lundin mining

SECOND QUARTER REPORT

June 30, 2009

lundin mining

Management's Discussion and Analysis
For the three and six months ended June 30, 2009

This management's discussion and analysis has been prepared as of August 5, 2009 and should be read in conjunction with the Company's interim consolidated financial statements for the three and six months ended June 30, 2009. Those financial statements are prepared in accordance with Canadian generally accepted accounting principles. The Company's reporting currency is United States dollars. Reference herein of $ is to United States dollars. Reference of C$ is to Canadian dollars, reference to SEK is to Swedish krona and € refers to the Euro.

Additional information relating to the Company, including the Company's Annual Information Form dated March 31, 2009 and subsequent press releases have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and are available online at www.sedar.com.

The Company's common shares are listed on the Toronto Stock Exchange and its Swedish Depository Receipts are listed on the OMX Nordic Exchange under the trading symbols "LUN" and "LUMI", respectively.

About Lundin Mining

Lundin Mining Corporation ("Lundin", "Lundin Mining" or the "Company") is a diversified base metals mining company with operations in Portugal, Spain, Sweden and Ireland, producing copper, zinc, lead and nickel. In addition, Lundin Mining holds a development project pipeline which includes expansion projects at its Zinkgruvan and Neves-Corvo mines along with its equity stake in the world class Tenke Fungurume copper/cobalt mine in the Democratic Republic of Congo. The Company also holds an extensive exploration portfolio and equity interests in other public mining and exploration companies.

Cautionary Statement on Forward-Looking Information

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act or "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 of the United States. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations and uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the Company's Annual Information Form and in each management discussion and analysis. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long- term prices of copper, lead, nickel and zinc; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment where the Company operates will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Table of Contents

Highlights

Operational and Financial Highlights

- Operations continued to deliver a consistently strong performance, with production ahead of internal targets. Total production is as follows:

  Production Summary[1]

(tonnes)	YTD-09	Q2-09	Q1-09	FY-08	Q4-08	Q3-08	Q2-08	Q1-08
Copper	**48,232**	**23,992**	24,240	**97,944**	25,093	24,433	23,478	24,940
Zinc	**66,239**	**31,962**	34,277	**151,157**	32,406	37,067	41,622	40,062
Lead	**25,348**	**12,478**	12,870	**44,799**	9,917	9,908	12,397	12,577
Nickel	**3,921**	**1,960**	1,961	**8,136**	2,179	2,155	1,954	1,848

- Sales for the quarter were $194.8 million, down 34% compared to sales of $294.1 million in the second quarter of 2008. Virtually all of the decrease in sales was price related with the balance being related to Storliden, which ceased operating in late-2008. While metal prices have recovered from the December 31, 2008 levels, they still remain significantly lower than the prices that prevailed during the second quarter of 2008 (see page 9 of this MD&A for discussion of realized metal prices).
- Operating earnings[2] decreased by $46.2 million from $137.2 million in the second quarter of 2008 to $91.0 million in 2009. Price and price adjustments account for a reduction in operating earnings of approximately $87.0 million. These reductions were partially offset by lower costs and more favourable exchange rates.
- Cash inflow from operations was $63.7 million, compared to a cash inflow of $118.3 million in the second quarter of 2008. The reduced inflow directly relates to lower operating earnings.
- Net income from continuing operations of $43.5 million ($0.08 per share) for the current quarter showed a strong rebound from a loss of $14.1 million ($0.03 per share) in the previous quarter, but was still significantly below income of $96.6 million ($0.25 per share) in the second quarter of 2008.
- Net debt[3] as at June 30, 2009 of $110.7 million was down from $259.5 million at the end of the previous quarter and compared to $145.5 million at December 31, 2008.
- In June, the new copper circuit at Neves-Corvo, designed to recover a proportion of copper and zinc lost to tailings, was commissioned on-time and below budgeted cost.
- Subsequent to the end of the quarter, the Company finalized a revised plan for the Aguablanca nickel mine based on a newly optimized pit design. Aguablanca is currently net cash flow positive and has run at a cash cost of $4.20 per pound of nickel, year to date. It is expected to remain cash flow positive over the life of mine at an average price of $4.50 per pound of nickel[4]. High initial strip ratios in the next 2.5 years (11.5:1) equate to an initial higher cost requiring an average price around $5.50 per pound[4] to achieve net cash flow break even over that period.
- The Galmoy mine achieved a well-controlled closure of mining operations while at the same time exceeding expectations by generating positive operating earnings and net cash flow.

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[1] All production, excluding Aljustrel.
[2] Operating earnings is a Non-GAAP measure defined as sales, less operating costs, accretion of Asset Retirement Obligations ("ARO") and other provisions, selling, general and administration costs and stock-based compensation. See page 26 of this MD&A for discussion of Non-GAAP measures.
[3] Net debt is a Non-GAAP measure defined as available unrestricted cash less financial debt, including capital leases and other debt related obligations. See page 26 of this MD&A for discussion of Non-GAAP measures.
[4] Based on a copper price of $2.30/lb and a €/$ of 1.40.

Corporate Highlights

- On July 6, 2009, the Company completed the restructuring of its credit facility. The revised terms incorporated in the Third Amending Agreement provide for a three year fully-revolving credit facility of US$225 million, and:

    - Interest at LIBOR plus 4.5% until March 2010 and from April 2010 at LIBOR plus 3.5% to 4.5% depending upon the leverage ratio at the Company; and

    - Financial covenants customarily required for a revolving–term facility, including minimum tangible net worth, interest coverage ratio and leverage ratio.

  The Third Amending Agreement removes the prohibitions on acquisitions and disposals that were imposed by the Second Amending Agreement and Waiver. Instead, it establishes that security will be extended to material assets acquired and specifies reductions in the facility if the Company's principal mining assets are disposed of in whole or in part.

- On May 11, 2009, the Company entered into an agreement with HudBay Minerals Inc. ("HudBay") consenting to the sale by HudBay of all of its shares in Lundin Mining. Pursuant to the agreement, Lundin Mining and HudBay have terminated all continuing rights and obligations under the previously announced termination agreement dated February 23, 2009 and agreed to a mutual release in respect of any and all claims connected with or arising from the subscription agreement.

- On April 27, 2009, the Company closed a bought-deal public offering for total gross proceeds of C$188.6 million ($155.8 million). The Company issued 92 million common shares of the Company at a price of C$2.05 per share.

- During April, the Company entered into multiple option collar arrangements to protect against near-term decreases in the price of copper. The contracts establish a weighted average floor price of $1.87 per pound and a weighted average maximum price cap of $2.39 per pound. The contracts, which come due over the next 12 months, are for approximately 40,000 tonnes of copper. No cash premiums were paid or received under the net zero cost structures. Monthly cash settlements will be made where necessary for the contracts.

  Subsequent to the quarter-end, the Company extended the copper price protection for a further three months by entering into additional collars for the months of May, June and July 2010. The contracts, for 3,000 tonnes of copper per month, establish a weighted average floor price of $1.89 per pound and a weighted average price cap of $2.89 per pound.

- Construction activities on the $1.8 billion Tenke project are substantially complete and the first copper cathode was produced in March 2009. During the quarter, Tenke produced approximately 16,000 tonnes of copper of which approximately 12,000 tonnes were sold. The cobalt plant is under-going commissioning and the first saleable cobalt hydroxide was produced in mid-May.

  Cash payments of $29.4 million were made during the quarter (total year to date - $29.4 million) to fund the Company's share of the Tenke Fungurume Project expenditures (Q2-2008 - $83.4 million). The Company's proportionate share of costs for Phase I development for the current quarter of $46.9 million was funded by Freeport McMoRan Copper and Gold Inc. ("FCX") under the Excess Over-run Costs facility ("EOC facility"). The Company's 2009 cash outlays are now expected to be around $60 million for Tenke activities.

Financial Position and Financing

The Company has completed the restructuring of its credit agreement, as noted under Corporate Highlights.

Net debt[1] at June 30, 2009 is $110.7 million, as compared to a net debt of $259.5 at March 31, 2009 and a net debt position of $145.5 million at December 31, 2008. The decrease in net debt of $148.8 million during the quarter was attributable to net proceeds of $148.8 million from the bought-deal equity financing in April 2009.

Cash inflow from operations was $68.5 million for the six months ended June 30, 2009 prior to accounting for payments of $68.1 million required to settle 2008 third and fourth quarter provisional sales. Net inflow after smelter payments was $0.4 million.

Cash on hand at June 30, 2009 is $148.1 million. Cash on hand at December 31, 2008 was $169.7 million.

Net debt[1] to equity at June 30, 2009 is 4%.

[1] Net debt is a Non-GAAP measure defined as available unrestricted cash less financial debt, including capital leases and other debt related obligations. See page 26 of this MD&A for discussion of Non-GAAP measures.

Outlook

Wholly owned operations continue to perform in-line with, or ahead of, internal expectations and production guidance has been lifted marginally to reflect this:

(contained tonnes)	Revised Outlook	Outlook at Q1-2009
Copper	**91,000**	90,000
Zinc	**100,000**	98,000
Lead	**40,000**	40,000
Nickel	**7,200**	6,800

Base metal prices rebounded strongly in the quarter in response to increased purchasing by China and an improving economic outlook.

The Company remains cautious in the short-term with a continued focus on tight expenditure controls. In the medium to longer term, supply constraints are expected to emerge with the potential for base metal prices to move significantly higher.

Updated cost[1] guidance for the year, dependent on exchange rates, is as follows:

- **Neves-Corvo**: around $1.05 per pound of copper;
- **Zinkgruvan**: around $0.30 per pound of zinc; and
- **Aguablanca**: around $4.80 per pound of nickel (cost is highly leveraged to metal price owing to the price participation formula in the smelter terms).

The zinc expansion project at Neves-Corvo designed to produce a minimum of 50,000 tonnes per annum of zinc from existing orebodies has been re-started. Production is expected to build up from early 2011 reaching full production rates during the third quarter 2011. The estimated cost of the project is €43 million of which €1.6 million has already been spent.

Capital expenditures for the year are expected to be around $160 million which includes: $60 million of sustaining capital; $40 million of new investment in existing operations (Zinkgruvan copper project; Neves-Corvo new copper circuit, paste project, zinc expansion and the pre-feasibility study for the Lombador zinc deposits) and $60 million for Tenke (covering pro rata working capital, exploration drilling, expansion studies, sustaining capital and other related costs). The $30 million increase in estimate from last quarter arises owing to: $10.0 million of additional payments estimated for Tenke as advised by Freeport; and $20 million of payments in related to spending/commitments in the prior year but for which amounts were paid in the current year.

All of the Company's operations are expected to be free cash flow positive.

[1] C1 cash costs, net of by-product credits

Selected Quarterly Financial Information

(USD millions, except per share amounts)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Sales	**194.8**	294.1	**318.2**	599.8
Operating earnings[1]	**91.0**	137.2	**129.2**	320.1
Depletion, depreciation & amortization	**(38.5)**	(55.0)	**(82.0)**	(107.9)
General exploration and project investigation	**(4.1)**	(8.6)	**(9.4)**	(18.7)
Interest and bank charges	**(4.4)**	(3.8)	**(8.4)**	(7.2)
Foreign exchange income (loss)	**13.4**	(2.3)	**6.2**	(8.5)
(Loss) gain on derivative contracts	**(9.2)**	3.7	**(9.2)**	2.5
Loss from equity investments	**(3.5)**	(0.2)	**(4.5)**	(0.3)
Other income and expenses	**0.8**	(1.5)	**3.0**	1.3
Earnings (loss) from before discontinued operations and income taxes	**45.5**	69.4	**24.9**	181.3
Income tax (expense) recovery	**(2.0)**	27.2	**4.4**	(3.4)
Net earnings after taxes before discontinued operations	**43.5**	96.6	**29.3**	177.9
Gain (loss) from discontinued operations	**-**	(205.0)	**5.6**	(207.5)
Net income (loss)	**43.5**	(108.4)	**34.9**	(29.6)
Shareholders' Equity			**2,845.0**	3,630.4
Cash flow from operations	**63.7**	118.3	**0.4**	121.8
Capital expenditures (excl. Investment in Tenke)	**28.4**	81.3	**62.0**	160.6
Net debt[2]			**110.7**	95.7

Key Financial Data	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Shareholders' equity per share[3]			**4.91**	9.30
Basic and diluted (loss) earnings per share	**0.08**	(0.28)	**0.07**	(0.08)
Basic and diluted (loss) earnings per share before discontinued operations	**0.08**	0.25	**0.06**	0.46
Dividends	**-**	-	**-**	-
Equity ratio[4]			**0.77**	0.73
Shares outstanding:				
Basic weighted average	**552,137,068**	390,413,431	**519,964,158**	390,617,238
Diluted weighted average	**552,170,964**	390,586,366	**519,971,178**	390,775,463
End of period			**579,433,771**	390,413,431

($ millions, except per share data)	Q2-09	Q1-09	Q4-08	Q3-08	Q2-08	Q1-08	Q4-07	Q3-07
Sales	**194.8**	123.4	43.5	191.9	294.1	305.7	253.1	292.8
Operating earnings	**91.0**	38.2	(65.8)	68.9	137.2	182.9	138.1	153.9
Impairment charges (after tax)[5]	**-**	-	(651.5)	(201.1)	(152.8)	-	(491.9)	-
Net earnings (loss)	**43.5**	(8.6)	(728.5)	(199.0)	(108.4)	78.8	(436.6)	76.6
Earnings (loss) per share, basic[6]	**0.08**	(0.02)	(1.77)	(0.51)	(0.28)	0.20	(1.11)	0.20
Earnings (loss) per share, diluted	**0.08**	(0.02)	(1.77)	(0.51)	(0.28)	0.20	(1.11)	0.20
Cash flow from operations	**63.7**	(63.3)	46.4	46.8	118.3	3.5	80.3	155.3
Capital expenditure (excl. Tenke)	**28.4**	33.6	59.8	54.1	81.3	79.3	65.3	47.0
Net debt[2]	**110.7**	259.5	145.5	194.8	95.7	104.2	(35.8)	(105.9)

[1] Operating earnings is a Non-GAAP measure defined as sales, less operating costs, accretion of asset retirement obligation ("ARO") and other provisions, selling, general and administration costs and stock-based compensation. See page 26 of this MD&A for discussion of Non-GAAP measures.

