Cruces	**43,506**	37,798	+15%	**167,142**	142,941	+17%
Pyhäsalmi	**16,475**	14,173	+16%	**59,913**	56,715	+6%
Total direct production costs	**85,739**	75,962	+13%	**321,385**	292,893	+10%
Inventory changes	**(4,549)**	(6,780)	-33%	**3,740**	(645)	-680%
Charges for mine rehabilitation and other non-cash charges	**10,083**	20,995	-52%	**21,502**	24,427	-12%
Total cost of sales (excluding depreciation)	**$91,273**	$90,177	+1%	**$346,627**	$316,675	+9%

Direct production costs
Direct production costs were $28 million higher this year ($10 million higher this quarter) mainly because higher production at Las Cruces increased variable electricity, consumables and royalty costs, somewhat offset by the impact of the weaker euro relative to the US dollar.

Charges for mine rehabilitation and other non-cash charges
These charges include accruals for asset retirement obligations, provisions for severance and retirement and other non-cash expenses. We recorded an additional $17 million this year for post-closure liabilities at our closed properties, including $10 million in the fourth quarter. $7 million of these costs related to the decrease in discount rates and the US dollar to Canadian dollar exchange rate we applied in determining the liabilities in the first nine months of 2012. Under IFRS, we are required to revalue our asset retirement obligations for changes in market risk-free interest rates – this discount rate decrease reflects the current low interest rate environment. Additionally, this quarter we recognized a $4 million increase in our estimated closure obligations at Troilus for ongoing treatment of tailings effluent for suspended solids and associated labour costs, as well as increased estimated cash flows required to remediate our other closed properties. In 2011, we recorded increased asset retirement obligations of $16 million: $5 million for closure liabilities at Troilus related to an increase in our estimated closure obligations for ongoing treatment of tailings effluent for suspended solids and associated labour costs and $11 million from a decrease in the discount rates we applied.

2013 outlook for cost of sales (excluding depreciation)
We expect consolidated direct production costs to be slightly higher in 2013 because higher production at Las Cruces will increase total variable costs, primarily electricity, consumables and royalties. We also expect slightly higher direct production costs at Çayeli in 2013 due to increased labour and electricity costs, and increased costs associated with higher expected tonnes processed in 2013 than in 2012.

Our budget for 2013 assumes our costs at Pyhäsalmi will be similar to 2012.

Certain variable costs may continue to affect our earnings, depending on metal prices:
- royalties at Çayeli are affected by its net income
- royalties at Las Cruces are affected by its net sales.

The total amount we report in US dollars will also be affected by the value of the euro and the Turkish lira relative to the US dollar.

Additionally, changes in market risk-free interest rates could significantly increase or decrease our costs related to mine rehabilitation at our closed properties. At December 31, 2012, the interest rates we used to value our asset retirement obligations at our closed properties ranged from 1.1 percent to 2.4 percent.

Higher depreciation

(thousands)	three months ended December 31 **2012**	2011	**change**	year ended December 31 **2012**	2011	**change**
Depreciation by operation						
Çayeli	**$4,702**	$5,391	-13%	**$24,692**	$21,337	+16%
Las Cruces	**22,331**	19,129	+17%	**92,037**	74,931	+23%
Pyhäsalmi	**3,046**	2,315	+32%	**10,243**	9,001	+14%
	$30,079	$26,835	+12%	**$126,972**	$105,269	+21%

Depreciation was higher this year than last mainly because of higher copper sales volumes at Las Cruces and Çayeli.

2013 outlook for depreciation

We expect depreciation to be higher in 2013 because of higher sales volumes at Las Cruces.

Corporate costs

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

Spending on corporate development and exploration

Corporate development and exploration costs were approximately $8 million higher than 2011, which mainly reflects our higher budget for 2012 to explore for world class deposits.

2013 outlook for corporate development and exploration
We expect spending on exploration in 2013 to be slightly higher than 2012, focusing on Mexico, Chile and Peru, where we have established field offices, the United States and on Cobre Panama to drill more exploration targets on the concession there. We will also continue exploring in areas around our existing operations.

General and administration

General and administration costs are largely for management remuneration, governance and strategy. Costs in 2012 were $19 million higher than 2011 mainly because stock-based compensation expense was $10 million higher. As a result of the decision to proceed with full construction of Cobre Panama, we recognized a non-cash stock-based compensation expense of $8 million this year on Long-Term Incentive Plan (LTIP) units issued in previous years that relate to the project. This expense represents the cumulative impact from the units' grant dates to December 31, 2012, on a 100 percent award basis, as no value was attributed to these units prior to a positive construction decision for Cobre Panama. See note 22c to our 2011 annual financial statements for more details on these units. The increase in general and administration expense also reflects increased human resources and other costs supporting the growth of the business and construction activities for Cobre Panama.

2013 outlook for general and administration
We expect general and administration costs in 2013 to be similar to those in 2012.

Investment and other income

	three months ended December 31		year ended December 31	
(thousands)	**2012**	2011	**2012**	2011
Interest income	**$3,818**	$4,668	**$15,144**	$16,099
Foreign exchange gain (loss)	**(19,608)**	(8,327)	**6,270**	10,446
Dividend and royalty income	**759**	1,460	**2,988**	2,944
Other	**(1,248)**	(1,684)	**(196)**	259
	($16,279)	($3,883)	**$24,206**	$29,748

Foreign exchange gains and losses
We have foreign exchange gains or losses when we revalue certain foreign denominated assets and liabilities.

Our foreign exchange gains and losses were from:

	three months ended December 31		year ended December 31	
(thousands)	**2012**	2011	**2012**	2011
Translation of US dollar cash held by Corporate prior to June 2012 inclusive of proceeds of notes offering	**-**	5	**27,338**	(8,001)
Translation of US dollar senior unsecured notes prior to June 2012	**-**	-	**(16,884)**	-
Translation of US dollar bonds and other securities prior to June 2012	**-**	(8,321)	**4,330**	11,232
Translation of US dollar cash held in euro-based entities	**(14,771)**	-	**(15,998)**	-
Translation of Cdn dollar cash held by Corporate subsequent to May 2012	**(357)**	-	**2,231**	-
Translation of Cdn dollar bonds and other securities subsequent to May 2012	**(2,067)**	-	**7,912**	-
Translation of other monetary assets and liabilities	**(2,413)**	(11)	**(2,659)**	7,215
	($19,608)	($8,327)	**$6,270**	$10,446

We recognized net foreign exchange gains of $15 million this year from the revaluation of US dollar denominated cash, bonds and other securities and the senior unsecured notes held in Inmet prior to the change in its functional currency from the Canadian dollar to the US dollar effective June 1, 2012. As of this date, Inmet's US dollar-denominated monetary assets and liabilities were no longer revalued. Instead we began recognizing foreign exchange impacts on the revaluation of Inmet's Canadian dollar denominated monetary assets and liabilities with a gain of $10 million in 2012 on Canadian dollar denominated cash, bonds and other securities due to a weakening in the US dollar relative to the Canadian dollar. We recognized a foreign exchange loss of $2 million this quarter on these Canadian dollar denominated holdings.

Additionally, in 2012 we began holding our euro-based operations' excess cash in US dollars. We recognized $16 million in foreign exchange losses this year, including $15 million this quarter, on the revaluation of US denominated cash balances to euros due to a depreciation in the US dollar relative to the euro.

2013 outlook for investment and other income

Investment and other income is affected by the balance of our cash, bonds and other securities, and by interest rates and exchange rates. We are capitalizing interest income earned on funds from the proceeds of our senior unsecured notes (as we are capitalizing interest costs on the senior unsecured notes). At December 31, 2012, we held Cdn $218 million in cash, bonds and other securities subject to translation in our US dollar denominated accounts and US $599 million in cash subject to translation in our euro accounts.

Income tax expense

	three months ended December 31			year ended December 31		
(thousands)	**2012**	2011	**change**	**2012**	2011	**change**
Çayeli	**$3,983**	$9,444		**$32,923**	$50,947	
Las Cruces	**18,371**	8,097		**72,495**	22,788	
Pyhäsalmi	**8,013**	6,612		**23,951**	30,710	
Corporate and other	**1,346**	(1,662)		**1,935**	(2,374)	
	$31,713	$22,491		**$131,304**	$102,071	
Consolidated effective tax rate	**45%**	33%	+8%	**28%**	28%	-

Our tax expense changes as our earnings change.

The consolidated effective tax rate was higher this quarter compared to the same quarter of 2011 mainly because of the improvement in earnings at Las Cruces, combined with its lower intergroup interest expense as it repaid a portion of its intergroup debt earlier this year. Additionally, we realized higher foreign exchange losses and other corporate costs this quarter for which there is no tax recovery.

2013 outlook for income tax expense

We expect the statutory tax rates at our operations in 2013 to remain the same as they were in 2012, unless a statutory tax rate change is enacted. We expect income tax expense to increase in 2013 due to higher income from operations mainly from higher sales volumes as Las Cruces, offset partly by lower expected copper sales volumes at Çayeli.

Discontinued operation – 2011

We sold our 18 percent equity interest in Ok Tedi in January 2011, and have reported our results relating to Ok Tedi in that year as discontinued operations. After-tax income of $81 million in 2011 includes net earnings of $17 million in January 2011, before the sale, and a gain on sale of $64 million net of withholding taxes. We paid Papua New Guinea withholding taxes of $27 million on the sale.

Results of our operations

2013 estimates

Our financial review by operation includes estimates for our 2013 operating earnings and operating cash flows. We have based these estimates on our 2013 objectives for production (using the midpoints in our production volume ranges) and cost per tonne of ore milled (cost per pound of copper produced at Las Cruces), as well as the following assumptions for the year:

Copper price	US $3.60 per pound
Zinc price	US $1.00 per pound
euro to C$ exchange rate	$1.25
Working capital	Assume no changes

Çayeli

		three months ended December 31			year ended December 31		
		2012	2011	**change**	**2012**	2011	**change**
Tonnes of ore milled (000's)		**319**	316	+1%	**1,218**	1,195	+2%
Tonnes of ore milled per day		**3,500**	3,400	+1%	**3,300**	3,300	+2%
Grades (percent)	copper	**3.0**	3.5	-14%	**3.3**	3.2	+3%
	zinc	**5.0**	5.3	-6%	**5.0**	6.0	-17%
Mill recoveries (percent)	copper	**74**	79	-6%	**78**	75	+4%
	zinc	**69**	67	+3%	**66**	68	-3%
Production (tonnes)	copper	**7,000**	8,600	-19%	**31,400**	28,700	+9%
	zinc	**11,100**	11,300	-2%	**40,700**	48,100	-15%
Cost per tonne of ore milled		**$81**	$76	+7%	**$77**	$78	-1%

Copper production exceeded target this year

Çayeli's mine production reached a record 1.21 million tonnes this year. The increase in mine production is the result of consistent ground support and rehabilitation performance, improved mine planning processes, including new scheduling software capable of quick scenario reviews, and capturing further benefits from the mine control system implemented in 2011.

Mill production this year reached a record of 1.22 million tonnes. Managing tailings density and coordination with the mine's pastefill requirements were key in achieving the higher throughput level this year. Copper production in 2012, at 31,400 tonnes, was better than in 2011 and exceeded the high end of our guidance range due to higher copper grades and recoveries. Zinc production was significantly lower than in 2011, consistent with our expectations, due to the lower zinc grade and associated lower recoveries.

Cost per tonne of ore milled was slightly lower than 2011 mainly because we processed more ore this year. Higher cost per tonne of ore milled this quarter reflects higher costs for electricity and a study Çayeli has undertaken to further increase its productivity.

The three-year labour agreement at Çayeli expired in May 2012. The negotiation of a new labour agreement, initially delayed due to changes to government labour regulations, is proceeding in early 2013 and we will make a strong effort to manage labour cost escalations to retain our cost competitiveness.

Our tax filings remain subject to examination by applicable tax authorities for a certain length of time following the tax year to which those filings relate. In 2012 Çayeli became the subject of an audit of its 2008 to 2011 taxation years. On February 4, 2013, Çayeli received an assessment from the Turkish tax authorities adjusting the amount of withholding taxes to be remitted on dividends paid by Çayeli to its direct shareholder. The shares of Çayeli are owned by an indirect wholly-owned Spanish subsidiary of Inmet. The Turkish tax authorities have taken the position that Inmet and not the Spanish subsidiary is the beneficial owner of the dividends. The Turkish tax authorities are therefore taking the position that the withholding tax on the dividends should be the 15 percent domestic rate and not the reduced rate of 5 percent under the Turkey-Spain tax treaty. The dividends paid during the period assessed total TL 628 million. The assessed tax liability is TL 63 million (US $35 million) plus interest and penalties. Our view is that the relevant facts and circumstances support the position that Çayeli fulfilled its tax remittance obligations and Çayeli intends to vigorously dispute the assessment.

2013 outlook for production

In 2013, the production level should increase from 1.2 million tonnes to 1.25 million tonnes. The mine should benefit from the commissioning of the two new ore passes by the third quarter of 2013, the extension of a shotcrete slickline to the lower levels of the mine, improved lower mine infrastructure and the addition of stope production from a new mining block, all of which should ease pressure on existing production areas. Çayeli's ground conditions require constant monitoring and reinforcement, including the need to minimize any underground void area. Continued progress in meeting the challenges of poor ground conditions and planned operational efficiencies is aimed at reducing the risks associated with achieving our production plan.

Both copper and zinc recoveries should be lower in 2013, reflecting the increased proportions of metallurgically challenging ore types.