[2] Net debt is a Non-GAAP measure defined as available unrestricted cash less financial debt, including capital leases and other debt-related obligations. See page 26 of this MD&A for discussion of Non-GAAP measures.

[3] Shareholders' equity per share is a Non-GAAP measure defined as shareholders' equity divided by total number of shares outstanding at end of period. See page 26 of this MD&A for discussion of Non-GAAP measures.

[4] Equity ratio is a Non-GAAP measure defined as shareholders' equity divided by total assets at the end of period. See page 26 of this MD&A for discussion of Non-GAAP measures.

[5] Includes impairment from discontinued operations.

[6] The earnings (loss) per share are determined for each quarter. As a result of using different weighted average number of shares outstanding, the sum of the quarterly amounts may differ from the year-to-date amount.

Sales Overview

Sales Volumes by Payable Metal

	YTD 2009	Q2 2009	Q1 2009	Total 2008	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Copper (tonnes)								
Neves-Corvo	**42,385**	**22,277**	20,108	86,748	23,104	23,087	23,051	17,506
Storliden	**-**	**-**	-	1,783	-	255	872	656
Aguablanca	**3,361**	**1,798**	1,563	5,905	1,490	1,477	1,669	1,269
	45,746	**24,075**	21,671	94,436	24,594	24,819	25,592	19,431
Zinc (tonnes)								
Neves-Corvo	**-**	**-**	-	19,166	2,977	6,434	5,750	4,005
Zinkgruvan	**34,792**	**18,324**	16,468	55,985	11,399	14,279	13,475	16,832
Storliden	**-**	**-**	-	5,956	-	846	3,090	2,020
Galmoy	**24,554**	**13,283**	11,271	46,468	12,860	10,894	11,303	11,411
	59,346	**31,607**	27,739	127,575	27,236	32,453	33,618	34,268
Lead (tonnes)								
Zinkgruvan	**15,801**	**9,275**	6,526	31,626	7,549	8,025	9,406	6,646
Galmoy	**6,745**	**4,967**	1,778	11,793	3,282	2,488	3,026	2,997
	22,546	**14,242**	8,304	43,419	10,831	10,513	12,432	9,643
Nickel (tonnes)								
Aguablanca	**3,811**	**1,766**	2,045	7,210	1,935	1,822	1,850	1,603
	3,811	**1,766**	2,045	7,210	1,935	1,822	1,850	1,603

Sales volumes are generally in-line with 2008 after accounting for the closure of Storliden and suspension of zinc production at Neves-Corvo.

Virtually all of the decrease in sales revenue for the quarter was price related with the balance being related to Storliden which ceased operations in late-2008.

Sales are recorded using the metal price received for sales that settle during the reporting period. For sales that have not been settled, an estimate is used based on the month the sale is expected to settle and the forward price of the metal at the end of the reporting period. The difference between the estimate and the final price received is recognized by adjusting gross sales in the period in which the sale (finalization adjustment) is settled.

The finalization adjustment recorded for these sales depends on the actual price when the sale settles. Settlement dates typically are one to four months after shipment.

Sales	**Three months ended June 30**		
($ millions)	**2009**	2008	**Change**
Neves-Corvo	**103.8**	193.6	(89.8)
Zinkgruvan	**34.9**	34.1	0.8
Galmoy	**21.7**	19.5	2.2
Aguablanca	**34.4**	35.9	(1.5)
Storliden and other	**-**	11.0	(11.0)
	194.8	294.1	(99.3)

Sales	**Six months ended June 30**		
($ millions)	**2009**	2008	**Change**
Neves-Corvo	**177.2**	362.7	(185.5)
Zinkgruvan	**55.3**	82.7	(27.4)
Galmoy	**32.1**	46.3	(14.2)
Aguablanca	**53.6**	87.2	(33.6)
Storliden and other	**-**	20.9	(20.9)
	318.2	599.8	(281.6)

Effect of Sales Settlements and Adjustments

	Three months ended June 30, 2009			
Sales before TC/RC	**Copper**	**Zinc**	**Lead**	**Nickel**
($ millions)				
Sales invoiced at shipment date	107.2	44.8	21.6	23.0
Adjustments for provisionally priced sales settled during the quarter	17.0	4.1	0.9	9.1
Period end price adjustments for unfixed sales	(1.6)	-	1.4	6.0
Total sales	122.6	48.9	23.9	38.1

The average realized prices for the periods are as follows:

Reconciliation of realized prices

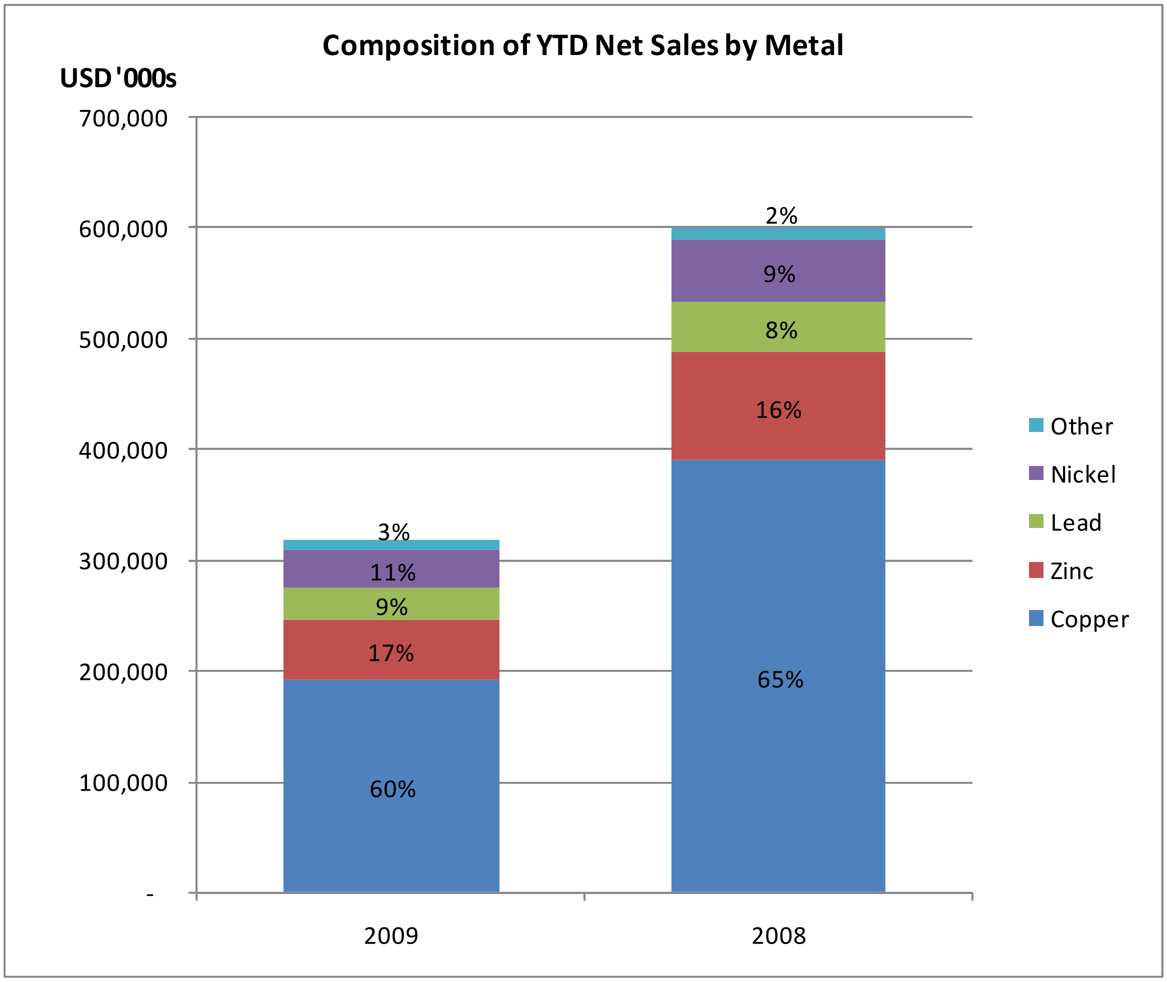
	Three months ended June 30, 2009			
	Copper	**Zinc**	**Lead**	**Nickel**
($ millions)				
Net sales	111.4	34.2	20.0	23.8
Add back: TC/RC	11.2	14.7	3.9	14.3
Sales before TC/RC	122.6	48.9	23.9	38.1
Payable metal (tonnes)	24,075	31,607	14,242	1,766
Realized prices, $ per pound	2.31	0.70	0.76	9.77*
Realized prices, $ per tonne	5,090	1,547	1,681	21,547

*The realized price for nickel in the three months ended June 2009 includes a $3.86 per pound positive price adjustment and is not the average price being received for the Company's nickel sales. This also affects TC/RCs paid in the quarter.

	Three months ended June 30, 2008			
	Copper	**Zinc**	**Lead**	**Nickel**
($ millions)				
Net sales	205.5	39.7	20.6	19.6
Add back: TC/RC	9.5	22.9	5.7	10.0
Sales before TC/RC	215.0	62.6	26.3	29.6
Payable metal (tonnes)	25,592	33,618	12,432	1,850
Realized prices, $ per pound	3.81	0.72	0.96	7.25
Realized prices, $ per tonne	8,402	1,593	2,112	15,992

Net Sales Value by Metal

For the current quarter, copper revenues of $111.4 million (Q2-08: $205.5 million) comprise the largest component of net metal sales. Zinc sales were $34.2 million (Q2-08: $39.7 million) and nickel sales are the third highest contributor to revenues at $23.8 million (Q2-08: $19.6 million). Lead sales were $20.0 million (Q2-08: $20.6 million) while other metals accounted for $5.4 million (Q2-08: $8.7 million).



Operating Results

Operating Costs

Cost of mining operations decreased $43.2 million to $93.5 million during the second quarter of 2009 from $136.7 million for the same period in 2008. The decrease comprised: cost reductions including reductions in contractor and material costs; the modified operating plan at Aguablanca; the progressive closure at Galmoy; and more favourable exchange rates[1].

Accretion of Asset Retirement Obligations and Other

Accretion of asset retirement obligation and provision for severance on mine closure totaled $1.1 million, compared to $2.8 million in the second quarter of 2008 due to the fact that Galmoy has ceased operations and therefore is no longer accreting for its asset retirement obligations. In the second quarter of 2008, Galmoy expensed $0.8 million. In addition, there was a reduction in the estimate of Somincor's asset retirement obligations at the end of 2008 and accordingly, its related accretion expense is lower in 2009.

Depreciation, Depletion and Amortization

	Three months ended			Six months ended		
Depreciation by operation (millions)	**2009**	2008	**Change**	**2009**	2008	**Change**
Neves-Corvo	**$ 23.8**	$ 24.5	$ (0.7)	**$ 57.0**	$ 46.8	$ 10.2
Zinkgruvan	**4.1**	5.1	(1.0)	**8.0**	10.5	(2.5)
Galmoy	**-**	7.0	(7.0)	**-**	14.0	(14.0)
Aguablanca	**10.5**	18.2	(7.7)	**16.6**	36.1	(19.5)
Other	**0.1**	0.2	(0.1)	**0.4**	0.5	(0.1)
	$ 38.5	$ 55.0	$(16.5)	**$ 82.0**	$107.9	$(25.9)

Reductions occurred at Galmoy and Aguablanca, which were both subject to significant write downs at December 31, 2008. Galmoy was written down to salvage value given negative cash flow projections at the time and in anticipation of closure in the first half of 2009.