We expect to produce between 27,800 tonnes and 30,900 tonnes of copper and between 35,900 tonnes and 39,900 tonnes of zinc in 2013.

We expect operating costs in 2013 to be slightly higher than 2012 levels primarily due to increased manpower levels, increased electricity costs and increased mine department consumables.

Financial review

Lower copper sales volumes due to lower copper production volumes and timing of shipments this quarter

(millions unless otherwise stated)	**three months ended December 31 2012**	2011	**year ended December 31 2012**	2011	***objective 2013***
Sales analysis					
Copper sales (tonnes)	**5,100**	6,900	**33,200**	27,500	***29,400***
Zinc sales (tonnes)	**10,000**	9,900	**40,000**	50,000	***37,900***
Gross copper sales	**$36**	$53	**$258**	$214	***$233***
Gross zinc sales	**19**	19	**77**	101	***84***
Other metal sales	**4**	5	**24**	27	***17***
Gross sales	**59**	77	**359**	342	***334***
Smelter processing charges and freight	**(13)**	(14)	**(67)**	(69)	***(74)***
Net sales	**$46**	$63	**$292**	$273	***$260***
Cost analysis					
Tonnes of ore milled (thousands)	**319**	316	**1,218**	1,195	***1,250***
Direct production costs ($ per tonne)	**$81**	$76	**$77**	$78	***$81***
Direct production costs	**$26**	$24	**$94**	$93	***$101***
Change in inventory	**(4)**	(3)	**2**	(1)	***-***
Depreciation and other non-cash costs	**8**	9	**33**	26	***32***
Operating costs	**$30**	$28	**$129**	$118	***$133***
Operating earnings	**$16**	$35	**$163**	$155	***$127***
Operating cash flow	**$64**	$8	**$170**	$152	***$120***

The objective for 2013 uses the assumptions listed on page 15.

The table below shows what contributed to the change in operating earnings and operating cash flow between 2012 and 2011.

(millions)	**three months ended December 31**	**Year ended December 31**
Lower metal prices	($5)	($8)
Higher (lower) copper sales volumes	(11)	34
Lower zinc sales volumes	-	(11)
Higher smelter processing charges and freight	-	1
Higher operating costs	(2)	(1)
Lower (higher) depreciation	1	(3)
Other	(2)	(4)
Higher (lower) operating earnings, compared to 2011	**(19)**	**8**
Change in tax expense because of foreign exchange changes in Çayeli's Turkish lira accounts	2	13
Changes in working capital (see note 17 on page 52)	72	(8)
Higher depreciation	(1)	3
Other	2	2
Higher operating cash flow, compared to 2011	**$56**	**$18**

Capital spending

(thousands)	**three months ended December 31 2012**	2011	**change**	**year ended December 31 2012**	2011	**change**	***objective 2013***
Capital spending	**$8,300**	$3,400	+144%	**$17,500**	$12,700	+38%	***$18,000***

We spent $18 million in capital this year to begin construction of a pair of new ore passes, add to the underground mobile fleet, improve underground pastefill and water drainage infrastructure, replace the surface concrete batch plant, and continue mine development. In 2011 we spent $13 million to engineer the new ore passes, purchase mobile equipment, install column flotation cells and a conveyor dust collection system in the mill, add surface water runoff capacity, and continue our mine development.

2013 outlook for capital spending

We expect to spend $18 million on capital in 2013, including $6 million on mine development and $5 million to complete the upgrade of our ore pass system to address deterioration that has accumulated over time from normal abrasion.

Las Cruces

(100 percent)	**2012**	2011	**change**	**2012**	2011	**change**
			three months ended December 31			**year ended December 31**
Tonnes of ore processed (000's)	**276**	231	+19%	**1,082**	776	+39%
Copper grades (percent)	**6.9**	6.9	-	**7.1**	6.5	+9%
Plant recoveries (percent)	**90**	86	+5%	**88**	84	+5%
Cathode copper production (tonnes)	**17,300**	14,100	+23%	**67,700**	42,100	+61%
Cost per pound of cathode produced	**$1.14**	$1.21	-6%	**$1.12**	$1.54	-27%

Plant production consistently at or above design capacity

2012 was a year of significant accomplishments for Las Cruces with plant production averaging the design capacity of 6,000 tonnes of copper cathode for the last 9 months of the year. This production level was reached following a shutdown in March to remove and re-align the ball mill gearing as well as to make numerous operating improvements to improve process flows. Las Cruces produced 17,300 tonnes of copper cathode in this quarter of 2012, with a three day maintenance shutdown, and achieved plant recoveries of 90 percent.

The plant reliability increased in all areas during 2012 with stable reactor and agitator performance and further improvements to crushing, conveying and grinding. In all, 12 days of planned downtime were required for ongoing plant maintenance compared to our original plan of 20 days. Overall copper recoveries were 88 percent in 2012, an improvement from 84 percent in 2011 due to the full implementation of the leach feed surge tank with oxygen addition. Plant feed grades averaged 7.1 percent during the year, compared to 6.5 percent in 2011.

Las Cruces production of 67,700 tonnes of copper cathode this year was significantly higher than 42,100 tonnes in 2011 as a result of process improvements and came within 1.5 percent of the high end of our guidance range.

Cost per pound of copper produced was significantly lower than in 2011 due to higher production volumes.

2013 outlook for production

In 2013, we will concentrate on reducing recovery losses downstream of the leaching reactors that have increased with the increase in copper cathode production and due to operating with process solutions that contain more copper.

We expect to produce between 68,500 tonnes and 72,000 tonnes copper cathode in 2013. The plant will be tested at higher ore throughput and lower grade to assess the effects on plant performance before we enter into lower copper grade areas of the mine that we expect in 2014.

We expect cost per pound of copper in 2013 to be similar to 2012 levels.

Financial review

Higher sales volumes due to higher production

(millions unless otherwise stated)	**three months ended December 31 2012**	**2011**	**year ended December 31 2012**	**2011**	***objective 2013***
Sales analysis					
Copper sales (tonnes)	**17,400**	12,800	**68,900**	42,000	***70,300***
Gross copper sales	**$137**	$98	**$539**	$345	***$562***
Smelter processing charges and freight	**(1)**	-	**(2)**	(1)	***(3)***
Net sales	**$136**	$98	**$537**	$344	***$559***
Cost analysis					
Pounds of copper produced (millions)	**38**	31	**149**	93	***155***
Direct production costs ($ per pound)	**$1.14**	$1.21	**$1.12**	1.54	***$1.11***
Direct production costs	**$43**	38	**$167**	$143	***$172***
Change in inventory	**-**	(3)	**2**	1	***-***
Depreciation and other non-cash costs	**20**	23	**89**	78	***93***
Operating costs	**$63**	$58	**$258**	$222	***$265***
Operating earnings	**$73**	$40	**$279**	$122	***$294***
Operating cash flow	**$50**	$44	**$320**	$188	***$386***

The objective for 2013 uses the assumptions listed on page 15.

The table below shows what contributed to the change in operating earnings and operating cash flow between 2012 and 2011.

(millions)	**three months ended December 31**	**year ended December 31**
Higher (lower) copper prices, denominated in US dollars	$4	($28)
Higher copper sales volumes	32	220
Higher smelter processing charges and freights	(1)	(1)
Higher operating costs in base currency	(7)	(35)
Foreign exchange – decreased operating costs	2	13
Higher depreciation	(3)	(17)
Other	6	5
Higher operating earnings, compared to 2011	**33**	**157**
Changes in working capital (see note 17 on page 52)	(29)	(42)
Change in depreciation	3	17
Other	(1)	-
Higher operating cash flow, compared to 2011	**$6**	**$132**

Capital spending

(thousands)	**three months ended December 31 2012**	2011	**change**	**year ended December 31 2012**	2011	**change**	***objective 2013***
Capital spending	**$18,000**	$9,700	+86%	**$43,200**	$51,900	-17%	***$49,000***

We spent $43 million this year mainly on mine development, tailings facility expansion and land purchase. In 2011, we spent $52 million mainly for mine development, tailings facility expansion and plant improvements.

2013 outlook for capital spending

We expect to spend $49 million on capital projects in 2013. The largest expenditures should be for mine development ($22 million), tailings facility expansion ($5 million), debottlenecking ($8 million) and other plant improvement projects.

Pyhäsalmi

		three months ended December 31			year ended December 31		
		2012	2011	**change**	**2012**	2011	**change**
Tonnes of ore milled (000's)		**351**	348	+1%	**1,384**	1,386	-
Tonnes of ore milled per day		**3,800**	3,800	+1%	**3,800**	3,800	-
Grades (percent)	copper	**1.0**	1.1	-9%	**1.0**	1.1	-9%
	zinc	**3.0**	2.1	+43%	**2.0**	2.6	-23%
	sulphur	**41**	43	-5%	**42**	42	-
Mill recoveries (percent)	copper	**97**	95	+2%	**96**	96	-
	zinc	**93**	90	+3%	**92**	91	+1%
Production (tonnes)	copper	**3,300**	3,500	-6%	**12,600**	14,000	-10%
	zinc	**9,700**	6,600	+47%	**25,600**	32,300	-21%
	pyrite	**222,500**	210,500	+6%	**891,700**	804,900	+11%
Cost per tonne of ore milled		**$47**	$41	+15%	**$43**	$41	+5%

Lower grades this year in-line with annual objectives

Pyhäsalmi continued its strong performance in 2012, processing 1.4 million tonnes of ore and achieving copper recoveries of 96 percent and zinc recoveries of 92 percent. Backfill supply was reliable and the underground open void volume was maintained below planned levels.

Both copper and zinc production were at the high end of our guidance range but lower than in 2011, as expected, because of lower grades in the areas we mined. A record 891,700 tonnes of pyrite concentrate was produced this year to meet higher customer demand.

Operating costs were higher this year than they were in 2011 due to higher labour, consumables and contractor costs, and due to the incremental costs associated with producing more pyrite.

2013 outlook for production

Pyhäsalmi expects to mine 1.4 million tonnes of approximately 1 percent copper and 1.7 percent zinc in 2013, and produce between 12,000 tonnes and 13,400 tonnes of copper and 20,300 tonnes and 22,500 tonnes of zinc. Zinc production should be lower than it was in 2012 as we expect a decrease in zinc grades in 2013.

Pyhäsalmi expects to produce and sell 820,000 tonnes of pyrite in 2013.

Operating costs are expected to remain at levels consistent with 2012.

Financial review

Lower earnings because of lower sales volumes and realized metal prices this year

(millions unless otherwise stated)	three months ended December 31 **2012**	2011	year ended December 31 **2012**	2011	***objective 2013***
Sales analysis					
Copper sales (tonnes)	**3,200**	3,400	**13,400**	13,700	***12,700***
Zinc sales (tonnes)	**9,000**	7,400	**25,100**	34,400	***21,400***
Pyrite sales (tonnes)	**299,700**	175,900	**852,500**	809,200	***820,000***
Gross copper sales	**$25**	$27	**$106**	$114	***$101***
Gross zinc sales	**18**	14	**48**	70	***47***
Other metal sales	**21**	18	**72**	76	***61***
Gross sales	**64**	59	**226**	260	***209***
Smelter processing charges and freight	**(12)**	(13)	**(44)**	(56)	***(42)***
Net sales	**52**	$46	**$182**	$204	***$167***
Cost analysis					
Tonnes of ore milled (thousands)	**351**	348	**1,384**	1,386	***1,370***
Direct production costs ($ per tonne)	**$47**	$41	**$43**	$41	***$42***
Direct production costs	**$16**	$14	**$60**	$57	***$58***
Change in inventory	**-**	(1)	**-**	(1)	***-***
Depreciation and other non-cash costs	**4**	3	**11**	9	***12***
Operating costs	**$20**	$16	**$71**	$65	***$70***
Operating earnings	**$32**	$30	**$111**	$139	***$97***
Operating cash flow	**$28**	$23	**$97**	$114	***$84***

The objective for 2013 uses the assumptions listed on page 15.

The table below shows what contributed to the change in operating earnings and operating cash flow between 2012 and 2011.

(millions)	**three months ended December 31**	**year ended December 31**
Lower copper prices	$ -	($6)
Higher (lower) zinc prices	1	(3)
Higher (lower) zinc sales volumes	3	(11)
Lower copper sales volumes	(2)	(5)
Higher (lower) other metal sales	3	(3)
Lower smelter processing prices and freight	1	4
Higher operating costs in base currency	(3)	(8)
Foreign exchange – decreased operating costs	1	5
Other	(2)	(1)
Higher (lower) operating earnings, compared to 2011	**2**	**(28)**
Change in tax expense	(1)	7
Changes in working capital (see note 17 on page 52)	3	5
Other	1	(1)
Higher (lower) operating cash flow, compared to 2011	**$5**	**($17)**

Capital spending

(thousands)	three months ended December 31 **2012**	2011	**change**	year ended December 31 **2012**	2011	**change**	***objective 2013***
Capital spending	**$2,600**	$1,900	+37%	**$8,600**	$7,000	+23%	***$8,000***

2013 outlook for capital spending
Capital spending of $8 million in 2013 will primarily be to replace underground mobile equipment, upgrade the pyrite flotation cleaner cells and flotation air blower system, and improve the reclaim water system.

Status of our development project

Cobre Panama

Construction progress
For a visual update on our construction progress, we invite you to visit our photo gallery on Inmet's web site at www.inmetmining.com.