General Exploration and Project Investigation Costs

General exploration and project investigation costs decreased to $4.1 million in the second quarter of 2009 from $8.6 million during the second quarter of 2008 following planned reductions in expenditure. The majority of exploration expenditure now relates to near-mine exploration at Neves-Corvo which is focused on expanding Neves-Corvo's copper resources.

[1] Average exchange rates during the quarters were: €/$: 1.36 (2008: 1.50) and $/SEK: 7.93 (2008: 5.99)

Other Costs

Other costs are as follows:

(millions)	Three months ended 2009	2008	Change	Six months ended 2009	2008	Change
Selling, general and administrative	**$ 7.8**	$ 15.5	$ (7.7)	**$ 12.4**	$ 26.6	$ (14.2)
Stock-based compensation	**1.3**	2.0	(0.7)	**3.2**	6.2	(3.0)
Interest expense and bank charges	**4.4**	3.8	0.6	**8.4**	7.2	1.2
Foreign exchange (gain) loss	**(13.4)**	2.3	(15.7)	**(6.2)**	8.5	(14.7)
Loss (gain) on derivative contracts	**9.2**	(3.7)	12.9	**9.2**	(2.5)	11.7
Other income and expenses	**(0.8)**	1.5	(2.3)	**(3.0)**	(1.4)	(1.6)
Loss from equity investments	**3.5**	0.2	3.3	**4.5**	0.3	4.2
	$ 12.0	$ 21.6	$ (9.6)	**$ 28.5**	$ 44.9	$ (16.4)

Selling, General and Administration

The decrease is attributable to non-recurring reorganization costs in 2008 and a general reduction in costs, including reductions in personnel.

Stock-Based Compensation

Stock based compensation costs reduced as a result of a decrease in the fair value of options vesting. In late-2008, the Company adopted a new structured methodology for awarding share option grants which involved developing a rolling cycle of grant levels, coupled with a graded 3-year vesting period. During the current period, there were 1.2 million options granted under this new graded vesting plan.

Foreign Exchange Gain

The Company has outstanding US dollar denominated debt which is recorded in Canadian dollars and Swedish krona. During the current quarter, these currencies strengthened against the US dollar, thereby resulting in foreign exchange gains.

Loss (Gain) on Derivative Contracts

The loss on derivative contracts during 2009 reflects the negative mark-to-market position on the Company's copper collars. The copper collars are discussed on page 4 under Corporate Highlights. During the second quarter of 2008, the Company recorded a net gain on silver, zinc and lead metal sales contracts as well as electricity forward contracts. Those contracts were closed out during 2008.

Current and Future Income Taxes

Current Tax Expense (Recovery) (millions)	Three months ended June 30 2009	2008	Change	Six months ended June 30 2009	2008	Change
Neves-Corvo	**$ 11.3**	$ 30.1	$ (18.8)	**$ 14.0**	$ 47.1	$ (33.1)
Zinkgruvan	**3.5**	3.7	(0.2)	**4.8**	11.2	(6.4)
Galmoy	**0.2**	0.3	(0.1)	**0.4**	0.6	(0.2)
Other	**(0.4)**	(8.7)	8.3	**(0.3)**	(3.3)	3.0
	$ 14.6	$ 25.4	$(10.8)	**$ 18.9**	$ 55.6	$ (36.7)

The decrease in current income tax expense is a reflection of lower earnings. Income from continuing operations before taxes decreased by $23.9 million from income of $69.4 million in the second quarter of 2008 to $45.5 million in the current quarter.

Future Tax (Recovery) Expense	**Three months ended June 30**			**Six months ended June 30**		
(millions)	**2009**	2008	**Change**	**2009**	**2008**	**Change**
Neves-Corvo	**$ (5.8)**	$ (45.1)	$ 39.3	**$ (11.8)**	$ (46.0)	$ 34.2
Zinkgruvan	**(0.3)**	(0.5)	0.2	**(0.6)**	(1.1)	0.5
Galmoy	**-**	(1.4)	1.4	**-**	(1.0)	1.0
Aguablanca	**(3.6)**	(5.5)	1.9	**(4.7)**	(4.3)	(0.4)
Other	**(2.9)**	(0.1)	(2.8)	**(6.2)**	0.2	(6.4)
	$ (12.6)	$ (52.6)	$ 40.0	**$ (23.3)**	$ (52.2)	$ 28.9

The corporate tax rates in the countries where the Company has mining operations range from 25% in Ireland to 30% in Spain. In 2009, the Company has paid $1.3 million in income taxes, all in Sweden.

Gains and Losses from Discontinued Operations

On February 5, 2009, the Company disposed of its wholly-owned subsidiary, Pirites Alentejanas SA , which owned the Aljustrel mine.

Mining Operations

Production Overview

	YTD 2009	**Q2 2009**	Q1 2009	Total 2008	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Copper (tonnes)								
Neves-Corvo	**44,556**	**22,189**	22,367	89,026	23,297	22,291	20,726	22,712
Storliden	**-**	**-**	-	1,847	-	264	903	680
Aguablanca	**3,676**	**1,803**	1,873	7,071	1,796	1,878	1,849	1,548
	48,232	**23,992**	24,240	97,944	25,093	24,433	23,478	24,940
Zinc (tonnes)								
Neves-Corvo	**-**	**-**	-	22,567	2,598	6,758	7,419	5,792
Zinkgruvan	**37,931**	**17,896**	20,035	65,631	15,036	15,844	16,552	18,199
Storliden	**-**	**-**	-	7,007	-	995	3,635	2,377
Galmoy	**28,308**	**14,066**	14,242	55,952	14,772	13,470	14,016	13,694
	66,239	**31,962**	34,277	151,157	32,406	37,067	41,622	40,062
Lead (tonnes)								
Zinkgruvan	**18,633**	**8,972**	9,661	33,075	7,291	7,043	9,959	8,782
Galmoy	**6,715**	**3,506**	3,209	11,724	2,626	2,865	2,438	3,795
	25,348	**12,478**	12,870	44,799	9,917	9,908	12,397	12,577
Nickel (tonnes)								
Aguablanca	**3,921**	**1,960**	1,961	8,136	2,179	2,155	1,954	1,848
	3,921	**1,960**	1,961	8,136	2,179	2,155	1,954	1,848

Production from continuing operations is ahead of the corresponding prior quarter.

Neves-Corvo Mine

Neves-Corvo is an operating underground mine, 100 km north of Faro, Portugal, in the western part of the Iberian Pyrite Belt. The mine access is provided by one vertical 5 metre diameter shaft, hoisting ore from the 700 metre level, and a ramp from the surface. The mine has been a significant producer of copper since 1989. The copper plant has treated in excess of 2.0 million tonnes per annum since upgrading in 2007. In 2006, the Company commenced treating zinc ores.

The mining and processing of zinc-rich ores was suspended in November 2008 pending an improvement in zinc prices. The zinc facility continued to treat copper ore.

Production Statistics

	YTD 2009	**Q2 2009**	Q1 2009	Total 2008	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Ore mined, copper (tonnes)	**1,256,556**	**620,155**	636,401	2,395,516	674,207	573,766	577,980	569,563
Ore mined, zinc (tonnes)	**-**	**-**	-	407,046	34,509	106,488	138,728	127,321
Ore milled, copper (tonnes)	**1,294,362**	**622,822**	671,480	2,409,966	675,599	550,182	588,875	595,310
Ore milled , zinc (tonnes)	**-**	**-**	-	398,985	42,864	114,556	126,669	114,896
Grade per tonne								
Copper (%)	**4.1**	**4.3**	3.9	4.3	4.0	4.7	4.1	4.4
Zinc (%)	**-**	**-**	-	7.3	7.7	7.6	7.5	6.6
Recovery								
Copper (%)	**85**	**84**	86	86	87	85	85	87
Zinc (%)	**-**	**-**	-	78	78	78	79	77
Concentrate grade								
Copper (%)	**24.9**	**25.0**	24.8	24.3	24.4	24.5	24.4	23.8
Zinc (%)	**-**	**-**	-	49.2	48.9	49.0	49.7	48.8
Production- tonnes (metal contained)								
Copper	**44,556**	**22,189**	22,367	89,026	23,297	22,291	20,726	22,712
Zinc	**-**	**-**	-	22,567	2,598	6,758	7,419	5,792
Silver (oz)	**364,602**	**168,072**	196,530	926,740	232,252	233,077	218,674	242,737
Sales ($000s)	**177,230**	**103,818**	73,412	497,936	15,501	119,698	193,575	169,162
Operating earnings ($000s)[1]	**89,868**	**54,645**	35,223	291,829	(20,228)	62,639	125,880	123,538
Cash cost (€ per pound)	**0.79**	**0.80**	0.78	0.73	0.79	0.72	0.74	0.67
Cash cost ($ per pound) [2]	**1.06**	**1.10**	1.01	1.07	1.05	1.06	1.15	1.02

Operating Earnings[1]

Operating earnings of $54.6 million for the second quarter of 2009 were $71.2 million (57%) below those of the same period in 2008. The decrease was attributable to price and price adjustments of approximately $76 million. Improved costs ($4.0 million) and favourable exchange rates ($7.1 million) offset the drop in sales volume stemming from the suspension of zinc production.

Production

Copper ore mined and processed increased as a result of additional resources being directed to copper production following the suspension of zinc mining late last year. Measures aimed at curtailing out-of-reserve mining will continue to sustain head grades during the balance of the year.

[1] Operating earnings is a Non-GAAP measure defined as sales, less operating costs, accretion of ARO and other provisions, selling, general and administration costs and stock-based compensation. See page 26 of this MD&A for discussion of Non-GAAP measures.
[2] Cash cost per pound of payable copper sold is the sum of direct cash costs and inventory changes less by-product credits. See Non-GAAP Performance Measures on page 26 of this MD&A.

Cash Costs

Cash costs per pound of copper have decreased $0.05 compared to the same quarter in 2008. A reduction in by-product credits ($0.22/lb) was more than offset by cost improvements ($0.12/lb) and more favourable exchange rates ($0.13/lb).

RC Circuit Project

In June, the new copper circuit at Neves-Corvo, designed to recover a proportion of copper and zinc lost to tailings, was commissioned on time and below budgeted cost (spend of € 9.4 vs budget of € 11.0). Copper concentrates are being recovered from the circuit at the planned rate while the zinc concentrates are to be stored for blending once the mainstream zinc operations recommence and zinc concentrate sales are reactivated. The new circuit will add 9,500 tonnes of payable copper, 29,000 tonnes of payable zinc and 370,000 ounces of payable silver to the mine's production over the next ten years.

Assuming that there are recoveries only of copper, the internal rate of return on the project is 50% and the payback is 2.5 years

Zinkgruvan Mine

The Zinkgruvan mine is located approximately 250 km south-west of Stockholm, Sweden. Zinkgruvan has been producing zinc, lead and silver on a continuous basis since 1857. The operation consists of an underground mine and processing facility with associated infrastructure and a present nominal production capacity of 1 million tonnes of ore throughput. The mine has three shafts with current mining focused on the Burkland and Nygruvan ore bodies.

Production Statistics

	YTD 2009	**Q2 2009**	Q1 2009	Total 2008	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Ore mined (tonnes)	**514,724**	**252,971**	261,753	900,387	250,638	193,953	212,156	243,640
Ore milled (tonnes)	**534,298**	**276,747**	257,551	895,024	226,167	204,096	237,114	227,647
Grade per tonne								
Zinc (%)	**7.7**	**7.0**	8.3	7.9	7.2	8.3	7.5	8.5
Lead (%)	**4.1**	**3.8**	4.4	4.3	3.8	4.0	4.8	4.5
Recovery								
Zinc (%)	**93**	**92**	93	93	93	94	93	94
Lead (%)	**85**	**85**	86	86	84	87	88	86
Concentrate grade								
Zinc (%)	**52.7**	**53.0**	52.4	53.2	53.5	53.4	53.0	53.0
Lead (%)	**75.1**	**74.9**	75.3	76.7	77.2	76.3	76.2	77.2
Production - tonnes (metal contained)								
Zinc	**37,931**	**17,896**	20,035	65,631	15,036	15,844	16,552	18,199
Lead	**18,633**	**8,972**	9,661	33,075	7,291	7,043	9,959	8,782
Silver (oz)	**941,488**	**480,077**	461,371	1,694,566	373,769	370,932	534,193	415,672
Sales ($000s)	**55,314**	**34,925**	20,389	123,508	11,064	29,745	34,066	48,633
Operating earnings ($000s)[1]	**26,150**	**17,841**	8,309	57,237	(2,137)	11,437	14,806	33,131
Cash cost (SEK per pound)	**2.30**	**2.05**	2.58	2.02	3.06	2.27	2.03	1.09
Cash cost ($ per pound)[2]	**0.28**	**0.26**	0.31	0.30	0.40	0.35	0.33	0.18

Operating Earnings[1]

Operating earnings of $17.8 million for the second quarter of 2009 were $3.0 million (or 20%) above those of the same period in 2008. Improvements in cost and the weaker krona more than offset the estimated $5.9 million decrease related to price and price adjustments.

Production

Record mill throughput continued. Head grades fell owing to an increase in dilution attributable to localized faulting in the hanging walls of 2 stopes in the Burkland area. These accounted for 25% of the quarter's ore mined. Although the dilution material carried low grade zinc, no lead values were present. In addition, low lead grade ore from an area of Nygruvan, was processed during this quarter. Lower head grades negatively affected recoveries.

Cash Costs

Cash costs per pound of zinc have decreased $0.07 compared to the same quarter in 2008. A reduction in by-product credits ($0.28/lb) was more than offset by reduced TC/RCs ($0.16/lb), cost improvements ($0.09/lb) and more favourable exchange rates ($0.13/lb).

Copper Project

The Copper Project continues to be within budget and is on track for first copper production in 2010.

[1] Operating earnings is a Non-GAAP measure defined as sales, less operating costs, accretion of ARO and other provisions, selling, general and administration costs and stock-based compensation. See page 26 of this MD&A for discussion of Non-GAAP measures.

[2] Cash cost per pound of payable zinc sold is the sum of direct cash costs and inventory changes less by-product credits. See Non-GAAP Performance Measures on page 26 of this MD&A.

Aguablanca Mine

The Aguablanca nickel-copper mine is located in the province of Badajoz, 80 km by road to Seville, Spain, and 140 km from a major seaport at Huelva. The operations consist of an open pit mine and an on-site processing facility (milling and flotation) with a present nominal production capacity of 1.8 m tonnes per annum.

Production Statistics

	YTD 2009	**Q2 2009**	Q1 2009	Total 2008	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Ore mined (tonnes)	**706,601**	**389,364**	317,237	1,794,089	480,663	461,477	444,720	407,229
Ore milled (tonnes)	**971,026**	**486,931**	484,095	1,825,212	492,681	475,893	451,265	405,373
Grade per tonne								
Nickel (%)	**0.5**	**0.5**	0.5	0.6	0.6	0.6	0.5	0.6
Copper (%)	**0.4**	**0.5**	0.4	0.4	0.4	0.4	0.4	0.4
Recovery								
Nickel (%)	**77**	**77**	78	80	79	81	80	81
Copper (%)	**90**	**91**	89	93	94	93	93	92
Concentrate grade								
Nickel (%)	**6.5**	**6.6**	6.3	7.0	7.1	7.0	6.9	7.0
Copper (%)	**6.1**	**6.1**	6.1	6.1	5.9	6.1	6.5	5.9
Production-tonnes (metal contained)								
Nickel	**3,921**	**1,960**	1,961	8,136	2,179	2,155	1,954	1,848
Copper	**3,676**	**1,803**	1,873	7,071	1,796	1,878	1,849	1,548
Sales ($000s)	**53,609**	**34,376**	19,233	120,280	8,917	24,194	35,864	51,305
Operating earnings ($000s)[1]	**19,251**	**18,468**	783	22,231	(13,927)	4,737	2,887	28,534
Cash cost (€ per pound)	**3.14**	**3.57**	2.77	3.76	3.86	3.28	3.23	4.80
Cash cost ($ per pound)[2]	**4.20**	**4.89**	3.62	5.50	5.07	4.94	5.01	7.24

Operating Earnings[1]

Operating earnings of $18.5 million for the second quarter of 2009 were $15.6 million higher than the same period in 2008 as a result of reduced operating costs of around $12.0 million following implementation of curtailed open pit production, and positive foreign exchange effects of $3.6 million.

Production

Nickel and copper production remained similar to last year. Mill throughput was above last year while mined tonnage was lower than in previous quarters, as partially oxidized surface ore stockpiles were blended with ROM production. The use of oxidized ore resulted in reduced recovery.

Cash Costs

Cash costs per pound of nickel have decreased $0.12 compared to the same quarter in 2008. A reduction in by-product credits ($1.29/lb) and higher TC/RCs ($1.19), related to the large price adjustments in the quarter, were more than offset by cost improvements ($2.03/lb) and more favourable exchange rates ($0.58/lb).

Review of Operating Plans

Subsequent to the end of the quarter, the Company finalized a revised operating plan based on a newly optimized pit design. Aguablanca is free cash flow positive and is expected to remain so, over the life of mine, at a price of $4.50 per pound of nickel (based on a copper price of $2.30/lb). The Company will continue to assess options to further improve this result by utilizing ore from underground mining. Mining activities will return to normal levels during the third quarter after several months of reduced mining rates.

[1] Operating earnings is a Non-GAAP measure defined as sales, less operating costs, accretion of ARO and other provisions, selling, general and administration costs and stock-based compensation. See page 26 of this MD&A for discussion of Non-GAAP measures.

[2] Cash cost per pound of payable nickel sold is the sum of direct cash costs and inventory changes less by-product credits. During 2008, the numbers reported for cash cost per pound included royalties. In 2009, the Company amended the calculation to remove royalties, as defined in the Brook Hunt model, which is consistent with the method used in the Company's other operations.

Galmoy Mine

The Galmoy underground zinc mine is located in south-central Ireland in County Kilkenny and is approximately 30 km to the northwest of the city of Kilkenny. The Company announced in January 2009 that the mine will cease production during 2009.

During the quarter, the Company continued to wind down the operation in accordance with plan.

Production Statistics

	YTD 2009	**Q2 2009**	Q1 2009	Total 2008	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Ore mined (tonnes)	**172,903**	**68,673**	104,230	494,860	115,746	131,114	119,590	128,410
Ore milled (tonnes)	**190,871**	**85,533**	105,338	496,953	122,394	112,776	131,768	130,015
Grade per tonne								
Zinc (%)	**18.1**	**19.8**	16.8	13.5	14.5	14.1	12.8	12.9
Lead (%)	**5.2**	**5.5**	4.9	3.5	3.3	3.8	2.9	4.1
Recovery								
Zinc (%)	**82**	**83**	81	83	83	85	83	82
Lead (%)	**68**	**74**	63	67	65	67	64	71
Concentrate grade								
Zinc (%)	**52.3**	**53.0**	51.5	52.5	52.4	51.8	53.4	52.3
Lead (%)	**68.0**	**70.3**	65.7	65.2	66.3	65.8	65.7	63.7
Production- tonnes (metal contained)								
Zinc	**28,308**	**14,066**	14,242	55,952	14,772	13,470	14,016	13,694
Lead	**6,715**	**3,506**	3,209	11,724	2,626	2,865	2,438	3,795
Silver	**56,044**	**24,596**	31,448	134,120	20,546	27,124	27,344	59,106
Sales ($000s)	**32,053**	**21,707**	10,346	69,831	7,938	15,549	19,539	26,805
Operating earnings ($000s)[1]	**10,100**	**9,406**	694	(7,218)	(20,347)	1,570	2,005	9,554
Cash cost (€ per pound)	**0.34**	**0.26**	0.43	0.48	0.52	0.44	0.49	0.45
Cash cost ($ per pound)[2]	**0.45**	**0.35**	0.56	0.70	0.69	0.66	0.76	0.69

Operating Earnings[1]

Operating earnings during the quarter of $9.4 million are $7.4 million higher than the same period in 2008. Higher sales volumes and a significant reduction in costs resulted from selective mining of high grade areas, combined with a well-managed closure programme, and these more than offset an estimated negative $5 million related to lower price and price adjustments.

Production

While total ore mined and milled were significantly less than the second quarter of 2008, metal production exceeded the second quarter of the previous year owing to higher head grades being mined and processed.

Cash Costs

The cash cost per pound of payable zinc sold decreased significantly. Overall lower operating costs and improved head grades were the primary factors for this change.

Closure Costs

The mine closure at Galmoy is progressing as planned and restricted cash on hand has been assessed to be sufficient to meet these obligations. Galmoy is expected to be cash neutral for the year.

[1] Operating earnings is a Non-GAAP measure defined as sales, less operating costs, accretion of ARO and other provisions, selling, general and administration costs and stock-based compensation. See page 26 of this MD&A for discussion of Non-GAAP measures.

[2] Cash cost per pound of payable zinc sold is the sum of direct costs and inventory changes less by-product credits. See Non-GAAP Performance Measures.

Project Highlights

Tenke Fungurume Copper/Cobalt Project (Lundin 24.75%, FCX 57.75%, Gécamines 17.5%)

Lundin Mining holds an effective 24.75% equity interest (30% funding obligation) in the Tenke Fungurume copper and cobalt mining concessions in the Katanga province of the Democratic Republic of Congo (DRC). Freeport McMoRan Copper and Gold Inc. ("FCX") is the operator of the mine. Construction activities on the $1.8 billion project are substantially complete and the first copper cathode was produced in March 2009. The cobalt plant is currently being commissioned. First saleable cobalt hydroxide was produced in mid-May.

FCX expects to ramp up to full annual capacity of 115,000 tonnes of copper cathode and approximately 9,000 tonnes of cobalt in the second half of 2009. During the quarter, Tenke produced approximately 16,000 tonnes of copper of which approximately 12,000 tonnes were sold. FCX expects copper sales to be approximately 45,000 tonnes for the full year.

The high grades of copper and cobalt within the numerous Tenke Fungurume concession deposits, combined with the latest in copper/cobalt mining and processing technologies, are expected to result in the mining operations being one of the world's lowest cost copper producers with significant upside from cobalt credits. It is forecast that each $2.00 per pound change in the average price of cobalt could impact unit net cash costs by $0.12 per pound of copper.

Drilling activities, new deposit modeling and metallurgical testing to evaluate the potential of the highly prospective district at Tenke Fungurume advanced during the quarter and concession ore reserves are expected to increase significantly over time. These analyses are being incorporated in future plans to evaluate opportunities for expansion.

During the second quarter of 2009, the Company made $29.4 million cash contributions (total year to date - $29.4 million) to the Tenke Fungurume Project for working capital, Phase II expansion related drilling and studies and sustaining capital (equipment replacement). FCX continue to fund the Company's proportionate share of remaining Phase I construction completion costs under an excess overrun cost ("EOC") facility. The Company is protected from cost overruns on the initial Phase I project capital cost, whereby FCX is required to fund certain excess cost overruns through the EOC facility which is structured as loans to the project. The loans are non-recourse to Lundin and will be repaid to FCX by preferential sweeps from first available net operating cash flows of the project. The total amount of the EOC facility as at June 30, 2009 is $195.2 million.

Company funding of Tenke during 2009 is estimated to be in the range of $60 million including Lundin Mining's share of working and sustaining capital, Phase II exploration, on-going expansion studies and its pro-rata portion of the next stage of asset purchase transfer payments to Gécamines. Working capital re-estimates recently advised by Freeport are greater than originally projected due to protracted completion of the acid and SO_2 plants and related commissioning of final components of the cobalt processing facility and revised estimates of work in progress and metal sales payment terms.

Project exploration continues and the Company released an updated resource estimate in compliance with *NI 43-101 Standards of Disclosure for Mineral Projects*("NI 43-101") (see news release dated March 30, 2009).

FCX and the Company are continuing to work cooperatively with the DRC government to resolve the ongoing contract review. The Company believes its contract is fair and equitable, complies with Congolese law and is enforceable without modifications. The review process has not affected the development schedule or current operations. FCX, as operator, has the lead role in the discussions with the government.

Neves-Corvo – Lombador Copper/Zinc and Neves Zinc Expansion Projects

A scoping study on the exploitation of Lombador was commissioned in July 2008 and completed in April 2009. This study concluded that the Lombador orebodies were economic and a pre-feasibility study has now commenced. This pre-feasibility project seeks to further develop and enhance the proposed life of business plan for the Lombador project with the aim of reducing operating and capital cost requirements via applicable bulk mining methods and increasing metal recovery.

During the quarter additional funding was committed for underground ramp and ventilation drift development to enable access to the upper levels of Lombador copper and zinc ores.

Zinkgruvan Copper Project

Development on the ramp from surface is ahead of plan. The new underground crusher was commissioned in April and is processing zinc ores which has allowed the zinc crusher to be fully overhauled with no loss of production. Design, procurement and construction progressed on the surface copper concentrator facilities. The project is on schedule and remains on budget. Copper ore production from the new copper circuit is scheduled in the first half of 2010.