At December 31, 2012, total construction was 9.3 percent completed compared to a planned completion percentage of 10.9 percent. We made the following advancements in the project's development this quarter:

Infrastructure

- Our Engineering, Procurement and Construction Management (EP+CM) contractor, Joint Venture Panama (JVP), progressed with detailed engineering and procurement, earthworks and ground preparation for camps and road construction. We began the commissioning of the mine site's camp and general pioneering work is progressing well, including development work on the quarry and coastal road construction.
- Progress at the port site in Punta Rincon included completion of the jack-up barges allowing safe mooring of barges at the port site, and the mobile crusher allowing rock production to commence at the port site. The camp platform at the port site was completed in early 2013.

Power plant

- Our Engineering, Procurement and Construction (EPC) contractor, SK Engineering and Construction, progressed with detailed engineering and procurement activities, and with planning. Geotechnical work has started and the fabrication of long-lead equipment continued as planned.

Process plant

- We completed our evaluation of process plant bids and awarded the contract for detailed engineering and procurement services to Joint Venture Panama in late 2012. Upon satisfactory advancement of detailed engineering and procurement of certain equipment, we expect to award the contract for construction of the process plant in the third quarter of 2013.

MPSA and its contractors' workforce comprise more than 90 percent local residents from the Provinces of Cocle and Colon, Panama. The combined construction workforce is expected to increase to more than 9,000 people by the end of 2014.

Our one-team approach for safety and health execution on the project has led to the current lost-time injury frequency of less than 0.23 injuries per 200,000 work hours worked since the Full Notice to Proceed was issued in May 2012.

Capital spending
The following table provides a breakdown of capital expenditures on a 100 percent basis.

(US$ millions)	three months ended December 31 **2012**	2011	year ended December 31 **2012**	2011	*objective* ***2013***
Capital spending since issuance of full notice to proceed (FNTP)	**$243**	$-	**$593**	$-	***$2,147***
Interest paid on senior unsecured notes	**70**	-	**70**	-	***169***
Changes in working capital	**-**	-	**(81)**	(5)	***(75)***
Capital spending prior to FNTP	**-**	42	**$131**	134	***-***
Capital spending in the consolidated statements of cash flows	**$313**	$42	**$713**	$129	***$2,241***

We expect completion to take approximately 44 months from the point we issued Full Notice to Proceed. The schedule below provides the expected timing of capital spending by year.

(US$ millions)	**Total expenditures (100% basis)**	***Inmet's share after Stream***	***Franco-Nevada's Stream funding***	***KPMC's 20% share***
Cumulative spending at December 31, 2012	$593	*$313*	*$-*	*$280*(1)
Future capital spending:				
2013	2,147	*1,435*	*283*	*429*
2014	2,527	*1,516*	*506*	*505*
2015	914	*520*	*211*	*183*
Total direct costs	**$6,181**	***$3,784***	***$1,000***	***$1,397***

(1) Includes KPMC's $161 million payment to acquire a 20% interest in MPSA, which increased KPMC's share of total project funding to $1.4 billion and reduced Inmet's share by an equal and offsetting amount.

Capital commitments
Since construction commenced in May 2012, contracts have been awarded for mass earthworks and quarry development at both the mine and port sites, the tailings management facility, the coastal road joining the mine to the port, permanent and temporary camp construction, the port causeway and commodity berth, infrastructure and the power plant, detailed engineering and procurement of certain equipment for the process plant, the mobile mine equipment fleet, fuel supply, construction camp catering and the mine pre-stripping. The total value of commitments that MPSA has entered into since the start of full construction is approximately $4.1 billion, representing 67 percent of estimated capital expenditures. MPSA expects to award the construction contract for the mineral processing plant during the third quarter of 2013.

Funding plan
The table below outlines the total project funding plan as at December 31, 2012.

(US$ millions)	**Total expenditures (100% basis)**
Total construction budget for Cobre Panama	$6,181
Less: Cumulative project funding at December 31, 2012	
Inmet's share	(400)
Attributable to non-controlling interest (KPMC)	(261)
Cumulative funding to date	(661)
Less: Future funding	
Attributable to precious metal stream partner (Franco-Nevada)	(1,000)
Attributable to non-controlling interest (KPMC)	(1,136)
Inmet's share of future funding	3,384
Less: Cash on hand at December 31, 2012 (includes bonds and other securities and excludes MPSA cash)	(3,531)
Excess funding position at December 31, 2012	**$147**

Increase to Cobre Panama reserves and mine life
In December 2012, we announced an increase to proven and probable mineral reserves at Cobre Panama. The additional mineral reserves reflect the completion of work on resource definition, metallurgical recoveries, pit design and other engineering, allowing us to include the Balboa, Brazo and Botija Abajo mineralization in our mine plan for Cobre Panama. The additional mineral reserves increased Cobre Panama's total estimated contained copper by 27 percent to approximately 26 billion pounds, and increased estimated contained gold by 41 percent to approximately 7.3 million ounces. These additional mineral reserves have been integrated into a revised mine plan that extends the estimated mine life for Cobre Panama from 31 to 40 years.

2013 outlook for development

We plan to:

Infrastructure

- Continue with mobilization of major contractors for bulk earthworks and complete the construction of platforms for the power plant and process plant.
- Complete development of additional quarries to support construction activity at the port, mine site, tailings management facility and coastal road.
- Continue the installation of temporary and permanent camps at the plant and port sites.
- Award contracts for the construction of the remainder of infrastructure.
- Develop and implement an operational readiness strategy to allow for the start of pre-stripping activities in 2014.

Power Plant

- Progress with detailed engineering and procurement for the power plant and geotechnical investigation work.
- Begin construction activities for the power plant following site capture.

Process Plant

- Complete detailed engineering, procurement of equipment and award the contract for construction of the process plant.
- Start construction activities for the process plant following site capture.

Other

- Continue to build our privilege to operate through intensive dialogue with stakeholders at the community, regional and national levels, to increase their understanding of the project and its benefits to Panama, and our understanding of their potential concerns.
- Continue to develop and implement, with the assistance of our EPC/M contractors, our one-team, project specific health & safety and environmental and social mitigation plans that are consistent with the Environmental and Social Impact Assessment and Inmet's Corporate Responsibility Standards and Procedures.
- Continue to grow the strength of our management team and human resources dedicated to the project.

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.

	three months ended December 31		year ended December 31	
(millions)	**2012**	2011	**2012**	2011
CASH FROM OPERATING ACTIVITIES				
Çayeli	**$64**	$8	**$170**	$152
Las Cruces	**50**	44	**320**	188
Pyhäsalmi	**28**	23	**97**	114
Corporate development and exploration not incurred by operations	**(6)**	(4)	**(22)**	(21)
General and administration	**(10)**	(5)	**(37)**	(26)
Realized foreign exchange gains (losses) on cash	**(15)**	-	**14**	(8)
Other	**6**	5	**1**	(7)
	117	71	**543**	392
CASH FROM INVESTING AND FINANCING				
Purchase of property, plant and equipment	**(342)**	(57)	**(786)**	(202)
Purchase and maturity of bonds and other securities, net	**44**	13	**(1,452)**	(226)
Sale of 20 percent interest in Cobre Panama	**-**	-	**161**	-
Long-term debt borrowing	**493**	-	**1,922**	-
Funding from non-controlling shareholders	**40**	-	**100**	-
Issuance of common shares	**-**	-	**-**	486
Dividends on common shares	**(7)**	(7)	**(14)**	(13)
Foreign exchange on cash held in foreign currency	**15**	(23)	**25**	(5)
Other	**(1)**	(4)	**(6)**	3
	242	(78)	**(50)**	43
CASH FROM DISCONTINUED OPERATION (OK TEDI)	**-**	-	**-**	297
Increase (decrease) in cash	**359**	(7)	**493**	732
Cash and short-term investments				
Beginning of period	**1,182**	1,055	**1,048**	316
End of period	**$1,541**	$1,048	**$1,541**	$1,048

Our available liquidity also includes $2,077 million of bonds and other securities ($607 million at December 31, 2011), providing a total of $3,618 billion in capital available to finance our growth strategy as at December 31, 2012.

OPERATING ACTIVITIES

Key components of the change in operating cash flows

(millions)	three months ended December 31	year ended December 31
Higher earnings from operations (see page 5)	$23	$137
Add back higher depreciation included in earnings from operations	3	22
Lower income tax expense	-	18
Higher corporate development and administrative costs	(7)	(12)
Realized foreign exchange loss on cash held by Inmet Corporate	(15)	22
Changes in working capital (see note 17 on page 52)	51	(38)
Other	(9)	2
Higher operating cash flow, compared to 2011	**$46**	**$151**

Operating cash flows this quarter and year to date were higher than in 2011 primarily due to higher earnings from operations before non-cash charges. The increase this quarter was also due to a reduction in net working capital, mainly due to the timing of income tax payments made by Pyhäsalmi, and payments received from Çayeli's customers.

This year, the increase in net working capital reflects higher accounts receivable at Las Cruces associated with higher copper cathode sales during 2012 and the timing of collections from customers.

2013 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 (see page 15), and the assumptions in *Results of our operations* (starting on page 15).

2013 estimated operating cash flow by operation

(millions)	
Çayeli	$120
Las Cruces	386
Pyhäsalmi	84
	$590

INVESTING AND FINANCING

Capital spending

(millions)	three months ended December 31 **2012**	2011	year ended December 31 **2012**	2011	***objective 2013***
Çayeli	**$8**	$3	**$18**	$13	***$18***
Las Cruces	**18**	10	**43**	52	***49***
Pyhäsalmi	**3**	2	**9**	7	***8***
Cobre Panama	**313**	42	**713**	129	***2,241***
Corporate and other	**-**	-	**3**	1	***10***
	$342	$57	**$786**	$202	***$2,326***

Please see *Results of our operations* and *Status of our development project* for a discussion of actual results and our 2013 objectives. Capital spending this year was mainly for Cobre Panama.

Purchase and maturing of investments
In 2012, we invested $2.3 billion in US dollar-denominated bonds and other securities comprising US Treasury bonds, Canadian government and corporate bonds and Supranational bonds with credit ratings of A to AAA. The securities mature between 2013 and 2018 and have a weighted average annual yield to maturity of 0.31 percent. During the year, $840 million of securities matured. In 2011, we used most of the US dollar proceeds from the sale of Ok Tedi to buy $274 million in US Treasury bonds with AA credit ratings and $67 million of bonds matured.

Issuance of senior unsecured notes
On May 18, 2012, we issued $1.5 billion in senior unsecured notes, bearing a coupon rate of interest of 8.75 percent and maturing on June 1, 2020. The notes were priced at 98.584 percent of their face value, yielding proceeds of $1.43 billion net of the discount and transaction fees. On December 18, 2012, we issued an additional $0.5 billion of senior unsecured notes, bearing a coupon rate of interest of 7.5 percent and maturing in June 2021. The notes were priced at 100 percent of their face value, yielding proceeds of $493 million net of transaction fees. Interest is payable on the notes semi-annually on December 1 and June 1 of each year. As the proceeds will be used to fund the development of Cobre Panama, interest costs will be capitalized to project assets during the construction period.

These notes are unconditionally guaranteed on a senior unsecured basis by certain Inmet subsidiaries. The notes contain certain customary covenants and restrictions for a financing instrument of this type.

Sale of 20 percent interest in Cobre Panama
On April 25, 2012, KPMC completed its acquisition of a 20 percent interest in MPSA. KPMC acquired its interest for $161 million in cash. Together with the 20 percent of funding of the estimated $6.2 billion of development costs for Cobre Panama it will provide during the construction period, this amounts to total funding of $1.4 billion. During 2012, KPMC provided $100 million of this funding ($40 million this quarter).

Issuance of common shares – 2011
In May 2011, a subsidiary of Temasek Holdings (Private) Ltd. exchanged its subscription receipts for 7.78 million Inmet common shares and we received cash of $486 million.

Cash from discontinued operation – 2011
In January 2011, we sold our 18 percent equity interest in Ok Tedi for net proceeds of $297 million (after Papua New Guinea withholding taxes).

2013 outlook for investing and financing

Capital spending

We expect capital spending to be $2,326 million in 2013. The more significant items include:

- $2,241 million at Cobre Panama to advance construction activities on the project
- $49 million at Las Cruces, including $22 million for mine development, as well as other capital projects including a tailings facility expansion and certain plant improvements.

Sale of precious metal stream to Franco-Nevada

In August 2012, we announced the completion of a precious metals stream agreement with Franco-Nevada. Under the terms of the agreement, a wholly-owned subsidiary of Franco-Nevada will provide a $1 billion deposit which will be used to fund a portion of Cobre Panama project capital costs. The deposit will become available after Inmet's funding since issuing a FNTP reaches $1 billion (expected by mid-2013) and will be provided pro-rata on a 1:3 ratio with Inmet's subsequent funding contributions.

Financial condition

Our strategy is to make sure we have sufficient liquidity (including cash and committed credit facilities) to finance our operating requirements as well as our growth projects. At December 31, 2012, we had $3,618 million in total funds, including $1,541 million of cash and short-term investments and $2,077 million invested in bonds and other securities.

Cash
At December 31, 2012 our cash and short-term investments of $1,541 million included cash and money market instruments that mature in 90 days or less.

Our policy is to invest excess cash in highly liquid investments of high 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.

At December 31, 2012, we held cash and short-term investments in the following:

- A to 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.

See note 4 on page 45 in the consolidated financial statements for more details about where our cash is invested.

Bonds and other securities
We hold a portfolio of bonds and other securities to provide better yields while minimizing our investment risk. As at December 31, 2012, our portfolio was $2,077 million. The portfolio includes:

- 34 percent US Treasury bonds
- 25 percent Canadian and provincial government bonds
- 37 percent corporate bonds
- 4 percent Supranational bonds.