Exploration Highlights

Portugal

Neves-Corvo Mine Exploration (Copper, Zinc)

Drilling focused on discovering new copper mineralization within Lombador East, the Neves-Lombador 'bridge' area and a large, unexplored area in the middle of the Lombador sulphide lens (Lombador Mid). Copper mineralization was intersected in all areas with assays pending for several holes.

Hole NK26, drilled in the Lombador Mid area, intersected a 32 metre section (1,226 to 1,258 metres depth) grading 4.5% copper, including a 22 metre section of 5.9% copper. This is a significant new discovery in an area of the Lombador massive sulphide deposit that has very few drill holes, and is open along strike in both directions and down-dip.

Hole NF26D-1, in the Lombador East copper zone, intersected a 15.5 metre section (1,000 to 1,015.5 metres depth) grading 3.1% copper, including a 5 metre interval of 7.0% copper. Underground development is underway in order to provide access to explore and expand this zone from underground.

Exploration drilling will continue in the third quarter focusing primarily on copper targets in the Lombador Mid and North areas. Disclosures of a scientific or technical nature in this MD&A in respect of Neves-Corvo exploration results were prepared by Bob Carmichael, Group Manager, Resource Exploration, who is the "Qualified Person" as defined in NI 43-101.

Iberian Pyrite Belt Regional Exploration (Copper, Zinc)

Regional exploration focused on optimizing and accelerating target development work. Advanced discussions were carried out with potential JV partners that are being considered for this regional exploration program.

Spain

Salave Project, northern Spain (Gold)

The Company is assessing options for the divestment of this 1.6 million ounce gold project.

Ossa Morena Regional Exploration Properties, southern Spain (Nickel, Copper, Gold)

Discussions are on-going with several companies interested in acquiring an interest in this property portfolio that offers sulphide nickel and iron-oxide copper gold potential. Evaluations by these companies began in late second quarter with anticipated offers to be received during the next quarter.

Ireland

Clare JV Project (Zinc, Lead, Silver)

Exploration activity in Ireland was restricted to the Clare JV property in south-western Ireland which is subject to a joint venture option agreement with Belmore Resources. By end of June, the Company exceeded its firm initial commitment of €0.7 million in expenditures. Drilling to date indicates potential in the Kilbricken area for a large, high-grade zinc-lead-silver sulphide deposit. Accordingly, the Company intends to continue its earn-in and four drill rigs will continue throughout the third quarter.

Sweden

Sweden Regional Exploration Properties (Zinc, Lead, Silver; Copper, Gold; Iron)

Proposals are being considered towards partnering/divesting of zinc-lead-silver, copper-zinc, copper-gold and iron property/data portfolios in the Bergslagen, Skellefte and Norrbotten districts.

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

During the second quarter of 2009, the average prices for copper, lead, zinc and nickel increased by 36%, 30%, 26% and 24%, respectively, compared to the first quarter of 2009. The inventory levels of lead, zinc and nickel on the London Metal Exchange ("LME") all increased during the second quarter 2009 compared to the first quarter 2009. At the end of the second quarter 2009, the LME stocks of lead were 89,725 tonnes (Q1-09: 62,025 tonnes) zinc 353,575 tonnes (Q1-09: 345,700 tonnes) and nickel 109,242 tonnes (Q1-09: 106,698 tonnes). The LME stocks for copper on the LME fell substantially over the second quarter 2009 and ended the quarter at 265,950 tonnes (Q1-09: 499,625 tonnes).

		Three months ended June 30			**Six months ended June 30**		
(Average LME Prices)		**2009**	2008	Change	**2009**	2008	Change
Copper	US$/pound	**2.12**	3.83	-45%	**1.84**	3.68	-50%
	US$/tonne	**4,676**	8,448	-45%	**4,057**	8,108	-50%
Lead	US$/pound	**0.68**	1.05	-35%	**0.60**	1.18	-49%
	US$/tonne	**1,506**	2,316	-35%	**1,330**	2,601	-49%
Zinc	US$/pound	**0.67**	0.96	-30%	**0.60**	1.03	-42%
	US$/tonne	**1,476**	2,115	-30%	**1,322**	2,269	-42%
Nickel	US$/pound	**5.89**	11.67	-50%	**5.31**	12.38	-57%
	US$/tonne	**12,992**	25,730	-50%	**11,705**	27,284	-57%

The spot treatment charge for copper concentrates continued to decrease during the second quarter 2009. During the quarter, the average spot treatment charge was $29 per dmt (Q1-09: $60) with a refining charge of $0.029 per payable pound of copper contained (Q1-09: $0.06). During June, the treatment and refining charges dropped substantially and reached $25 per dmt (TC) and $0.025 per payable pound of copper contained (RC). The main reason for the drop in the TC and RC is increased spot activity in China but also the Indian smelters have been active buyers during the second quarter. The negotiations of terms for the mid-year contracts started in May and are ongoing. So far, no settlement of terms has been reached between the miners and the smelters. The Company has no mid-year contracts to negotiate.

During the quarter the spot market in China for zinc concentrates remained active. However, the increase of the LME (London Metal Exchange) price for zinc and the narrowing arbitrage between the zinc price on the LME and on the SHFE (Shanghai Future Exchange) has put an upward pressure on spot TCs in China. Spot treatment charges in China ended the quarter at $120 per dmt on a delivered basis compared to $97 at the end of the first quarter 2009.

During the second quarter 2009 the spot market for lead concentrates in China has continued to be tight. Spot treatment charges in China ended the quarter at $25 per dmt compared to $48 per dmt at the end of the first quarter 2009.

The Company's nickel concentrates are sold under multi-year contracts at fixed terms.

Liquidity and Financial Condition

Cash Reserves

Net debt as at June 30, 2009 of $110.7 million was down from $259.5 million at the end of the previous quarter and compared to $145.5 million at December 31, 2008. The Company defines net debt to be available unrestricted cash less financial debt, including capital leases and other debt-related obligations.

Cash and cash equivalents decreased by $21.6 million to $148.1 million as at June 30, 2009 from $169.7 million at December 31, 2008. There was net cash outflow of $21.6 million for the six months ended June 30, 2009. Net proceeds of $148.8 million from the bought deal financing in April 2009 and operating cash inflow of $0.4 million (after $68.1 million of cash outflows related to the settlement of sales for which provisional payments had been previously received), were offset by the following outlays of cash:

- $62.0 million in investment in mineral property, plant and equipment;
- $29.4 million for Tenke funding;
- $21.0 million incurred on the disposal of Aljustrel, pursuant to terms of the purchase and sale agreement; and
- $55.7 million for debt repayment.

As at December 31, 2008, the Company was not in compliance with the tangible net worth covenant under its $575 million revolving line of credit facility. However, pursuant to the terms of the Second Amending Agreement and Waiver ('Second Amending Agreement'), dated March 6, 2009, this requirement was waived by the banking syndicate until July 6, 2009. The total outstanding on the facility at June 30, 2009 is $220.6 million (including a letter of credit of $10.4 million).

On July 6, 2009, the Company completed the restructuring of its credit facility by establishing a three year fully revolving credit facility for US$225 million, the terms of which include:

- Interest at LIBOR plus 4.5% until March 2010 and from April 2010 at LIBOR plus 3.5% to 4.5% depending upon the leverage ratio at the Company; and
- Financial covenants customarily required for a revolving–term facility, including minimum tangible net work, interest coverage ratio and leverage ratio.

The Third Amending Agreement removes the prohibitions on acquisitions and disposals that were imposed by the Second Amending Agreement and Waiver. Instead, it establishes that security will be extended to material assets acquired and specifies that reductions in the facility if the Company's principal mining assets are disposed or in whole or in part.

Working Capital

At June 30, 2009, there is working capital of $130.8 million, compared to a deficiency of $215.3 million at December 31, 2008. The improvement in working capital results from: the successful restructuring of the credit facility and the related re-classification of the $210.2 million obligation under the facility to long-term liability; the reduction in accounts payable and accrued liabilities since the prior year end; and an increase in receivables values which were very low at year end owing to low metal prices. The receipt of proceeds from the equity financing, as discussed above, increased cash and aided the reduction in current liabilities.

Deferred Revenues

The Company has agreements with Silver Wheaton Minerals in respect of Zinkgruvan and Neves-Corvo, to sell all future silver production at a price of $3.90/oz or the market price if it is less than $3.90/oz. The agreement for Neves-Corvo production is periodically adjusted for inflation. The up-front payments received have been deferred and are realized on the statement of operations when the actual deliveries of silver occur.

Shareholders' Equity

Shareholders' equity was $2.8 billion at June 30, 2009, compared to $2.6 billion at December 31, 2009. Share capital was increased by the proceeds of the equity issuance of $148.8 million. Differences that result from the translation of the Company's Iberian and Swedish net assets into US dollars will result in increases and decreases to the Company's translated net assets, depending on the strength of the US dollar when compared to the Euro or SEK. These variances related to translation are recorded in Other Comprehensive Income. Translation differences resulted in an increase in other comprehensive income of $34.6 million for the six month period ended June 30, 2009.

Off-Balance Sheet Financing Arrangements

During the quarter, an additional $46.9 million was contributed to the Tenke Fungurume Project under the EOC facility (see details on page 19 of this MD&A), bringing the total advanced under the facility to $195.2 million as at June 30, 2009.

Outstanding receivables (provisionally valued) as of June 30, 2009

Metal	Tonnes payable	Valued at $ price per tonne	Valued at $ price per lb
Copper	11,001	4,961	2.25
Zinc	33,069	1,528	0.69
Lead	17,303	1,574	0.71
Nickel	2,289	14,875	6.75

The Company agreed the final settlement price of the second quarter nickel shipment (1,491 tonnes) with the customer at $14,600 per tonne ($6.62/lb).

Changes in Accounting Policies

International Financial Reporting Standards ("IFRS")

In 2008, the Company undertook an IFRS diagnostic study with a view to assessing the impact of the transition to IFRS on the Company's accounting policies and to establish a project plan to implement IFRS. A number of key accounting areas where IFRS differs from current accounting policies and accounting alternatives in those and other key accounting areas were reviewed. The IFRS diagnostic study also identified key system and business process areas that will be addressed as part of the conversion project.

The Company has a preliminary project plan which marks key milestones and deliverables which will enable the Company to track its progress. The project team has been appointed and has received in-depth training during the quarter.

In the next phase, the Company will perform detailed assessments and technical analysis that will result in the understanding of potential impacts, aid decisions on accounting policy choices and assist in the drafting of accounting policies. In addition, this will result in identifying resource and training requirements, processes for preparing financial statements, establishing IT system requirements and preparing detailed transition plans. The Company has commenced its review and assessment of IFRS standards, and has preliminarily identified those which it believes will have the most material impact on the Company, including IFRS 1 elections.

The Company continues to monitor standards development as issued by the International Accounting Standards Board and the Canadian Institute of Chartered Accountants Accounting Standards Board, as well as regulatory developments as issued by the Canadian Securities Administrators, which may affect the timing, nature or disclosure of the Company's adoption of IFRS.

New Accounting Standards

Effective January 1, 2009 the Company has adopted the following CICA accounting standards:

EIC-173 – Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued an Emerging Issues Committee ("EIC") Abstract on Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, EIC-173. This EIC discusses how an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. Adoption of this standard did not have any material effect on the financial statements.

EIC-174 – Mining Exploration Costs

In March 2009, the CICA issued EIC-174 on Mining Exploration Costs. This EIC provides guidance on the accounting and the impairment review of mining exploration costs. Adoption of this standard did not have any material effect on the financial statements.

Critical Accounting Estimates

The application of certain accounting policies requires the Company to make estimates based on assumptions that may be undertaken at the time the accounting estimate is made. The Company's accounting policies are described in Note 3 of the annual consolidated financial statements for the year ended December 31, 2008. For a complete discussion of accounting estimates deemed most critical by the Company, refer to the Company's 2008 annual MD&A dated February 25, 2009.

Managing Risks

Risks and Uncertainties

The operations of Lundin Mining involve certain significant risks, including but not limited to credit risk, foreign exchange risk and derivative risk. For a complete discussion of the risks, refer to the Company's 2008 Annual Information Form, available on the SEDAR website, www.sedar.com.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility, with numerous financial institutions having either gone into bankruptcy or having to be rescued by government authorities. Access to financing has been negatively impacted by both sub-prime mortgages in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market. As such, the Company is subject to counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to: (i) through the Company's lenders; (ii) through financial institutions that hold the Company's cash, and (iii) through the Company's insurance providers.

The Company is also exposed to liquidity risks in meeting its operating and capital expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted.

Backfill and Long-Term Mine Stability of the Galmoy Mine

The Irish Authorities that will endorse the final closure plan for Galmoy mine are expected to accept recommendations made by recognised rock mechanics consultants on the final backfill requirements. However, should the Authorities fail to reach a consensus view on the quantity of backfill to be placed underground, Galmoy may be obliged to place larger volumes at a considerable cost.

Outstanding Share Data

As at August 5, 2009, the Company had 579,438,771 common shares issued and outstanding, and 9,510,526 stock options and 306,720 stock appreciation rights outstanding under its stock-based incentive plans.

Non-GAAP Performance Measures

The Company uses certain performance measures in its analysis. These performance measures have no meaning within Canadian Generally Accepted Accounting Principles ("GAAP") and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP. The following are Non-GAAP measures that the Company uses as key performance indicators.

- Operating earnings

  "Operating earnings" is a performance measure used by the Company to assess the contribution by mining operations to the Company's net earnings or loss. Operating earnings is defined as sales, less operating costs, accretion of ARO and other provisions, selling, general and administration costs and stock-based compensation. The operating earnings are shown on the statement of operations as "Income from continuing operations before undernoted".

- Cash cost per pound

  Zinc, copper and nickel cash costs per pound are key performance measures that management uses to monitor performance. Management uses these statistics to assess how well the Company's producing mines are performing compared to plan and to assess overall efficiency and effectiveness of the mining operations.

  Lundin provides cash cost information as it is a key performance indicator required by users of the Company's financial information in order to assess the Company's profit potential and performance relative to its peers. The cash cost figure represents the total of all cash costs directly attributable to the related mining operations after the deduction of credits in respect of by-product sales. Cash cost is not a GAAP measure and, although it is calculated according to accepted industry practice, the Company's disclosed cash costs may not be directly comparable to other base metal producers. By-product credits, are an important factor in determining the cash costs. The cost per pound experienced by the Company will be positively affected by rising prices for by-products and adversely affected when prices for these metals are falling.

Cash costs can be reconciled to the Company's operating costs as follows:

Reconciliation of unit cash costs of payable copper, zinc and nickel metal sold to the consolidated statements of operations

	Quarter ended June 30, 2009				Quarter ended June 30, 2008			
	Total Tonnes Sold	**Pounds (000s)**	**Cost $/lb**	**Cash Operating Costs (000s)**	**Total Tonnes Sold**	**Pounds (000s)**	**Cost $/lb**	**Cash Operating Costs (000s)**
Operation								
Neves Corvo (cu)	22,277	49,112	1.10	54,023	23,051	50,819	1.15	58,442
Zinkgruvan (zn)	18,324	40,397	0.26	10,503	13,475	29,707	0.33	9,803
Aguablanca (ni)	1,766	3,893	4.89	19,037	1,850	4,079	5.01	20,436
Galmoy (zn)	13,283	29,284	0.35	10,249	11,303	24,919	0.76	18,938
Storliden (zn)	-	-	-	-	3,090	6,812	(0.06)	(409)
				93,812				107,211
Add: By-product credits				34,180				55,118
Treatment costs				(39,588)				(36,840)
Royalties and other				5,092				11,165
Total Operating Costs				**93,496**				**136,654**

	Six months ended June 30, 2009				Six months ended June 30, 2008			
	Total Tonnes Sold	**Pounds (000s)**	**Cost $/lb**	**Cash Operating Costs (000s)**	**Total Tonnes Sold**	**Pounds (000s)**	**Cost $/lb**	**Cash Operating Costs (000s)**
Operation								
Neves Corvo (cu)	42,385	93,442	1.06	99,049	40,557	89,413	1.09	97,460
Zinkgruvan (zn)	34,792	76,702	0.28	21,477	30,307	66,815	0.25	16,704
Aguablanca (ni)	3,811	8,402	4.20	35,288	3,453	7,613	6.28	47,810
Galmoy (zn)	24,554	54,132	0.45	24,359	22,714	50,076	0.73	36,555
Storliden (zn)	-	-	-	-	5,110	11,266	(0.08)	(901)
				180,173				197,628
Add: By-product credits				55,041				112,517
Treatment costs				(71,376)				(85,833)
Royalties and other				6,421				17,330
Total Operating Costs				**170,259**				**241,642**

Management's Report on Internal Controls

Management's Report on Disclosure Controls and Procedures

Management of the Company, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of internal control over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the three months ended June 30, 2009.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles ("GAAP"). Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting during the three months ended June 30, 2009 that have materially affected, or is reasonably likely to materially affect, the internal control over financial reporting.

LUNDIN MINING CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited - in thousands of US dollars)

		June 30, 2009		December 31, 2008
ASSETS				
Current				
Cash and cash equivalents	**$**	**148,098**	$	169,698
Accounts receivable		**108,375**		74,411
Inventories (Note 3)		**35,191**		40,081
Prepaid expenses		**5,920**		8,052
		297,584		292,242
Reclamation funds		**62,889**		58,385
Mineral properties, plant and equipment (Note 4)		**1,340,385**		1,351,584
Investments and other assets (Note 5)		**1,683,975**		1,643,730
Future income tax assets		**60,068**		52,102
Goodwill		**246,266**		242,519
Assets of discontinued operations (Note 10)		**-**		63,940
	$	**3,691,167**	$	3,704,502
LIABILITIES				
Current				
Accounts payable	**$**	**51,721**	$	151,087
Accrued liabilities		**47,283**		44,353
Income taxes payable		**14,235**		1,648
Current portion of long-term debt and capital leases (Note 6)		**40,752**		306,973
Derivative contracts (Note 9)		**9,269**		-
Current portion of deferred revenue (Note 7)		**3,543**		3,465
		166,803		507,526
Long-term debt and capital leases (Note 6)		**218,072**		8,243
Other long-term liabilities		**19,380**		16,252
Deferred revenue (Note 7)		**74,514**		75,665
Provision for pension obligations		**14,883**		14,359
Asset retirement obligations and other provisions (Note 8)		**99,879**		109,530
Future income tax liabilities		**252,689**		262,650
Liabilities of discontinued operations (Note 10)		**-**		106,553
		846,220		1,100,778
SHAREHOLDERS' EQUITY				
Share capital (Note 11)		**3,480,132**		3,331,309
Contributed surplus		**27,841**		24,758
Accumulated other comprehensive income		**236,480**		182,074
Deficit		**(899,506)**		(934,417)
		2,844,947		2,603,724
	$	**3,691,167**	$	3,704,502

Subsequent events (Note 9 and 14)

See accompanying notes to interim consolidated financial statements

APPROVED BY THE BOARD

(Signed) Lukas H. Lundin
Lukas H. Lundin, Director

(Signed) Dale C. Peniuk
Dale C. Peniuk, Director

LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited - in thousands of US dollars, except for share and per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	**2009**	2008
Sales	**$ 194,826**	$ 294,084	**$ 318,206**	$ 599,816
Operating costs	**(93,496)**	(136,654)	**(170,259)**	(241,642)
Accretion of asset retirement obligations and other provisions (Note 8)	**(1,147)**	(2,802)	**(3,121)**	(5,249)
Selling, general and administration	**(7,830)**	(15,497)	**(12,421)**	(26,618)
Stock-based compensation (Note 11)	**(1,327)**	(1,950)	**(3,180)**	(6,185)
Income before undernoted	**91,026**	137,181	**129,225**	320,122
Depreciation, depletion and amortization	**(38,545)**	(55,026)	**(82,028)**	(107,933)
General exploration and project investigation	**(4,126)**	(8,632)	**(9,387)**	(18,718)
Interest expense and bank charges	**(4,377)**	(3,839)	**(8,371)**	(7,238)
Foreign exchange gain (loss)	**13,392**	(2,347)	**6,189**	(8,548)
(Loss) gain on derivative contracts (Note 9)	**(9,192)**	3,719	**(9,192)**	2,509
Loss from equity investments	**(3,459)**	(156)	**(4,458)**	(267)
Other income and expenses	**799**	(1,474)	**2,962**	1,363
Income from continuing operations before income taxes	**45,518**	69,426	**24,940**	181,290
Current income tax expense	**(14,620)**	(25,382)	**(18,908)**	(55,611)
Future income tax recovery	**12,570**	52,581	**23,306**	52,237
Income from continuing operations for the year	**43,468**	96,625	**29,338**	177,916
Gain (loss) from discontinued operations, net of income taxes (Note 10)	**-**	(205,043)	**5,573**	(207,517)
Net income (loss)	**$ 43,468**	$ (108,418)	**$ 34,911**	$ (29,601)
Basic and diluted income (loss) per share from				
Continuing operations	**$ 0.08**	$ 0.25	**$ 0.06**	$ 0.46
Discontinued operations	**$ -**	$ (0.53)	**$ 0.01**	$ (0.53)
Basic and diluted income (loss) per share	**$ 0.08**	$ (0.28)	**$ 0.07**	$ (0.08)
Weighted average number of shares outstanding				
Basic	**552,137,068**	390,413,431	**519,964,158**	390,617,238
Diluted	**552,170,964**	390,586,366	**519,971,178**	390,775,463

See accompanying notes to interim consolidated financial statements

LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited - in thousands of US dollars)

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Net income (loss) for the period	**$ 43,468**	$ (108,418)	**$ 34,911**	$ (29,601)
Other comprehensive income (loss)				
Change in fair value of Available For Sale ("AFS") securities, net of taxes	**11,985**	(6,490)	**19,759**	(34,967)
Recognized loss on AFS securities disposed in the period, net of taxes	**-**	(287)	**-**	(263)
Cumulative foreign currency translation adjustment	**58,994**	(6,210)	**34,647**	161,422
	70,979	(12,987)	**54,406**	126,192
Comprehensive income (loss)	**$ 114,447**	$ (121,405)	**$ 89,317**	$ 96,591

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ended June 30, 2009
(Unaudited - in thousands of US dollars, except share amounts)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2008	487,433,771	$ 3,331,309	$ 24,758	$ 182,074	$ (934,417)	$ 2,603,724
Stock-based compensation	-	-	1,853	-	-	1,853
Changes in fair value of AFS securities	-	-	-	7,774	-	7,774
Net loss for the period	-	-	-	-	(8,557)	(8,557)
Effects of foreign currency translation	-	-	-	(24,347)	-	(24,347)
Balance, March 31, 2009	487,433,771	$ 3,331,309	$ 26,611	$ 165,501	$ (942,974)	$ 2,580,447
Issuance of common shares, net of costs (Note 11)	92,000,000	148,823	-	-	-	148,823
Stock-based compensation	-	-	1,230	-	-	1,230
Changes in fair value of AFS securities	-	-	-	11,985	-	11,985
Net income for the period	-	-	-	-	43,468	43,468
Effects of foreign currency translation	-	-	-	58,994	-	58,994
Balance, June 30, 2009	579,433,771	$ 3,480,132	$ 27,841	$ 236,480	$ (899,506)	$ 2,844,947

See accompanying notes to interim consolidated financial statements

LUNDIN MINING CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - in thousands of US dollars)

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	**2009**	2008
Cash provided by (used in)				
Operating activities				
Net income (loss)	**$ 43,468**	$ (108,418)	**$ 34,911**	$ (29,601)
Items not involving cash				
Depreciation, depletion and amortization	**38,545**	55,026	**82,028**	107,933
Recognition of deferred revenue	**(1,945)**	(1,887)	**(2,608)**	(3,506)
Stock-based compensation	**1,327**	1,950	**3,180**	6,185
Accretion of asset retirement obligations	**1,927**	1,639	**3,121**	3,195
Provision for pension obligations	**45**	1,163	**177**	2,054
Unrealized foreign exchange (gain) loss	**(15,729)**	(1,863)	**(10,717)**	2,491
Unrealized (gain) loss on derivative contracts	**9,192**	(11,485)	**9,192**	(12,863)
Gain on disposition of Aljustrel (Note 10)	**-**	-	**(5,573)**	-
Future income tax (recovery) expense	**(12,570)**	1,606	**(23,306)**	1,950
Loss from equity investments	**3,459**	156	**4,458**	267
Asset impairment charges	**-**	152,795	**-**	152,795
Other	**(2,731)**	2,379	**(623)**	2,072
Payments for mine closure and restoration	**(8,528)**	(1,250)	**(9,133)**	(1,363)
Other cash receipts (payments)	**387**	(695)	**387**	(695)
Changes in non-cash working capital items	**6,811**	27,163	**(85,122)**	(109,155)
	63,658	118,279	**372**	121,759
Financing activities				
Proceeds from loans	**-**	103,787	**-**	199,658
Debt and capital lease payments	**(52,467)**	(70,290)	**(55,729)**	(71,568)
Common shares issued	**148,823**	-	**148,823**	546
Common share buyback	**-**	-	**-**	(17,974)
Other	**2,304**	-	**2,272**	-
	98,660	33,497	**95,366**	110,662
Investing activities				
Mineral property, plant and equipment	**(28,391)**	(81,330)	**(61,997)**	(160,645)
Cash outlay on disposal of Aljustrel (Note 10)	**-**	-	**(20,979)**	-
Investments in Tenke Fungurume	**(29,400)**	(83,400)	**(29,400)**	(125,400)
Investments in AFS securities	**-**	-	**-**	(4,675)
Proceeds from sale of AFS securities	**-**	48,904	**-**	48,904
Other	**155**	(1,054)	**(295)**	(537)
	(57,636)	(116,880)	**(112,671)**	(242,353)
Effect of foreign exchange on cash balances	**(7,929)**	2,542	**(4,667)**	6,769
Increase (decrease) in cash and cash equivalents during period	**96,753**	37,438	**(21,600)**	(3,163)
Cash and cash equivalents, beginning of period	**51,345**	92,606	**169,698**	133,207
Cash and cash equivalents, end of period	**$ 148,098**	$ 130,044	**$ 148,098**	$ 130,044

Supplemental cash flow information (Note 13)

See accompanying notes to interim consolidated financial statements

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

1. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements of Lundin Mining Corporation (the "Company" or "Lundin Mining") are prepared in accordance with Canadian generally accepted accounting principles using the same accounting policies and methods of application as those disclosed in Note 3 to the Company's consolidated financial statements for the year ended December 31, 2008, except as described in note 2 below.