The securities mature between 2013 and 2018.

Restricted cash
Our restricted cash balance of $78 million as at December 31, 2012 included:

- $20 million in cash collateralized letters of credit for Inmet
- $57 million at Las Cruces related to a reclamation bond, issuing letters of credit to suppliers and the local water authority and for its labour bond to the government
- $1 million for future reclamation at Pyhäsalmi.

COMMON SHARES

Common shares outstanding as of December 31, 2012 and February 21, 2013	69,365,748
Deferred share units outstanding as of December 31, 2012 (redeemable on a one-for-one basis for common shares)	109,022

Additional risk factor

We have significantly increased our cash balance following the issuance of our senior unsecured notes for the construction of Cobre Panama. For U.S. federal income tax purposes a non-U.S. corporation may be classified as a "passive foreign investment company" (PFIC) for U.S. federal income tax purposes in any taxable year in which either (1) at least 75 percent of its gross income is passive income, or (2) on average at least 50 percent of the gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Based on our analysis, we do not believe that we are a PFIC in the current taxation year. The methods used to determine income and assets for the purpose of this test are subject to interpretation and judgement, and based on the manner in which fair value is determined, the analysis could show that we are a PFIC. If we are classified as a PFIC, U.S. taxpayers that hold our common shares could be subject to adverse U.S. federal income tax consequences, including increased tax liabilities and possible additional reporting requirements. As the determination of PFIC status is made annually at the close of each tax year and is dependent on a number of assumptions, there can be no assurance that Inmet is not a PFIC in the current year or will not become a PFIC in any future tax year. U.S. taxpayers that hold our common shares are urged to consult their tax advisors concerning the potential U.S. federal income tax consequences of holding common shares if Inmet were considered a PFIC in any year.

Supplementary financial information

Pages 32 and 33 include supplementary financial information about cash costs. These measures do not fall into the category of International Financial Reporting Standards.

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 financial measures under International Financial Reporting Standards, 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 and zinc. We have three wholly-owned mining operations: Çayeli (Turkey), Las Cruces (Spain) and Pyhäsalmi (Finland), and have an 80 percent interest in the Cobre Panama development project, currently in construction.

For more information

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

Fourth quarter conference call

Will be held on

- Friday, February 22, 2013
- 8:30 a.m. Eastern Time
- webcast available at http://events.digitalmedia.telus.com/inmet/022213/index.php or www.inmetmining.com

You can also dial in by calling

- Local or international: +1.416.340.8530
- Toll-free within North America: +1.877.240.9772

Starting at approximately 10:30 a.m. (ET) Friday, February 22, 2013, a conference call replay will be available

- Local or international: +1.905.694.9451 passcode 7813798
- Toll-free within North America: +1.800.408.3053 passcode 7813798

INMET MINING CORPORATION
Supplementary financial information

Cash costs

2012 For the year ended December 31

(US dollars)	ÇAYELI	LAS CRUCES	PYHÄSALMI	TOTAL
	per pound of copper			
Direct production costs	**$1.27**	**$1.08**	**$2.18**	**$1.26**
Royalties and variable compensation	**0.11**	**0.06**	**-**	**0.07**
Smelter processing charges and freight	**0.97**	**0.02**	**0.95**	**0.39**
Metal credits	**(1.47)**	**-**	**(3.81)**	**(0.84)**
Cash cost	**$0.88**	**$1.16**	**($0.68)**	**$0.88**

2011 For the year ended December 31

(US dollars)	ÇAYELI	LAS CRUCES	PYHÄSALMI	TOTAL
	per pound of copper			
Direct production costs	$1.35	$1.55	$1.93	$1.54
Royalties and variable compensation	$0.18	0.07	-	0.10
Smelter processing charges and freight	$1.48	0.01	1.16	0.70
Metal credits	(2.41)	-	(4.02)	(1.48)
Cash cost	$0.60	$1.63	($0.93)	$0.86

Reconciliation of cash costs to statements of earnings

2012 For the year ended December 31

(millions of US dollars, except where otherwise noted)	ÇAYELI	LAS CRUCES	PYHÄSALMI	TOTAL
	per pound of copper			
GAAP reference	**page 17**	**page 20**	**page 22**	
Direct production costs	**$94**	**$167**	**$60**	**$321**
Smelter processing charges and freight	**67**	**2**	**44**	**113**
By product sales	**(101)**	**-**	**(120)**	**(221)**
Adjust smelter processing and freight,				**-**
and sales to production basis	**1**	**-**	**(3)**	**(2)**
Operating costs net of metal credits	**$61**	**$169**	**($19)**	**$211**
Inmet's share of production (000's)	**69,200**	**149,200**	**27,800**	**246,200**
Cash cost (US dollars)	**$0.88**	**$1.16**	**($0.68)**	**$0.88**

2011 For the year ended December 31

(millions of US dollars, except where otherwise noted)	ÇAYELI	LAS CRUCES	PYHÄSALMI	TOTAL
	per pound of copper			
GAAP reference	**page 17**	**page 20**	**page 22**	
Direct production costs	$93	$143	$57	$293
Smelter processing charges and freight	69	1	56	126
By product sales	(128)	-	(146)	(274)
Adjust smelter processing and freight,				-
and sales to production basis	4	-	4	8
Operating costs net of metal credits	$38	$144	($29)	$153
Inmet's share of production (000's)	63,300	92,900	30,800	187,000
Cash cost (US dollars)	$0.60	$1.63	($0.93)	$0.86

INMET MINING CORPORATION
Supplementary financial information

Cash costs

2012 For the three months ended December 31

(US dollars)	per pound of copper ÇAYELI	LAS CRUCES	PYHÄSALMI	TOTAL
Direct production costs	**$1.59**	**$1.11**	**$2.30**	**$1.37**
Royalties and variable compensation	**0.08**	**0.05**	**-**	**0.05**
Smelter processing charges and freight	**1.03**	**0.02**	**$1.21**	**0.42**
Metal credits	**(1.68)**	**-**	**($4.71)**	**(0.99)**
Cash cost	**$1.02**	**$1.18**	**($1.20)**	**$0.85**

2011 For the three months ended December 31

(US dollars)	per pound of copper ÇAYELI	LAS CRUCES	PYHÄSALMI	TOTAL
Direct production costs	$1.15	$1.19	$1.86	$1.27
Royalties and variable compensation	0.09	0.05	-	0.06
Smelter processing charges and freight	1.13	0.01	0.92	0.50
Metal credits	(1.71)	-	(3.36)	(1.01)
Cash cost	$0.66	$1.25	($0.58)	$0.82

Reconciliation of cash costs to statements of earnings

2012 For the three months ended December 31

(millions of US dollars, except where otherwise noted)	per pound of copper ÇAYELI	LAS CRUCES	PYHÄSALMI	TOTAL
GAAP reference	**page 17**	**page 20**	**page 22**	
Direct production costs	**$26**	**$43**	**$16**	**$85**
Smelter processing charges and freight	**13**	**1**	**12**	**26**
By product sales	**(23)**	**-**	**(39)**	**(62)**
Adjust smelter processing and freight, and sales to production basis	**-**	**-**	**2**	**2**
Operating costs net of metal credits	**$16**	**$44**	**($9)**	**$51**
Inmet's share of production (000's)	**15,500**	**38,200**	**7,200**	**60,900**
Cash cost (US dollars)	**$1.02**	**$1.18**	**($1.20)**	**$0.85**

2011 For the three months ended December 31

(millions of US dollars, except where otherwise noted)	per pound of copper ÇAYELI	LAS CRUCES	PYHÄSALMI	TOTAL
GAAP reference	**page 17**	**page 20**	**page 22**	
Direct production costs	$24	$38	$14	$76
Smelter processing charges and freight	14	-	13	27
By product sales	(24)	-	(32)	(56)
Adjust smelter processing and freight, and sales to production basis	(1)	-	1	-
Operating costs net of metal credits	$13	$38	($4)	$47
Inmet's share of production (000's)	19,000	31,100	7,700	57,800
Cash cost (US dollars)	$0.66	$1.25	($0.58)	$0.82

INMET MINING CORPORATION
Quarterly review
(unaudited)

Latest Four Quarters

(thousands of US dollars, except per share amounts)	2012 Fourth quarter	2012[(2)] Third quarter	2012 Second quarter	2012[(1)] First quarter
STATEMENTS OF EARNINGS				
Gross sales	$259,868	$327,187	$251,395	$285,527
Smelter processing charges and freight	(26,155)	(30,023)	(28,480)	(29,338)
Cost of sales (excluding depreciation)	(91,273)	(91,096)	(84,634)	(79,624)
Depreciation	(30,079)	(37,633)	(29,193)	(30,067)
	112,361	168,435	109,088	146,498
Corporate development and exploration	(8,620)	(7,905)	(10,290)	(8,801)
General and administration	(14,896)	(12,982)	(15,899)	(9,745)
Investment and other income	(16,279)	1,645	45,103	(6,263)
Finance costs	(2,632)	(2,463)	(2,379)	(2,596)
Income tax expense	(31,713)	(42,135)	(31,444)	(26,012)
Income from continuing operations	$ 38,221	$ 104,595	$ 94,179	$ 93,081
Net income attributable to:				
Inmet equity holders	$ 38,775	$ 104,897	$ 94,458	$ 93,081
Non-controlling interest	(554)	(302)	(279)	-
	$ 38,221	$ 104,595	$ 94,179	$ 93,081
Net Income per share				
Basic	$ 0.56	$ 1.51	$ 1.36	$ 1.35
Diluted	$ 0.56	$ 1.50	$ 1.35	$ 1.34

Previous Four Quarters

(thousands of US dollars, except per share amounts)	2011[(1)] Fourth quarter	2011[(1)] Third quarter	2011[(1)] Second quarter	2011[(1)] First quarter
STATEMENTS OF EARNINGS				
Gross sales	$ 233,394	$ 253,432	$ 214,894	$ 246,191
Smelter processing charges and freight	(27,330)	(35,865)	(32,793)	(30,581)
Cost of sales (excluding depreciation)	(90,177)	(78,563)	(71,302)	(76,633)
Depreciation	(26,835)	(26,452)	(25,802)	(26,180)
	89,052	112,552	84,997	112,797
Corporate development and exploration	(6,333)	(4,539)	(4,417)	(12,984)
General and administration	(7,487)	(9,669)	(7,995)	(8,155)
Investment and other income	(3,883)	34,640	4,581	(5,590)
Finance costs	(2,314)	(2,301)	(2,310)	(2,257)
Income tax expense	(22,491)	(32,696)	(20,588)	(26,296)
Income from continuing operations	46,544	97,987	54,268	57,515
Income from discontinued operation (net of taxes)		-	-	80,786
	$ 46,544	$ 97,987	$ 54,268	$ 138,301
Net income attributable to:				
Inmet equity holders	$ 46,544	$ 97,987	$ 54,268	$ 138,301
Non-controlling interest	-	-	-	-
	$ 46,544	$ 97,987	$ 54,268	$ 138,301
Income from continuing operations per share				
Basic	$ 0.67	$ 1.41	$ 0.83	$ 0.94
Diluted	$ 0.67	$ 1.41	$ 0.83	$ 0.93
Income from discontinuing operations per share				
Basic	$ -	$ -	$ -	$ 1.32
Diluted	$ -	$ -	$ -	$ 1.31
Net Income per share				
Basic	$ 0.67	$ 1.41	$ 0.83	$ 2.26
Diluted	$ 0.67	$ 1.41	$ 0.83	$ 2.24

(1) Information restated from previously reported Canadian dollar amounts to US dollar amounts at May 31, 2012 exchange rate of US $0.97 per Canadian dollar.

(2) Investment and other income in the third quarter has been recast as a result of a reassessment of the embedded derivative relating to the senior unsecured notes prepayment option as being closely related at inception. The net effect w as a decrease to investment and other income for the third quarter of 2012 and an equivalent decrease in net income in that period.