These interim consolidated financial statements do not contain all of the information required by Canadian generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the Company's 2008 audited consolidated financial statements.

These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for fair presentation of the respective interim periods presented.

Certain comparative figures have been reclassified to conform to the current period's presentation.

2. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

New Accounting Standards
Effective January 1, 2009 the Company has adopted the following CICA accounting standards:

EIC-173 – Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued an Emerging Issues Committee ("EIC") Abstract on Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, EIC-173. This EIC discusses how an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. Adoption of this standard did not have any material effect on the financial statements.

EIC-174 – Mining Exploration Costs

In March 2009, the CICA issued EIC-174 on Mining Exploration Costs. This EIC provides guidance on the accounting and the impairment review of mining exploration costs. Adoption of this standard did not have any material effect on the financial statements.

3. INVENTORIES

Inventories comprise the following:

		June 30, 2009		December 31, 2008
Ore stock piles	**$**	**4,876**	$	7,337
Concentrate stock piles		**4,021**		6,546
Materials and supplies		**26,294**		26,198
	$	**35,191**	$	40,081

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

4. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Mineral properties, plant and equipment consist of:

	June 30, 2009		
	Cost	Accumulated depreciation, depletion and amortization	**Net book value**
Exploration properties	$ 106,028	$ -	**$ 106,028**
Mineral properties	1,388,749	498,919	**889,830**
Plant and equipment	411,464	156,663	**254,801**
Development properties	89,726	-	**89,726**
	$ 1,995,967	$ 655,582	**$ 1,340,385**

	December 31, 2008		
	Cost	Accumulated depreciation, depletion and amortization	Net book value
Exploration properties	$ 104,411	$ -	$ 104,411
Mineral properties	1,356,513	438,868	917,645
Plant and equipment	406,248	134,925	271,323
Development properties	58,205	-	58,205
	$ 1,925,377	$ 573,793	$ 1,351,584

5. INVESTMENTS AND OTHER ASSETS

Investments include the following:

	June 30, 2009	December 31, 2008
AFS securities (a)	**$ 29,297**	$ 13,953
Equity investments (b)	**1,601,995**	1,577,044
Other assets	**52,683**	52,733
	$ 1,683,975	$ 1,643,730

(a) AFS securities

Investments in AFS securities consist of marketable securities with a fair value of $29.3 million at June 30, 2009 (December 31, 2008 – $14.0 million). These investments consist of shares in publicly traded mining and exploration companies.

The Company does not exercise significant influence over any of the companies in which investments in available-for-sale securities are held, which in all cases, amounts to less than a 20% equity interest in any one company.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

(b) Equity investments

The Company accounts for the following investments on the equity basis:

		June 30, 2009		December 31, 2008
Tenke Holdings Ltd. (i)	**$**	**1,601,856**	$	1,576,743
Sanu Resources Ltd.		**139**		301
	$	**1,601,995**	$	1,577,044

(i) Tenke Holdings Ltd. (Lundin 24.75%; FCX 57.75%; Gecamines 17.5%)

		June 30, 2009		December 31, 2008
Balance, beginning of period	**$**	**1,576,743**	$	1,314,814
Advances		**29,400**		264,100
Share of equity loss		**(4,287)**		(2,171)
Balance, end of period	**$**	**1,601,856**	$	1,576,743

During the quarter ended June 30, 2009, the Company made cash advances of $29.4 million to fund its portion of the Tenke project expenditures (three month period ended June 30, 2008 - $83.4 million). The Company has an off-balance sheet financing arrangement whereby Freeport McMoRan Copper & Gold Inc. ("FCX"), the operator, is responsible for funding Lundin's share of Phase I project development costs that are in excess of agreed budgets. The amounts are funded through loans directly from FCX to the project and are non-recourse to the Company.

During the quarter, $46.9 million was advanced by FCX to the project to fund Lundin's share of the excess Phase I project development costs (on a cumulative basis, $195.2 million). These amounts will be repaid to FCX on a priority basis from future operating cash flows of the Tenke Fungurume project.

6. LONG-TERM DEBT AND CAPITAL LEASES

		June 30, 2009		December 31, 2008
Revolving credit facility (Note 14)	**$**	**210,200**	$	266,652
Somincor bonds due in December 2009		**38,162**		38,692
Capital lease obligations		**4,359**		4,715
Rio Narcea debt		**6,103**		5,157
		258,824		315,216
Less: current portion due within one year		**40,752**		306,973
	$	**218,072**	$	8,243

At December 31, 2008 the Company was not in compliance with a debt covenant. As such, the facility was classified as current. At June 30, 2009 the facility is classified as long-term, reflecting the conclusion of a Third Amending Agreement (Note 14).

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

7. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue balance:

		June 30, 2009		December 31, 2008
Balance, beginning of period	$	**79,130**	$	98,341
Amortization on delivery of silver in concentrate		**(2,608)**		(6,796)
Effect of changes in foreign exchange rates		**1,535**		(12,415)
		78,057		79,130
Less: estimated current portion		**3,543**		3,465
Balance, end of period	$	**74,514**	$	75,665

8. ASSET RETIREMENT OBLIGATIONS AND OTHER PROVISIONS

The asset retirement obligations and other provisions relating to the operations are as follows:

		Site restoration		Employee severance due on mine closure		Total
Balance, beginning of period	$	78,816	$	30,714	$	109,530
Accretion		2,224		-		2,224
Accruals for services		-		897		897
Change of estimate		(5,731)		-		(5,731)
Effect of changes in foreign exchange rates		1,357		735		2,092
Payments		(761)		(8,372)		(9,133)
Balance, end of period	$	75,905	$	23,974	$	99,879

9. DERIVATIVE CONTRACTS

In April 2009, the Company entered into multiple option collar arrangements which set a weighted average floor price of $1.87 per pound and a weighted average maximum price of $2.39 per pound for 39,905 tonnes of copper.

No cash premiums were paid or received under the net zero cost structure.

As at June 30, 2009, the Company has outstanding contractual obligations for 33,073 tonnes of copper which expire between July 2009 and April 2010. The fair value of the contracts as at June 30, 2009 is a liability of $9.3 million. This amount has been charged to income during the quarter.

Subsequent to the end of the quarter, the Company extended the copper price protection to May, June and July of 2010, entering into contracts for 3,000 tonnes of copper per month with a weighted average floor price of $1.89 per pound and a weighted average maximum price of $2.89 per pound.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

10. DISCONTINUED OPERATIONS

On February 5, 2009, the Company completed the sale of its wholly-owned subsidiary Pirites Alentejanas SA ("PASA"). The assets, liabilities and results of operations of PASA have been separately reported as discontinued operations in the consolidated balance sheets and statements of operations.

Upon the disposition of the shares of PASA, the Company paid $21.0 million to satisfy the terms of the sales agreement.

The results of the discontinued operations for the period ended June 30 were as follows:

	Three months ended June 30,		**Six months ended June 30,**	
	2009	2008	**2009**	2008
General exploration and project investigation	**$ -**	$ (1,326)	**$ -**	$ (1,326)
Interest and bank charges	**-**	(24)	**-**	(41)
Foreign exchange loss	**-**	(44)	**-**	(67)
Loss on forward sales contracts	**-**	2,892	**-**	491
Impairment of property and equipment	**-**	(152,796)	**-**	(152,796)
Gain on disposition	**-**	-	**5,573**	-
Other income and expenses	**-**	441	**-**	408
Deferred tax expense	**-**	(54,186)	**-**	(54,186)
Gain (loss) from discontinued operations	**$ -**	$ (205,043)	**$ 5,573**	$ (207,517)

The following table details the assets and liabilities related to the discontinued operations:

	June 30, 2009	December 31, 2008
Cash and cash equivalents	**$ -**	$ 594
Accounts receivable	**-**	4,405
Inventories	**-**	3,439
Prepaid expenses	**-**	345
Mineral properties, plant and equipment	**-**	55,157
Assets of discontinued operations	**$ -**	$ 63,940
Accounts payable and accrued liabilities	**-**	10,514
Accrued liabilities	**-**	15,126
Current portion of long term debt and capital leases	**-**	262
Deferred revenue	**-**	55,157
Asset retirement obligation and other provisions	**-**	25,494
Liabilities of discontinued operations	**$ -**	$ 106,553

11. SHAREHOLDERS' EQUITY

(a) Share capital

On April 27, 2009, the Company issued 92 million common shares at a price of Cdn$2.05 per share by way of a short form prospectus offering for aggregate gross proceeds to the Company of $155.8 million (CAD $188.6 million). Net proceeds were $148.8 million.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

(b) Stock based compensation

During the three months ended June 30, 2009, the Company granted 1.2 million incentive stock options to employees at a weighted average price of CAD $2.67 per share. The options expire on December 31, 2011.

The Company uses the Black Scholes model to estimate the fair value for all stock-based compensation to employees, directors and officers. During the second quarter of 2009, the fair value of all new stock option grants was $1.5 million (2008 - $0.6 million). The fair value at the date of the grant of the stock options assumes a risk-free interest rate of 0.8%, no dividend yield, expected life of 1.8 years and an expected volatility of 95%.

During the second quarter of 2009, the Company recorded a stock compensation expense of $1.3 million (for the quarter ended June 30, 2008 - $1.9 million) with a corresponding credit to contributed surplus.

The unrecognized stock compensation expense for unvested options at June 30, 2009 was $4.8 million (June 30, 2008 - $17.6 million).