INMET MINING CORPORATION

Consolidated statements of financial position

(Unaudited)

As at balance sheet date (thousands of US dollars)	Note reference	**December 31, 2012**	December 31, [1] 2011	December 31, [1] 2010
Assets				
Current assets:				
Cash and short term investments	4	**$1,541,219**	$1,048,457	$316,045
Restricted cash	5	**1,291**	784	597
Accounts receivable		**160,387**	101,867	115,628
Inventories		**92,399**	87,654	69,860
Current portion of bonds and other securities	6	**883,599**	175,921	52,201
Assets held for sale		**-**	-	308,935
		2,678,895	$1,414,683	863,266
Restricted cash	5	**77,050**	69,538	67,831
Property, plant and equipment		**2,632,297**	1,772,766	1,680,858
Bonds and other securities	6	**1,193,088**	430,787	311,091
Deferred income tax assets		**895**	317	8,444
Other assets		**1,643**	1,380	2,261
Total assets		**$6,583,868**	$3,689,471	$2,933,751
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	7	**282,676**	138,596	$132,009
Provisions	8	**20,041**	13,087	17,106
Current portion of long term debt	9	**17,870**	-	-
Liabilities associated with assets held for sale		**-**	-	108,338
		320,587	$151,683	257,453
Long-term debt	9	**1,941,989**	16,581	16,091
Provisions	8	**227,146**	170,025	157,235
Other liabilities		**18,243**	17,156	17,541
Deferred income tax liabilities		**104,099**	28,351	12,127
Total liabilities		**2,612,064**	$383,796	460,447
Commitments and contingencies	18			
Equity				
Share capital		**1,541,773**	1,541,324	1,054,927
Contributed surplus		**64,825**	64,629	64,028
Share based compensation	10	**21,896**	8,256	6,334
Retained earnings		**2,176,197**	1,851,010	1,527,342
Accumulated other comprehensive loss	11	**(85,413)**	(159,544)	(179,327)
Total equity attributable to Inmet equity holders		**$3,719,278**	$3,305,675	2,473,304
Non-controling interest	12	**252,526**	-	-
Total equity		**$3,971,804**	$3,305,675	$2,473,304
Total liabilities and equity		**$6,583,868**	$3,689,471	$2,933,751

[1] refer to note 3 for effect of change in presentation currency to the US Dollar

(See accompanying notes)

INMET MINING CORPORATION
Segmented statements of financial position
(unaudited)

2012 As at December 31	CORPORATE & OTHER	ÇAYELI	LAS CRUCES	PYHÄSALMI	COBRE PANAMA	DISCONTINUED OPERATIONS - OK TEDI	TOTAL
(thousands of US dollars)		(Turkey)	(Spain)	(Finland)	(Panama)	(Papua New Guinea)	
Assets							
Cash and short-term investments	**$ 1,128,087**	**$ 148,678**	**$ 157,903**	**$ 22,071**	**$ 84,480**	**$ -**	**$ 1,541,219**
Other current assets	**894,911**	**41,529**	**148,250**	**51,823**	**1,163**	**-**	**1,137,676**
Restricted cash	**19,804**	**-**	**55,629**	**1,617**	**-**	**-**	**77,050**
Property, plant and equipment	**3,764**	**134,389**	**852,955**	**70,166**	**1,571,023**	**-**	**2,632,297**
Bonds and other securities	**1,092,056**	**101,032**	**-**	**-**	**-**	**-**	**1,193,088**
Other non-current assets	**1,466**	**1,072**	**-**	**-**	**-**	**-**	**2,538**
	$ 3,140,088	**$ 426,700**	**$ 1,214,737**	**$ 145,677**	**$ 1,656,666**	**$ -**	**$ 6,583,868**
Liabilities							
Current liabilities	**$ 61,204**	**$ 54,111**	**$ 59,288**	**$ 19,472**	**$ 126,512**	**$ -**	**$ 320,587**
Long-term debt	**1,941,989**	**-**	**-**	**-**	**-**	**-**	**1,941,989**
Provisions	**79,809**	**21,772**	**69,189**	**35,800**	**20,576**	**-**	**227,146**
Other liabilities	**681**	**-**	**17,562**	**-**	**-**	**-**	**18,243**
Deferred income tax liabilities	**889**	**-**	**91,594**	**11,616**	**-**	**-**	**104,099**
	$ 2,084,572	**$ 75,883**	**$ 237,633**	**$ 66,888**	**$ 147,088**	**$ -**	**$ 2,612,064**

2011 As at December 31	CORPORATE & OTHER	ÇAYELI	LAS CRUCES	PYHÄSALMI	COBRE PANAMA	DISCONTINUED OPERATIONS - OK TEDI	TOTAL
(thousands of US dollars)		(Turkey)	(Spain)	(Finland)	(Panama)	(Papua New Guinea)	
Assets							
Cash and short-term investments	$ 711,427	$ 133,215	$ 131,799	$ 46,109	$ 25,907	$ -	$ 1,048,457
Other current assets	183,715	44,728	83,926	51,893	1,964	-	366,226
Restricted cash	16,306	-	51,667	1,565	-	-	69,538
Property, plant and equipment	1,196	137,736	869,308	66,103	698,423	-	1,772,766
Bonds and other securities	351,082	79,705	-	-	-	-	430,787
Other non-current assets	1,262	435	-	-	-	-	1,697
	$ 1,264,988	$ 395,819	$ 1,136,700	$ 165,670	$ 726,294	$ -	$ 3,689,471
Liabilities							
Current liabilities	$ 21,305	$ 41,460	$ 53,152	$ 16,418	$ 19,348	$ -	$ 151,683
Long-term debt	16,581	-	-	-	-	-	16,581
Provisions	68,823	17,450	53,857	29,895	-	-	170,025
Other liabilities	655	-	16,501	-	-	-	17,156
Deferred income tax liabilities	-	-	17,095	11,256	-	-	28,351
	$ 107,364	$ 58,910	$ 140,605	$ 57,569	$ 19,348	$ -	$ 383,796

2010 As at December 31	CORPORATE & OTHER	ÇAYELI	LAS CRUCES	PYHÄSALMI	COBRE PANAMA	DISCONTINUED OPERATIONS - OK TEDI	TOTAL
(thousands of US dollars)		(Turkey)	(Spain)	(Finland)	(Panama)	(Papua New Guinea)	
Assets							
Cash and short-term investments	$ 51,493	$ 104,324	$ 57,961	$ 93,970	$ 8,297	$ -	$ 316,045
Other current assets	58,851	57,084	57,708	64,088	664	308,826	547,221
Restricted cash	16,368	-	49,883	1,580	-	-	67,831
Property, plant and equipment	754	147,799	911,496	64,854	555,955	-	1,680,858
Bonds and other securities	248,288	62,803	-	-	-	-	311,091
Other non-current assets	922	5,571	4,212	-	-	-	10,705
	$ 376,676	$ 377,581	$ 1,081,260	$ 224,492	$ 564,916	$ 308,826	$ 2,933,751
Liabilities							
Current liabilities	$ 29,322	$ 38,393	$ 45,718	$ 27,994	$ 7,688	$ 108,338	$ 257,453
Long-term debt	16,091	-	-	-	-	-	16,091
Provisions	55,707	20,920	54,644	25,964	-	-	157,235
Other liabilities	655	-	16,886	-	-	-	17,541
Deferred income tax liabilities	171	-	-	11,956	-	-	12,127
	$ 101,946	$ 59,313	$ 117,248	$ 65,914	$ 7,688	$ 108,338	$ 460,447

INMET MINING CORPORATION

Consolidated statements of changes in equity

(unaudited)

		Attributable to Inmet equity holders							
(thousands of US dollars)	Note reference	**Share Capital**	**Retained earnings**	**Contributed surplus**	**Share based compensation**	**Accumulated other comprehensive income (loss) (note 11)**	**Total**	**Non-controlling interest**	**Total equity**
Balance as at December 31, 2010		$1,054,927	$1,527,342	$64,028	$6,334	($179,327)	$2,473,304	$ -	$2,473,304
Comprehensive income		-	337,100	-	-	19,783	356,883	-	356,883
Equity settled share-based compensation plans		198	-	601	1,922	-	2,721	-	2,721
Dividends		-	(13,432)	-	-	-	(13,432)	-	(13,432)
Issuance of share capital		486,199	-	-	-	-	486,199	-	486,199
Balance as at December 31, 2011		**$1,541,324**	**$1,851,010**	**$64,629**	**$8,256**	**($159,544)**	**$3,305,675**	**$ -**	**$3,305,675**
Comprehensive income		-	331,211	-	-	68,358	399,569	4,867	404,436
Equity settled share-based compensation plans		449	-	196	13,640	-	14,285	-	14,285
Dividends		-	(13,616)	-	-	-	(13,616)	-	(13,616)
Equity funding from non-controlling shareholder		-	-	-	-	-	-	100,000	100,000
Sale of 20 percent interest in Cobre Panama	12	-	7,592	-	-	5,773	13,365	147,659	161,024
Balance as at December 31, 2012		**1,541,773**	**2,176,197**	**64,825**	**21,896**	**(85,413)**	**$3,719,278**	**$252,526**	**$3,971,804**

INMET MINING CORPORATION
Consolidated statements of earnings

(unaudited)

(thousands of US dollars except per share amounts)	reference	Three Months Ended December 31 **2012**	2011 (1)	Year Ended December 31 **2012**	2011 (1)
Gross sales		**$259,868**	$233,394	**$1,123,977**	$947,911
Smelter processing charges and freight		**(26,155)**	(27,330)	**(113,996)**	(126,569)
Cost of sales (excluding depreciation)		**(91,273)**	(90,177)	**(346,627)**	(316,675)
Depreciation		**(30,079)**	(26,835)	**(126,972)**	(105,269)
Earnings from operations		**112,361**	89,052	**536,382**	399,398
Corporate development and exploration		**(8,620)**	(6,333)	**(35,616)**	(28,273)
General and administration		**(14,896)**	(7,487)	**(53,522)**	(33,306)
Investment and other income	13	**(16,279)**	(3,883)	**24,206**	29,748
Finance costs	14	**(2,632)**	(2,314)	**(10,070)**	(9,182)
Income before taxation		**69,934**	69,035	**461,380**	358,385
Income tax expense	15	**(31,713)**	(22,491)	**(131,304)**	(102,071)
Income from continuing operations		**38,221**	46,544	**330,076**	$256,314
Income from discontinued operation (net of taxes)		**-**	-	**-**	80,786
Net income		**38,221**	46,544	**330,076**	$337,100
Net income (loss) attributable to:					
Inmet equity holders		**38,775**	46,544	**331,211**	$337,100
Non-controlling interests		**(554)**	-	**(1,135)**	-
		38,221	46,544	**330,076**	$337,100
Earnings per common share	16				
Income from continuing operations					
Basic		**$0.56**	$0.67	**$4.78**	$3.86
Diluted		**$0.56**	$0.67	**$4.75**	$3.85
Income from discontinued operation					
Basic		**$ -**	-	**$ -**	$1.22
Diluted		**$ -**	-	**$ -**	$1.21
Net income					
Basic		**$0.56**	$0.67	**$4.78**	$5.08
Diluted		**$0.56**	$0.67	**$4.75**	$5.06

(1) refer to note 3 for effect of change in presentation currency to the US Dollar

(See accompanying notes)

INMET MINING CORPORATION
Segmented statements of earnings
(unaudited)

2012 For the year ended December 31	**CORPORATE & OTHER**	**ÇAYELI**	**LAS CRUCES**	**PYHÄSALMI**	**COBRE PANAMA**	**DISCONTINUED OPERATIONS - OK TEDI**	**TOTAL**
(thousands of US dollars)		(Turkey)	(Spain)	(Finland)	(Panama)	(Papua New Guinea)	
Gross sales	**$ -**	**$ 358,964**	**$ 538,981**	**$ 226,032**	**$ -**	**$ -**	**$ 1,123,977**
Smelter processing charges and freight	**-**	**(67,348)**	**(2,374)**	**(44,274)**	**-**	**-**	**(113,996)**
Cost of sales (excluding depreciation)	**(17,104)**	**(104,045)**	**(165,320)**	**(60,158)**	**-**	**-**	**(346,627)**
Depreciation	**-**	**(24,692)**	**(92,037)**	**(10,243)**	**-**	**-**	**(126,972)**
Earnings from operations	**(17,104)**	**162,879**	**279,250**	**111,357**	**-**	**-**	**536,382**
Corporate development and exploration	**(22,490)**	**(1,347)**	**(1,600)**	**(4,368)**	**(5,811)**	**-**	**(35,616)**
General and administration	**(53,522)**	**-**	**-**	**-**	**-**	**-**	**(53,522)**
Investment and other income	**25,241**	**(524)**	**1,580**	**(1,727)**	**(364)**	**-**	**24,206**
Finance costs	**(3,340)**	**(1,155)**	**(4,753)**	**(726)**	**(96)**	**-**	**(10,070)**
Income tax expense	**(1,935)**	**(32,923)**	**(72,495)**	**(23,951)**	**-**	**-**	**(131,304)**
Net income from continuing operations	**$ (73,150)**	**$ 126,930**	**$ 201,982**	**$ 80,585**	**$ (6,271)**	**$ -**	**$ 330,076**
Income from discontinued operation (net of taxes)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net income (loss)	**$ (73,150)**	**$ 126,930**	**$ 201,982**	**$ 80,585**	**$ (6,271)**	**$ -**	**$ 330,076**

2011 For the year ended December 31	**CORPORATE & OTHER**	**ÇAYELI**	**LAS CRUCES**	**PYHÄSALMI**	**COBRE PANAMA**	**DISCONTINUED OPERATIONS - OK TEDI**	**TOTAL**
(thousands of US dollars)		(Turkey)	(Spain)	(Finland)	(Panama)	(Papua New Guinea)	
Gross sales	$ -	$ 342,458	$ 345,568	$ 259,885	$ -	$ -	$ 947,911
Smelter processing charges and freight	-	(69,424)	(1,188)	(55,957)	-	-	(126,569)
Cost of sales (excluding depreciation)	(16,190)	(97,079)	(147,076)	(56,330)	-	-	(316,675)
Depreciation	-	(21,337)	(74,931)	(9,001)	-	-	(105,269)
Earnings from operations	(16,190)	154,618	122,373	138,597	-	-	399,398
Corporate development and exploration	(20,590)	(1,612)	(435)	(3,478)	(2,158)	-	(28,273)
General and administration	(33,306)	-	-	-	-	-	(33,306)
Investment and other income	20,074	7,521	1,686	447	20	-	29,748
Finance costs	(3,720)	(570)	(4,027)	(865)	-	-	(9,182)
Income tax expense	2,374	(50,947)	(22,788)	(30,710)	-	-	(102,071)
Net income from continuing operations	$ (51,358)	$ 109,010	$ 96,809	$ 103,991	$ (2,138)	$ -	$ 256,314
Income from discontinued operation (net of taxes)	-	-	-	-	-	80,786	80,786
Net income (loss)	$ (51,358)	$ 109,010	$ 96,809	$ 103,991	$ (2,138)	$ 80,786	$ 337,100

INMET MINING CORPORATION
Segmented statements of earnings
(unaudited)

2012 For the three months ended December 31	CORPORATE & OTHER	ÇAYELI	LAS CRUCES	PYHÄSALMI	COBRE PANAMA	DISCONTINUED OPERATIONS - OK TEDI	TOTAL
(thousands of US dollars)		(Turkey)	(Spain)	(Finland)	(Panama)	(Papua New Guinea)	
Gross sales	**$ -**	**$ 58,742**	**$ 136,909**	**$ 64,217**	**$ -**	**$ -**	**$ 259,868**
Smelter processing charges and freight	**-**	**(12,856)**	**(861)**	**(12,438)**	**-**	**-**	**(26,155)**
Cost of sales (excluding depreciation)	**(9,924)**	**(24,691)**	**(40,320)**	**(16,338)**	**-**	**-**	**(91,273)**
Depreciation	**-**	**(4,702)**	**(22,331)**	**(3,046)**	**-**	**-**	**(30,079)**
Earnings from operations	**(9,924)**	**16,493**	**73,397**	**32,395**	**-**	**-**	**112,361**
Corporate development and exploration	**(5,679)**	**(355)**	**5**	**(1,028)**	**(1,563)**	**-**	**(8,620)**
General and administration	**(14,896)**	**-**	**-**	**-**	**-**	**-**	**(14,896)**
Investment and other income	**(12,970)**	**376**	**(2,238)**	**(953)**	**(494)**	**-**	**(16,279)**
Finance costs	**(867)**	**(293)**	**(1,190)**	**(186)**	**(96)**	**-**	**(2,632)**
Income tax expense	**(1,346)**	**(3,983)**	**(18,371)**	**(8,013)**	**-**	**-**	**(31,713)**
Net income from continuing operations	**$ (45,682)**	**$ 12,238**	**$ 51,603**	**$ 22,215**	**$ (2,153)**	**$ -**	**$ 38,221**
	-	**-**	**-**	**-**	**-**	**-**	**-**
Net income (loss)	**$ (45,682)**	**$ 12,238**	**$ 51,603**	**$ 22,215**	**$ (2,153)**	**$ -**	**$ 38,221**

2011 For the three months ended December 31	CORPORATE & OTHER	ÇAYELI	LAS CRUCES	PYHÄSALMI	COBRE PANAMA	DISCONTINUED OPERATIONS - OK TEDI	TOTAL
(thousands of US dollars)		(Turkey)	(Spain)	(Finland)	(Panama)	(Papua New Guinea)	
Gross sales	$ -	$ 77,124	$ 97,731	$ 58,539	$ -	$ -	$ 233,394
Smelter processing charges and freight	-	(14,373)	(351)	(12,606)	-	-	(27,330)
Cost of sales (excluding depreciation)	(16,190)	(22,692)	(37,867)	(13,428)	-	-	(90,177)
Depreciation	-	(5,391)	(19,129)	(2,315)	-	-	(26,835)
Earnings from operations	(16,190)	34,668	40,384	30,190	-	-	89,052
Corporate development and exploration	(4,466)	(377)	(429)	(1,061)	-	-	(6,333)
General and administration	(7,487)	-	-	-	-	-	(7,487)
Investment and other income	(5,544)	480	910	156	115	-	(3,883)
Finance costs	(941)	(148)	(1,009)	(216)	-	-	(2,314)
Income tax expense	1,662	(9,444)	(8,097)	(6,612)	-	-	(22,491)
Net income from continuing operations	$ (32,966)	$ 25,179	$ 31,759	$ 22,457	$ 115	$ -	$ 46,544
Income from discontinued operation (net of taxes)	-	-	-	-	-	-	-
Net income (loss)	$ (32,966)	$ 25,179	$ 31,759	$ 22,457	$ 115	$ -	$ 46,544

INMET MINING CORPORATION
Consolidated statements of comprehensive income
(unaudited)

(thousands of US dollars)	Note reference	Three Months Ended December 31 **2012**	Three Months Ended December 31 2011 (1)	Year Ended December 31 **2012**	Year Ended December 31 2011 (1)
Net income		**$38,221**	$46,544	**$330,076**	$337,100
Other comprehensive income for the period:					
Continuing operations					
Changes in fair value of bonds and other securities		**(1,175)**	(649)	**296**	(3,552)
Currency translation adjustments		**38,266**	(107,104)	**73,176**	4,026
Reclassification to net income of losses on bonds and other securities		**659**	3,440	**659**	3,440
Income tax recovery related to bonds and other securities - other comprehensive income		**-**	-	**-**	15
		37,750	(104,313)	**74,131**	3,929
Other comprehensive income from discontinued operation (net of taxes)		**-**	-	**-**	15,854
Comprehensive income		**$75,971**	($57,769)	**$404,207**	$356,883

(1) refer to note 3 for effect of change in presentation currency to the US Dollar

(See accompanying notes)

INMET MINING CORPORATION
Consolidated statements of cash flows

(unaudited)

(thousands of US dollars)	Note reference	Three Months Ended December 31 2012	Three Months Ended December 31 2011 (2)	Year Ended December 31 2012	Year Ended December 31 2011 (2)
Cash provided by (used in) operating activities(1)					
Net income from continuing operations		**$38,221**	$46,544	**$330,076**	$256,314
Add (deduct) items not affecting cash:					
Depreciation		**30,079**	26,835	**126,972**	105,269
Deferred income taxes		**18,431**	9,233	**72,569**	25,504
Accretion expense on provisions and capital leases		**2,163**	1,855	**8,289**	7,393
Change in asset retirement obligations at closed sites		**9,924**	16,190	**17,104**	16,190
Foreign exchange loss (gain)		**4,056**	6,031	**6,361**	(20,384)
Stock based compensation		**5,158**	2,209	**17,323**	3,473
Other		**4,252**	7,715	**6,155**	3,940
Settlement of asset retirement obligations		**(4,969)**	(4,209)	**(8,503)**	(10,509)
Net change in non-cash working capital	17	**9,536**	(41,635)	**(32,954)**	4,786
		116,851	70,768	**543,392**	391,976
Cash provided by (used in) investing activities					
Purchase of property, plant and equipment		**(342,467)**	(57,100)	**(785,761)**	(201,909)
Acquisition of bonds and other securities	6	**(537,345)**	(2,121)	**(2,291,513)**	(296,014)
Maturity of bonds and other securities		**581,488**	15,613	**839,673**	66,508
Funding received under Cobre Panama option agreement		**-**	-	**-**	12,310
Sale (purchase) of short-term investments, net		**(507,636)**	80,055	**(249,177)**	(251,632)
Other		**-**	(3,730)	**-**	255
		(805,960)	32,717	**(2,486,778)**	(670,482)
Cash provided by (used in) financing activities					
Issuance of common shares		**-**	-	**-**	486,199
Long-term debt borrowing, net of transaction costs	9	**492,837**	-	**1,921,868**	-
Dividends on common shares		**(6,857)**	(6,719)	**(13,616)**	(13,432)
Financial assurance payments		**(228)**	(202)	**(5,454)**	(2,493)
Funding by non-controlling shareholder		**40,000**	-	**100,000**	-
Sale of 20 percent interest in Cobre Panama	12	**-**	-	**160,952**	-
Other		**(170)**	(522)	**(1,982)**	(2,767)
		525,582	(7,443)	**2,161,768**	467,507
Foreign exchange on cash held in foreign currencies		**15,445**	(22,796)	**25,203**	(5,204)
Cash provided by discontinued operation		**-**	-	**-**	297,220
Increase in cash:		**(148,082)**	**73,246**	**243,585**	481,017
Cash:					
Beginning of period		**1,181,665**	716,752	**789,998**	308,981
End of period		**$1,033,583**	$789,998	**$1,033,583**	$789,998
Short term investments		**507,636**	258,459	**507,636**	258,459
Cash and short-term investments		**$1,541,219**	$1,048,457	**$1,541,219**	$1,048,457

(See accompanying notes)

(1) **Supplementary cash flow information:**

	Three Months 2012	Three Months 2011	Year 2012	Year 2011
Cash interest paid	**$70,365**	$ -	**$71,426**	$1,118
Cash taxes paid	**$13,951**	$29,038	**$65,936**	$92,102

(2) refer to note 3 for effect of change in presentation currency to the US Dollar

INMET MINING CORPORATION
Segmented statements of cash flows

(unaudited)

For the year ended December 31, 2012	CORPORATE & OTHER	ÇAYELI	LAS CRUCES	PYHÄSALMI	COBRE PANAMA	DISCONTINUED OPERATIONS - OK TEDI	TOTAL
(thousands of US dollars)		(Turkey)	(Spain)	(Finland)	(Panama)	(Papua New Guinea)	
Cash provided by (used in) operating activities							
Before net change in non-cash working capital	($40,830)	$158,909	$372,140	$92,306	($6,179)	$ -	$576,346
Net change in non-cash working capital	3,131	11,307	(52,337)	4,945	-	-	(32,954)
	(37,699)	170,216	319,803	97,251	(6,179)	-	543,392
Cash provided by (used in) investing activities							
Purchase of property, plant and equipment	(3,732)	(17,531)	(43,217)	(8,648)	(712,633)	-	(785,761)
Acquisition of bonds and other securities	(2,271,677)	(19,836)	-	-	-	-	(2,291,513)
Maturity of bonds and other securities	839,673	-	-	-	-	-	839,673
Sale (purchase) of short-term investments, net	(249,177)	-	-	-	-	-	(249,177)
	(1,684,913)	(37,367)	(43,217)	(8,648)	(712,633)	-	(2,486,778)
Cash provided by (used in) financing activities							
Funding by non-controlling shareholder	-	-	-	-	100,000	-	100,000
Long-term obligations	1,921,868	-	-	-	-	-	1,921,868
Funding received - Cobre Panama option agreement	-	-	-	-	160,952	-	160,952
Other	(16,744)	-	(4,379)	-	71	-	(21,052)
	1,905,124	-	(4,379)	-	261,023	-	2,161,768
Foreign exchange on cash held in foreign currencies	20,289	(977)	930	389	4,572	-	25,203
Cash provided by discontinued operation	-	-	-	-	-	-	-
Intergroup funding (distributions)	(35,318)	(116,409)	(247,033)	(113,030)	511,790	-	-
Increase (decrease) in cash	167,483	15,463	26,104	(24,038)	58,573	-	243,585
Cash:							
Beginning of year	452,968	133,215	131,799	46,109	25,907	-	789,998
End of period	620,451	148,678	157,903	22,071	84,480	-	1,033,583
Short term investments	507,636	-	-	-	-	-	507,636
Cash and short-term investments	$1,128,087	$148,678	$157,903	$22,071	$84,480	$ -	$1,541,219

For the year ended December 31, 2011	CORPORATE & OTHER	ÇAYELI	LAS CRUCES	PYHÄSALMI	COBRE PANAMA	DISCONTINUED OPERATIONS - OK TEDI	TOTAL
(thousands of US dollars)		(Turkey)	(Spain)	(Finland)	(Panama)	(Papua New Guinea)	
Cash provided by (used in) operating activities							
Before net change in non-cash working capital	($55,319)	$132,064	$198,630	$113,953	($2,138)	$ -	$387,190
Net change in non-cash working capital	(4,615)	19,755	(10,177)	(177)	-	-	4,786
	(59,934)	151,819	188,453	113,776	(2,138)	-	391,976
Cash provided by (used in) investing activities							
Purchase of property, plant and equipment	(1,055)	(12,708)	(51,935)	(7,024)	(129,187)	-	(201,909)
Acquisition of bonds and other securities	(280,830)	(15,184)	-	-	-	-	(296,014)
Maturity of bonds and other securities	66,508	-	-	-	-	-	66,508
Funding received under Cobre Panama option agreement	-	-	-	-	12,310	-	12,310
Sale (purchase) of short-term investments, net	(258,678)	-	7,046	-	-	-	(251,632)
Other	255	-	-	-	-	-	255
	(473,800)	(27,892)	(44,889)	(7,024)	(116,877)	-	(670,482)
Cash provided by (used in) financing activities	472,540	-	(5,033)	-	-	-	467,507
Foreign exchange on cash held in foreign currencies	-	642	(3,781)	(2,608)	543	-	(5,204)
Cash provided by discontinued operation	-	-	-	-	-	297,220	297,220
Intergroup funding (distributions)	462,669	(95,678)	(53,848)	(152,005)	136,082	(297,220)	-
Increase (decrease) in cash	401,475	28,891	80,902	(47,861)	17,610	-	481,017
Cash:							
Beginning of year	51,493	104,324	50,897	93,970	8,297	-	308,981
End of period	452,968	133,215	131,799	46,109	25,907	-	789,998
Short term investments	258,459	-	-	-	-	-	258,459
Cash and short-term investments	$711,427	$133,215	$131,799	$46,109	$25,907	$ -	$1,048,457

INMET MINING CORPORATION
Segmented statements of cash flows
(unaudited)

For the three months ended December 31, 2012	CORPORATE & OTHER	ÇAYELI	LAS CRUCES	PYHÄSALMI	COBRE PANAMA	DISCONTINUED OPERATIONS - OK TEDI	TOTAL
(thousands of US dollars)		(Turkey)	(Spain)	(Finland)	(Panama)	(Papua New Guinea)	
Cash provided by (used in) operating activities							
Before net change in non-cash working capital	($28,968)	$17,617	$94,801	$25,926	($2,061)	$ -	$107,315
Net change in non-cash working capital	6,409	46,272	(44,973)	1,828	-	-	9,536
	(22,559)	63,889	49,828	27,754	(2,061)	-	116,851
Cash provided by (used in) investing activities							
Purchase of property, plant and equipment	(892)	(8,343)	(18,027)	(2,618)	(312,587)	-	(342,467)
Acquisition of bonds and other securities	(537,097)	(248)	-	-	-	-	(537,345)
Maturity of bonds and other securities	581,488	-	-	-	-	-	581,488
Sale (purchase) of short-term investments	(507,636)	-	-	-	-	-	(507,636)
	(464,137)	(8,591)	(18,027)	(2,618)	(312,587)	-	(805,960)
Cash provided by (used in) financing activities							
Funding by non-controlling shareholder	-	-	-	-	40,000	-	40,000
Long-term obligations	492,837	-	-	-	-		492,837
Other	(7,021)	-	(305)	-	71	-	(7,255)
	485,816	-	(305)	-	40,071	-	525,582
Foreign exchange on cash held in foreign currencies	11,224	65	2,984	1,172	-	-	15,445
Intergroup funding (distributions)	(192,066)	1,678	(3,889)	(34,890)	229,167	-	-
Increase (decrease) in cash	(181,722)	57,041	30,591	(8,582)	(45,410)	-	(148,082)
Cash:							
Beginning of year	802,173	91,637	127,312	30,653	129,890	-	1,181,665
End of period	620,451	148,678	157,903	22,071	84,480	-	1,033,583
Short term investments	507,636	-	-	-	-	-	507,636
Cash and short-term investments	$1,128,087	$148,678	$157,903	$22,071	$84,480	$ -	$1,541,219

For the three months ended December 31, 2011	CORPORATE & OTHER	ÇAYELI	LAS CRUCES	PYHÄSALMI	COBRE PANAMA	DISCONTINUED OPERATIONS - OK TEDI	TOTAL
(thousands of US dollars)		(Turkey)	(Spain)	(Finland)	(Panama)	(Papua New Guinea)	
Cash provided by (used in) operating activities							
Before net change in non-cash working capital	($6,338)	$33,654	$60,044	$24,928	$115	$ -	$112,403
Net change in non-cash working capital	1,397	(25,475)	(15,959)	(1,598)	-	-	(41,635)
	(4,941)	8,179	44,085	23,330	115	-	70,768
Cash provided by (used in) investing activities							
Purchase of property, plant and equipment	(345)	(3,437)	(9,666)	(1,914)	(41,738)	-	(57,100)
Acquisition of bonds and other securities	(1,807)	(314)	-	-	-	-	(2,121)
Maturity of bonds and other securities	15,613	-	-	-	-	-	15,613
Sale (purchase) of short-term investments	80,056	-	(1)	-	-	-	80,055
Other	(2,790)	(940)	-	-	-	-	(3,730)
	90,727	(4,691)	(9,667)	(1,914)	(41,738)	-	32,717
Cash provided by (used in) financing activities	(6,836)	-	(607)	-	-	-	(7,443)
Foreign exchange on cash held in foreign currencies	-	(5,422)	(8,667)	(7,224)	(1,483)	-	(22,796)
Cash provided by discontinued operation	(297,220)	-	-	-	-	297,220	-
Intergroup funding (distributions)	346,804	(54)	(14,675)	(75,914)	41,059	(297,220)	-
Increase (decrease) in cash	128,534	(1,988)	10,469	(61,722)	(2,047)	-	73,246
Cash:							
Beginning of year	324,433	135,203	121,331	107,831	27,954	-	716,752
End of period	452,967	133,215	131,800	46,109	25,907	-	789,998
Short term investments	258,459	-	-	-	-	-	258,459
Cash and short-term investments	$711,426	$133,215	$131,800	$46,109	$25,907	$ -	$1,048,457

Notes to the consolidated financial statements

1. *Corporate information*

Inmet Mining Corporation is a publicly traded corporation listed on the Toronto stock exchange. Our registered and head office is 330 Bay Street, Suite 1000, Toronto Canada. Our principal activities are the exploration, development and mining of base metals.

2. *Basis of presentation and statement of compliance*

We prepared these interim consolidated financial statements using the same accounting policies and methods as those described in our consolidated financial statements for the year ended December 31, 2012, except as described in note 3. These interim financial statements are in compliance with International Accounting Standard 34, *Interim Financial Reporting* (IAS 34). Accordingly, certain information and disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires us to use certain critical accounting estimates and requires us to exercise judgement in applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, have been set out in note 4 to our consolidated financial statements for the year ended December 31, 2012. These interim financial statements should be read in conjunction with our consolidated financial statements for the year ended December 31, 2012, which are included in our 2012 annual report.

3. *Change in functional and presentation currencies to the US dollar*

Prior to June 1, 2012, Inmet Mining's functional currency and our presentation currency were the Canadian dollar. The decision to proceed with full scale development of Cobre Panama has significantly increased Inmet Mining's exposure to the US dollar considering:

- Inmet Mining's share of the development costs for the project, the vast majority of which are denominated in US dollars; and
- our issuance of US $1.5 billion of senior unsecured notes

Consequently, effective June 1, 2012, the US dollar was adopted as Inmet Mining's functional currency. Our operating entities continue to measure the items in their financial statements using their functional currencies; Çayeli and Cobre Panama use the US dollar, and Pyhäsalmi and Las Cruces use the euro. IFRS requires a change in functional currency to be accounted for prospectively. We therefore translated Inmet Mining's May 31, 2012 financial statement items from Canadian dollars to US dollars using the May 31, 2012 exchange rate US $0.97 per Canadian dollar (Transition Rate). The resulting translated amounts for non-monetary items are treated as their historical cost.

Following the change in Inmet Mining's functional currency, we elected to change our presentation currency from Canadian dollars to US dollars as we believe that changing the presentation currency to US dollars will provide shareholders with a more accurate reflection of our underlying financial performance and position. The change in presentation currency represents a voluntary change in accounting policy. We have restated all comparative financial statements from previously reported Canadian dollar amounts to US dollars using the Transition Rate.

4. *Cash and short-term investments*

	December 31, 2012	December 31, 2011	December 31, 2010
Cash and cash equivalents:			
Liquidity funds	**$806,269**	$375,523	$188,415
Term deposits	**51,243**	6,548	51,306
Overnight deposits	**31,387**	70,389	4,182
Bankers' acceptances	**-**	891	-
Money market funds	**14,410**	126,336	38,774
Corporate	**-**	11,593	-
Bank deposits	**130,274**	31,722	26,304
Provincial short-term notes	**-**	166,996	-
	1,033,583	789,998	308,981
Short-term investments:			
Corporate	**-**	48,588	-
Term deposits	**211,536**	-	7,064
Provincial	**15,079**	187,191	-
Bankers' acceptances	**21,494**	22,680	-
Asset backed securities	**259,527**(i)	-	-
	507,636	258,459	7,064
Total cash and short-term instruments	**$1,541,219**	$1,048,457	$316,045

(i) Bank sponsored securitized programs of highest credit quality rating and supported by global liquidity lines.

5. *Restricted cash*

	December 31, 2012	December 31, 2011	December 31, 2010
Collateralized cash for letter of credit facility – Inmet Mining	**$19,804**	$16,306	$16,368
Collateralized cash for letters of credit – Las Cruces	**56,920**	52,451	50,480
Collateralized cash for Pyhäsalmi reclamation	**1,617**	1,565	1,580
	78,341	70,322	68,428
Less current portion:			
Collateralized cash for letters of credit – Las Cruces	**(1,291)**	(784)	(597)
	$77,050	$69,538	$67,831

6. *Bonds and other securities*

The table below provides a breakdown of our bonds and other securities as at the balance sheet date by financial instrument classification.

	December 31, 2012	December 31, 2011	December 31, 2010
Current available for sale securities (a)	**$736,387**	$ -	$ -
Current held to maturity securities (b)	**147,212**	175,921	52,201
	883,599	175,921	52,201
Available for sale securities (a)	**824,092**	-	-
Held to maturity securities (b)	**366,513**	427,727	308,483
	1,190,605	427,727	308,483
Other	**2,483**	3,060	2,608
	$2,076,687	$606,708	$363,292

(a) In 2012, we invested US cash of $2,223 million in US dollar-denominated Treasury, corporate and Supranational bonds and other securities with credit ratings of A- to AAA. These securities mature between 2013 and 2018 and have a weighted average yield to maturity of 0.29 percent. We designated these securities as *available for sale* and recognized them at fair value. During the year, $662 million securities matured (2011 – nil).

(b) In 2012, we purchased $69 million (2011 - $292 million) of US Treasury bonds, US Corporate bonds and Canadian and Provincial government bonds. During the year, securities with a face value of $178 million matured (2011 - $67 million). The securities have an annual yield to maturity of 1.1 percent. We designated these bonds as *held to maturity*, measuring them initially at fair value and subsequently at amortized cost

7. *Accounts payable and accrued liabilities*

The table below shows the significant components of our accounts payable and accrued liabilities balance.

	December 31, 2012	December 31, 2011	December 31, 2010
Accounts payables and accrued liabilities	**$258,024**	$117,725	$91,778
Amounts payable related to metal sales	**3,788**	737	573
Income taxes payable	**20,864**	20,134	39,658
	$282,676	$138,596	$132,009

8. *Provisions*

We recorded an additional $14 million of asset retirement obligations this year ($10 million this quarter), for liabilities at our closed properties. $7 million of this increase is the result of a decrease in the discount rates we applied in determining the liabilities. Additionally, we recognized $7 million due to an increase in our estimated closure costs, primarily at Troilus for on-going treatment of tailings and associate labour costs. We also recognized liabilities of $20 million at Cobre Panama as a result of development activities that took place during the year.

In 2011, we recorded increased asset retirement obligations of $16 million: $5 million for additional closure liabilities at Troilus, and $11 million from a decrease in the discount rates we applied.

9. *Long-term debt*

	December 31, 2012	December 31, 2011	December 31, 2010
Senior unsecured notes(a):			
8.75% notes	**$1,449,315**	$ -	$ -
7.5% notes	**492,674**	-	-
	1,941,989	-	-
Promissory note	**17,870**	16,581	16,091
	1,959,859	16,581	16,091
Less current portion:			
Promissory note	**17,870**	-	-
Total long-term debt	**$1,941,989**	$16,581	$16,091

(a) On May 18, 2012, we issued $1,500 million aggregate principal amount of 8.75 percent senior unsecured notes (8.75 percent Notes) due June 2020. The 8.75 percent Notes were priced at 98.584 percent of their face value, yielding proceeds of $1,445 million net of the discount and directly attributable transaction costs.

We may redeem, prior to June 1, 2016, up to 35 percent of the 8.75 percent Notes with the net proceeds of certain equity offerings at a redemption price equal to 108.75 percent of the principal amount plus accrued interest. Prior to June 1, 2016, we may redeem the 8.75 percent Notes in whole or in part at 100 percent of their principal amount, plus accrued interest, plus a premium that effectively compensates the holder fully for lost interest between the redemption date and June 1, 2016. We may redeem the 8.75 percent Notes at any time on or after June 1, 2016 at the redemption prices and periods set forth below, plus accrued and unpaid interest:

June 1, 2016	104.375 percent
June 1, 2017	102.188 percent
June 1, 2018 and thereafter	100.000 percent

On December 18, 2012, we issued $500 million aggregate principal amount of 7.5 percent senior unsecured notes (7.5 percent Notes) due June 2021. The 7.5 percent Notes were priced at 100 percent of their face value, yielding proceeds of $493 million net of the directly attributable transaction costs.

We may redeem, prior to December 1, 2015, up to 35 percent of the 7.5 percent Notes with the net proceeds of certain equity offerings at a redemption price equal to 107.5 percent of the principal amount plus accrued interest. Prior to December 1, 2016, we may redeem the 7.5 percent Notes in whole or in part at 100 percent of their principal amount, plus accrued interest, plus a premium that effectively compensates the holder fully for lost interest between the redemption date and December 1, 2016. We may redeem the 7.5 percent Notes at any time on or after December 1, 2016 at the redemption prices and periods set forth below, plus accrued and unpaid interest:

December 1, 2016	103.750 percent
December 1, 2017	101.875 percent
December 1, 2018 and thereafter	100.000 percent

These senior unsecured notes have been designated as *Other liabilities* and accounted for initially at fair value and subsequently at amortized cost using the effective interest rate method. Interest is payable on the notes semi-annually on December 1 and June 1 of each year. As the proceeds are being used to fund the development of Cobre Panama, interest costs are being capitalized to project assets during the construction period of this project. The notes are unconditionally guaranteed on a senior unsecured basis by Inmet and certain subsidiaries. The notes contain certain customary covenants and restrictions for a financing instrument of this type.

10. ***Stock-based compensation***

During 2012, the following issuances were made under our equity-based compensation plans:

Stock option plan
On February 22, 2012, a grant of 83,084 options was made to senior management, with an exercise price of Cdn $64.17, graded vesting and an expiry date of February 21, 2019. We calculated the compensation expense for

these options using the Black Scholes valuation model and assuming the following weighted average parameters, resulting in a weighted average fair value per option of Cdn $29.23 per option: 5 year expected life, 50 percent expected volatility, expected dividend rate of 0.3 percent annually and a risk free interest rate of 1.5 percent.

Performance share unit (PSU) plan
On February 21, 2012, the Board granted 36,580 PSUs to senior executives based on a 5 day Volume Weighted Average Price prior to the grant date of Cdn $64.17 and a 3 year vesting period from January 1, 2012 to December 31, 2014.

We used a Monte Carlo simulation model to calculate the compensation expense for the PSUs assuming no forfeitures, historical average volatilities and a risk free interest rate of 1.0 percent, resulting in December 31, 2012 fair values per PSU of Cdn $133.61 and Cdn $109.26, respectively, for the 2011 and 2012 awards.

We recognized the following share-based compensation expense in *general and administration* relating to all outstanding equity-based awards:

	three months ended December 31		**year ended December 31**	
	2012	2011	**2012**	2011
Stock option plan	**$1,068**	$1,383	**$5,090**	$3,688
Performance share unit plan	**2,592**	455	**3,038**	750
Long-term incentive plan (LTIP)	**1,121**	-	**7,880**	735
Deferred share unit plan	**327**	224	**1,119**	997
Share award plan	**50**	147	**196**	601
	$5,158	$2,209	**17,336**	$6,771

11. ***Accumulated other comprehensive loss***

Accumulated other comprehensive loss includes:

	December 31, 2012	December 31, 2011	December 31, 2010
Unrealized losses on gold forward sales contracts sales net of tax of $nil) (December 31, 2011 - $nil, December 31, 2010 - $2,350)	**$ -**	$ -	($5,481)
Unrealized gains (losses) on bonds and other securities (net of tax of $91) (December 31, 2011 - $91, December 31, 2010 - $76)	**421**	(534)	(438)
Currency translation adjustment	**(85,834)**	(159,010)	(173,408)
Accumulated other comprehensive loss	**($85,413)**	($159,544)	($179,327)

Currency translation adjustments

The table below is breakdown of our currency translation adjustments.

	December 31, 2012	December 31, 2011	December 31, 2010
Pyhäsalmi (euro functional currency)	**($18,981)**	($27,378)	($23,580)
Las Cruces (euro functional currency)	**(63,557)**	(103,071)	(90,456)
Çayeli (US dollar functional currency)	**(12,003)**	(15,068)	(20,243)
Cobre Panama (US dollar functional currency)	**8,707**	(13,493)	(28,757)
Ok Tedi (US dollar functional currency)	**-**	-	(10,372)
	($85,834)	($159,010)	($173,408)

12. *Sale of 20 percent interest in Cobre Panama*

On April 25, 2012, Korea Panama Mining Corporation (KPMC) completed its acquisition of a 20 percent interest in Minera Panama, owner and developer of Cobre Panama. KPMC acquired its interest for $161 million in cash, representing, together with US $30 million it already paid, its 20 percent share of development costs to that date. As we continued to control Minera Panama after the closing of this transaction, the sale was treated as a capital transaction with the $8 million difference between 20 percent of our book value of Cobre Panama and the consideration received recognized in retained earnings.

13. *Investment and other income*

	three months ended December 31		**year ended December 31**	
	2012	2011	**2012**	2011
Interest income	**$3,818**	$4,668	**$15,144**	$16,099
Foreign exchange gain (loss)	**(19,608)**	(8,327)	**6,270**	10,446
Dividend and royalty income	**759**	1,460	**2,988**	2,944
Other	**(1,248)**	(1,684)	**(196)**	259
	($16,279)	($3,883)	**$24,206**	$29,748

Foreign exchange gain (loss) is a result of:

	three months ended December 31		**year ended December 31**	
	2012	2011	**2012**	2011
Translation of US dollar cash held in euro based entities	**($14,771)**	$ -	**($15,998)**	$ -
Translation of US dollar cash held by Corporate prior to June 2012	**-**	5	**27,338**	(8,001)
Translation of US dollar senior unsecured notes prior to June 2012	**-**	-	**(16,884)**	-
Translation of US dollar bonds and other securities prior to June 2012	**-**	(8,321)	**4,330**	11,232
Translation of Cdn dollar cash held by Corporate subsequent to May 2012	**(357)**	-	**2,231**	-
Translation of Cdn dollar bonds and other securities subsequent to May 2012	**(2,067)**	-	**7,912**	-
Translation of other monetary assets and liabilities	**(2,413)**	(11)	**(2,659)**	7,215
	($19,608)	($8,327)	**$6,270**	$10,446

14. *Finance costs*

	three months ended December 31		year ended December 31	
	2012	2011	**2012**	2011
Interest on note payable	**$277**	$282	**$1,067**	$1,119
Accretion on note payable	**192**	176	**714**	670
Accretion on provisions and capital lease obligations	**2,163**	1,856	**8,289**	7,393
	$2,632	$2,314	**$10,070**	$9,182

15. *Income tax*

For the three months ended December 31, 2012:

	Corporate and other	**Çayeli (Turkey)**	**Las Cruces (Spain)**	**Pyhäsalmi (Finland)**	**Total**
Current income taxes	**$474**	**$5,838**	**($795)**	**$7,765**	**$13,282**
Deferred income taxes	**872**	**(1,855)**	**19,166**	**248**	**18,431**
Income tax expense	**$1,346**	**$3,983**	**$18,371**	**$8,013**	**$31,713**

For the three months ended December 31, 2011:

	Corporate and other	Çayeli (Turkey)	Las Cruces (Spain)	Pyhäsalmi (Finland)	Total
Current income taxes	($1,577)	$7,907	$81	$6,847	$13,258
Deferred income taxes	(85)	1,537	8,016	(235)	9,233
Income tax expense	($1,662)	$9,444	$8,097	$6,612	$22,491

For the year ended December 31, 2012:

	Corporate and other	**Çayeli (Turkey)**	**Las Cruces (Spain)**	**Pyhäsalmi (Finland)**	**Total**
Current income taxes	**$1,002**	**$33,536**	**$255**	**$23,942**	**$58,735**
Deferred income taxes	**933**	**(613)**	**72,240**	**9**	**72,569**
Income tax expense	**$1,935**	**$32,923**	**$72,495**	**$23,951**	**$131,304**

For the year ended December 31, 2011:

	Corporate and other	Çayeli (Turkey)	Las Cruces (Spain)	Pyhäsalmi (Finland)	Total
Current income taxes	($2,171)	$46,840	$606	$31,292	$76,567
Deferred income taxes	(203)	4,107	22,182	(582)	25,504
Income tax expense	($2,374)	$50,947	$22,788	$30,710	$102,071

16. *Net income per share*

(thousands)	three months ended December 31 **2012**	2011	year ended December 31 **2012**	2011
Income from continuing operations available to common shareholders	**$38,221**	$46,544	**$331,211**	$256,314
Income from discontinued operations available to common shareholders	**-**	-	**-**	80,786
Net income available to common shareholders	**$38,221**	$46,544	**$331,211**	$337,100

(thousands)	three months ended December 31 **2012**	2011	year ended December 31 **2012**	2011
Weighted average common shares outstanding	**69,366**	69,332	**69,362**	66,432
Plus incremental shares from assumed conversions:				
Deferred share units	**109**	122	**109**	122
Long term incentive plan units	**312**	-	**312**	18
Diluted weighted average common shares outstanding	**69,787**	69,454	**69,783**	66,572

The table below shows our earnings per common share for the three months ended December 31.

	three months ended December 31			
(US dollars per share)		**2012**		2011
	Basic	**Diluted**	Basic	Diluted
Net income from continuing operations per share	**$0.56**	**$0.56**	$0.67	$0.67
Income from discontinued operations per share	**-**	**-**	-	-
Net income per share	**$0.56**	**$0.56**	$0.67	$0.67

The table below shows our earnings per common share for the year ended December 31.

	year ended December 31			
(US dollars per share)		**2012**		2011
	Basic	**Diluted**	Basic	Diluted
Net income from continuing operations per share	**$4.78**	**$4.75**	$3,86	$3.85
Income from discontinued operations per share	**-**	**-**	1.22	1.21
Net income per share	**$4.78**	**$4.75**	$5.08	$5.06

17. *Statements of cash flows*

For the three months ended December 31, 2012:

	Corporate and other	**Çayeli (Turkey)**	**Las Cruces (Spain)**	**Pyhäsalmi (Finland)**	**Total**
Accounts receivable	**($1,241)**	**$39,020**	**($47,627)**	**($5,399)**	**($15,247)**
Inventories	**-**	**(4,956)**	**266**	**(79)**	**($4,769)**
Accounts payable and accrued liabilities	**7,301**	**14,281**	**2,623**	**233**	**24,438**
Taxes payable	**348**	**(2,059)**	**(1,842)**	**7,075**	**3,522**
Provisions	**(283)**	**-**	**1,607**	**-**	**1,324**
Other	**284**	**(14)**	**-**	**(2)**	**268**
	$6,409	**$46,272**	**($44,973)**	**$1,828**	**$9,536**

For the three months ended December 31, 2011:

	Corporate and other	Çayeli (Turkey)	Las Cruces (Spain)	Pyhäsalmi (Finland)	Total
Accounts receivable	$342	($17,642)	($6,758)	$6,314	($17,744)
Inventories	-	(3,009)	(4,984)	(1,286)	(9,279)
Accounts payable and accrued liabilities	2,253	816	(4,297)	1,486	258
Taxes payable	(1,146)	(6,593)	80	(7,856)	(15,515)
Provisions	(52)	-	-	-	(52)
Other	-	953	-	(256)	697
	$1,397	($25,475)	($15,959)	($1,598)	($41,635)

For the year ended December 31, 2012:

	Corporate and other	**Çayeli (Turkey)**	**Las Cruces (Spain)**	**Pyhäsalmi (Finland)**	**Total**
Accounts receivable	**($4,066)**	**$2,318**	**($56,492)**	**($801)**	**($59,041)**
Inventories	**-**	**1,296**	**(150)**	**441**	**1,587**
Accounts payable and accrued liabilities	**5,274**	**11,096**	**3,540**	**1,148**	**21,058**
Taxes payable	**2,206**	**(3,395)**	**(842)**	**4,161**	**2,130**
Provisions	**(283)**	**-**	**1,607**	**-**	**1,324**
Other	**-**	**(8)**	**-**	**(4)**	**(12)**
	$3,131	**$11,307**	**($52,337)**	**$4,945**	**($32,954)**

For the year ended December 31, 2011:

	Corporate and other	Çayeli (Turkey)	Las Cruces (Spain)	Pyhäsalmi (Finland)	Total
Accounts receivable	($180)	$12,895	($10,913)	$15,875	$17,677
Inventories	-	(1,121)	(7,713)	(1,328)	(10,162)
Accounts payable and accrued liabilities	1,142	7,615	8,535	(234)	17,058
Taxes payable	(4,887)	(803)	(86)	(14,234)	(20,010)
Provisions	(690)	-	-	-	(690)
Other	-	1,169	-	(256)	913
	($4,615)	$19,755	($10,177)	($177)	$4,786

18. *Commitments*

Capital commitments

As at December 31, 2012, Cobre Panama had committed $3.6 billion (net of spending to that date) on a 100 percent basis for the design and supply of coal-fired power plant, two SAG mills, four ball mills, and the related gearless drive, engineering and other construction activities.

Las Cruces committed $5 million for the upgrade of its safety infrastructure.

Sale of precious metal stream to Franco-Nevada Corporation (Franco-Nevada)

In August 2012, we announced the completion of a precious metals stream agreement with Franco-Nevada. Under the terms of the agreement, a wholly-owned subsidiary of Franco-Nevada will provide a $1 billion deposit which will be used to fund a portion of Cobre Panama project capital costs. The deposit will become available after Inmet's funding since issuing a Full Notice to Proceed reaches $1 billion and will be provided pro-rata on a 1:3 ratio with Inmet's subsequent funding contributions.

The amount of precious metals deliverable under the stream is indexed to the copper in concentrate produced from the entire project and approximates 86 percent of the payable precious metals attributable to Inmet's 80 percent ownership based on the current mine plan. Beyond the currently contemplated mine life, the precious metals deliverable under the stream will be based on a fixed percentage of the precious metals in concentrate.

Franco-Nevada will pay to MPSA an amount for each ounce of precious metals delivered equal to $400 per ounce for gold and $6 per ounce for silver (subject to an annual adjustment for inflation) for the first 1,341,000 ounces of gold and 21,510,000 ounces of silver (approximately the first 20 years of expected deliveries) and thereafter the greater of $400 per ounce for gold and $6 per ounce for silver (subject to an adjustment for inflation) or one half of the then prevailing market price. In all cases the amount paid is not to exceed the prevailing market price per ounce of gold and silver.

Çayeli tax audit

Our tax filings remain subject to examination by applicable tax authorities for a certain length of time following the tax year to which those filings relate. In 2012 Çayeli became the subject of an audit of its 2008 to 2011 taxation years. On February 4, 2013, Çayeli received an assessment from the Turkish tax authorities adjusting the amount of withholding taxes to be remitted on dividends paid by Çayeli to its direct shareholder. The shares of Çayeli are owned by an indirect wholly-owned Spanish subsidiary of Inmet. The Turkish tax authorities have taken the position that Inmet and not the Spanish subsidiary is the beneficial owner of the dividends. The Turkish tax authorities are therefore taking the position that the withholding tax on the dividends should be the 15 percent domestic rate and not the reduced rate of 5 percent under the Turkey-Spain tax treaty. The dividends paid during the period assessed total TL 628 million. The proposed tax liability is TL 63 million (US $35 million) plus interest and penalties. Our view is that the relevant facts and circumstances support the position that Çayeli fulfilled its tax remittance obligations and Çayeli intends to vigorously dispute the assessment.