The continuity of incentive stock options issued and outstanding is as follows:

	Number of Options	Weighted average exercise price (CAD$)	
Outstanding, December 31, 2008	11,092,020	$	8.01
Issued during the period	1,219,166		2.60
Cancelled/forfeited during the period	(1,868,556)		7.48
Expired during the period	(732,660)		12.03
Outstanding, June 30, 2009	9,709,970	$	7.16

The Company also recorded a stock appreciation right expense of $0.1 million in the second quarter of 2009 (for the quarter ended June 30, 2008 – recovery of $0.5 million)

12. SEGMENTED INFORMATION

The Company is engaged in mining, exploration and development of mineral properties, primarily in Portugal, Spain, Sweden, Ireland and the Democratic Republic of Congo (“DRC”). The Company has reportable segments as identified by the individual mining operations at each of its operating mines as well as its significant investment in the Tenke Fungurume project.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

Segmented Information - Operational

For the three months ended June 30, 2009

	Neves Corvo	Zinkgruvan	Aguablanca	Galmoy	Tenke Fungurume	Other	Total
Sales	$ 103,818	$ 34,925	$ 34,376	$ 21,707	$ -	$ -	$ 194,826
Income (loss) before undernoted	54,645	17,841	18,468	9,406	-	(9,334)	91,026
Depreciation, depletion and amortization	(23,856)	(4,076)	(10,451)	(19)	-	(143)	(38,545)
General exploration and project investigation	(3,953)	-	(144)	(76)	-	47	(4,126)
Interest expense and bank charges	(528)	(66)	(198)	-	-	(3,585)	(4,377)
Foreign exchange gain (loss)	(1,006)	(1,398)	604	(242)	-	15,434	13,392
Loss on derivative contracts	(9,192)	-	-	-	-	-	(9,192)
Loss from equity investments	-	-	-	-	(3,392)	(67)	(3,459)
Other income and expenses	832	144	(2,595)	1	-	2,417	799
Income tax expense (recovery)	(5,520)	(3,162)	3,641	(164)	-	3,155	(2,050)
Net income (loss) from continuing operations	$ 11,422	$ 9,283	$ 9,325	$ 8,906	$ (3,392)	$ 7,924	$ 43,468
Gain from discontinued operations	-	-	-	-	-	-	-
Net income (loss)	$ 11,422	$ 9,283	$ 9,325	$ 8,906	$ (3,392)	$ 7,924	$ 43,468
Capital expenditures	$ 19,764	$ 8,276	$ 346	$ -	$ 29,400	$ 5	$ 57,791

For the six months ended June 30, 2009

	Neves Corvo	Zinkgruvan	Aguablanca	Galmoy	Tenke Fungurume	Other	Total
Sales	$ 177,230	$ 55,314	$ 53,609	$ 32,053	$ -	$ -	$ 318,206
Income (loss) before undernoted	89,868	26,150	19,251	10,100	-	(16,144)	129,225
Depreciation, depletion and amortization	(56,980)	(8,010)	(16,635)	(36)	-	(367)	(82,028)
General exploration and project investigation	(8,098)	-	(287)	(1,169)	-	167	(9,387)
Interest expense and bank charges	(1,127)	(138)	(257)	-	-	(6,849)	(8,371)
Foreign exchange gain (loss)	(5,837)	(1,245)	1,828	(207)	-	11,650	6,189
Loss on derivative contracts	(9,192)	-	-	-	-	-	(9,192)
Loss from equity investments	-	-	-	-	(4,287)	(171)	(4,458)
Other income and expenses	790	241	(177)	213	-	1,895	2,962
Income tax expense (recovery)	(2,145)	(4,161)	4,665	(423)	-	6,462	4,398
Net income (loss) from continuing operations	$ 7,279	$ 12,837	$ 8,388	$ 8,478	$ (4,287)	$ (3,357)	$ 29,338
Gain from discontinued operations	-	-	-	-	-	5,573	5,573
Net income (loss)	$ 7,279	$ 12,837	$ 8,388	$ 8,478	$ (4,287)	$ 2,216	$ 34,911
Capital assets*	$ 1,048,823	$ 169,545	$ 113,916	$ 6,525	$ 1,601,856	$ 1,576	$ 2,942,241
Total segment assets	$ 1,379,955	$ 297,327	$ 255,872	$ 42,378	$ 1,601,856	$ 113,779	$ 3,691,167
Capital expenditures	$ 43,431	$ 13,881	$ 4,551	$ 109	$ 29,400	$ 25	$ 91,397

* Capital assets consist of mineral exploration and development properties, property, plant and equipment, and investments in Tenke Fungurume. Capital assets from discontinued operations are in Other.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

Segmented Information - Operational

For the three months ended June 30, 2008

	Neves Corvo	Zinkgruvan	Aguablanca	Galmoy	Tenke Fungurume	Other	Total
Sales	$ 193,575	$ 34,066	$ 35,864	$ 19,539	$ -	$ 11,040	$ 294,084
Income (loss) before undernoted	125,880	14,806	2,887	2,005	-	(8,397)	137,181
Depreciation, depletion and amortization	(24,450)	(5,123)	(18,217)	(7,027)	-	(209)	(55,026)
General exploration and project investigation	(4,294)	(140)	(865)	(542)	-	(2,791)	(8,632)
Interest expense and bank charges	(1,377)	(185)	(259)	(6)	-	(2,012)	(3,839)
Foreign exchange gain (loss)	(853)	597	47	105	-	(2,243)	(2,347)
Gain on derivative contracts	-	2,551	-	-	-	1,168	3,719
Loss from equity investments	-	-	-	-	-	(156)	(156)
Other income and expenses	(4,975)	169	(137)	372	-	3,097	(1,474)
Income tax expense (recovery)	15,026	(3,205)	5,534	1,103	-	8,741	27,199
Net income (loss) from continuing operations	$ 104,957	$ 9,470	$ (11,010)	$ (3,990)	$ -	$ (2,802)	$ 96,625
Loss from discontinued operations	-	-	-	-	-	(205,043)	(205,043)
Net income (loss)	$ 104,957	$ 9,470	$ (11,010)	$ (3,990)	$ -	$ (207,845)	$ (108,418)
Capital expenditures	$ 15,268	$ 16,391	$ 2,619	$ 1,222	$ 83,400	$ 45,830	$ 164,730

For the six months ended June 30, 2008

	Neves Corvo	Zinkgruvan	Aguablanca	Galmoy	Tenke Fungurume	Other	Total
Sales	$ 362,738	$ 82,698	$ 87,169	$ 46,344	$ -	$ 20,867	$ 599,816
Income (loss) before undernoted	249,418	47,937	31,421	11,559	-	(20,213)	320,122
Depreciation, depletion and amortization	(46,770)	(10,525)	(36,070)	(14,007)	-	(561)	(107,933)
General exploration and project investigation	(8,634)	(246)	(1,667)	(1,825)	-	(6,346)	(18,718)
Interest expense and bank charges	(3,086)	(202)	(548)	(8)	-	(3,394)	(7,238)
Foreign exchange gain (loss)	(7,945)	(1,608)	(846)	(495)	-	2,346	(8,548)
Gain (loss) on derivative contracts	-	2,858	-	-	-	(349)	2,509
Loss from equity investments	-	-	-	-	-	(267)	(267)
Other income and expenses	(4,870)	463	921	729	-	4,120	1,363
Income tax expense (recovery)	(1,178)	(10,136)	4,295	312	-	3,333	(3,374)
Net income (loss) from continuing operations	$ 176,935	$ 28,541	$ (2,494)	$ (3,735)	$ -	$ (21,331)	$ 177,916
Loss from discontinued operations	-	-	-	-	-	(207,517)	(207,517)
Net income (loss)	$ 176,935	$ 28,541	$ (2,494)	$ (3,735)	$ -	$ (228,848)	$ (29,601)
Capital assets*	$ 1,190,988	$ 193,928	$ 571,046	$ 38,857	$1,440,218	$ 326,558	$ 3,761,595
Total segment assets	$ 1,860,078	$ 339,578	$ 840,708	$ 166,493	$1,440,218	$ 339,921	$ 4,986,996
Capital expenditures	$ 34,074	$ 24,445	$ 3,497	$ 2,563	$ 125,400	$ 96,066	$ 286,045

* Capital assets consist of mineral exploration and development properties, property, plant and equipment, and investments in Tenke Fungurume. Capital assets from discontinued operations are in Other.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

Segmented Information - Geographical

For the three months ended June 30, 2009

	Portugal	Sweden	Spain	Ireland	DRC	Other	Total
Sales	$ 103,818	$ 34,925	$ 34,376	$ 21,707	$ -	$ -	$ 194,826
Income (loss) before undernoted	54,645	17,118	18,481	9,302	-	(8,520)	91,026
Depreciation, depletion and amortization	(23,885)	(4,114)	(10,451)	(19)	-	(76)	(38,545)
General exploration and project investigation	(3,439)	(855)	(155)	(76)	-	399	(4,126)
Interest expense and bank charges	(539)	(1,647)	(198)	-	-	(1,993)	(4,377)
Foreign exchange gain (loss)	(1,012)	3,528	604	(242)	-	10,514	13,392
Loss on derivative contracts	(9,192)	-	-	-	-	-	(9,192)
Loss from equity investments	-	-	-	-	(3,392)	(67)	(3,459)
Other income and expenses	872	576	(2,595)	-	-	1,946	799
Income tax expense (recovery)	(5,594)	67	3,641	(164)	-	-	(2,050)
Net (loss) income from continuing operations	$ 11,856	$ 14,673	$ 9,327	$ 8,801	$ (3,392)	$ 2,203	$ 43,468
Gain from discontinued operations	-	-	-	-	-	-	-
Net income (loss)	$ 11,856	$ 14,673	$ 9,327	$ 8,801	$ (3,392)	$ 2,203	$ 43,468
Capital expenditures	$ 19,766	$ 8,281	$ 344	$ -	$ 29,400	$ -	$ 57,791

For the six months ended June 30, 2009

	Portugal	Sweden	Spain	Ireland	DRC	Other	Total
Sales	$ 177,230	$ 55,314	$ 53,609	$ 32,053	$ -	$ -	318,206
Income (loss) before undernoted	89,868	24,480	19,249	9,946	-	(14,318)	129,225
Depreciation, depletion and amortization	(57,035)	(8,076)	(16,635)	(36)	-	(246)	(82,028)
General exploration and project investigation	(6,318)	(1,292)	(307)	(1,168)	-	(302)	(9,387)
Interest expense and bank charges	(1,135)	(2,309)	(257)	-	-	(4,670)	(8,371)
Foreign exchange gain (loss)	(5,833)	3,815	1,828	(207)	-	6,586	6,189
Loss on derivative contracts	(9,192)	-	-	-	-	-	(9,192)
Loss from equity investments	-	-	-	-	(4,287)	(171)	(4,458)
Other income and expenses	(289)	783	(177)	213	-	2,432	2,962
Income tax expense (recovery)	(2,417)	788	4,665	(423)	-	1,785	4,398
Net income (loss) from continuing operations	$ 7,649	$ 18,189	$ 8,366	$ 8,325	$ (4,287)	$ (8,904)	$ 29,338
Gain from discontinued operations	5,573	-	-	-	-	-	5,573
Net income (loss)	$ 13,222	$ 18,189	$ 8,366	$ 8,325	$ (4,287)	$ (8,904)	$ 34,911
Capital assets*	$ 1,047,876	$ 170,600	$ 113,916	$ 6,525	$ 1,601,856	$ 1,468	$ 2,942,241
Total segment assets	$ 1,379,214	$ 359,086	$ 255,999	$ 42,378	$ 1,601,856	$ 52,634	$ 3,691,167
Capital expenditures	$ 43,453	$ 13,820	$ 4,393	$ (96)	$ 29,400	$ 3	$ 90,973

* Capital assets consist of mineral exploration and development properties, property, plant and equipment, and investments in Tenke Fungurume. Capital assets from discontinued operations are in Portugal.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

Segmented Information - Geographical

For the three months ended June 30, 2008

	Portugal	Sweden	Spain	Ireland	DRC	Other	Total
Sales	$ 193,575	$ 45,108	$ 35,864	$ 19,537	$ -	$ -	$ 294,084
Income (loss) before undernoted	125,322	13,324	2,754	2,005	-	(6,224)	137,181
Depreciation, depletion and amortization	(24,481)	(5,233)	(18,217)	(7,027)	-	(68)	(55,026)
General exploration and project investigation	(3,737)	(3,426)	(925)	(542)	-	(2)	(8,632)
Interest expense and bank charges	(1,409)	(2,154)	(257)	(6)	-	(13)	(3,839)
Foreign exchange gain (loss)	(848)	(1,462)	46	105	-	(188)	(2,347)
Gain on derivative contracts	-	3,719	-	-	-	-	3,719
Loss from equity investments	-	-	-	-	-	(156)	(156)
Other income and expenses	(4,864)	(830)	(104)	372	-	3,952	(1,474)
Income tax expense (recovery)	15,026	7,902	5,534	1,103	-	(2,366)	27,199
Net income (loss) from continuing operations	$ 105,009	$ 11,840	$ (11,169)	$ (3,990)	$ -	$ (5,065)	$ 96,625
Loss from discontinued operations	(205,043)	-	-	-	-	-	(205,043)
Net income (loss)	$ (100,034)	$ 11,840	$ (11,169)	$ (3,990)	$ -	$ (5,065)	$ (108,418)
Capital expenditures	$ 61,768	$ 16,412	$ 2,619	$ 1,222	$ 83,400	$ (691)	$ 164,730

For the six months ended June 30, 2008

	Portugal	Sweden	Spain	Ireland	DRC	Other	Total
Sales	$ 362,738	$ 103,566	$ 87,169	$ 46,343	$ -	$ -	$ 599,816
Income (loss) before undernoted	248,043	45,567	31,187	11,559	-	(16,234)	320,122
Depreciation, depletion and amortization	(46,831)	(10,894)	(36,070)	(14,007)	-	(131)	(107,933)
General exploration and project investigation	(8,633)	(6,258)	(2,000)	(1,825)		(2)	(18,718)
Interest expense and bank charges	(3,123)	(2,889)	(565)	(8)	-	(653)	(7,238)
Foreign exchange gain (loss)	(7,915)	794	(839)	(495)	-	(93)	(8,548)
Gain on derivative contracts	-	2,509	-	-	-	-	2,509
Loss from equity investments	-	-	-	-	-	(267)	(267)
Other income and expenses	(4,653)	(295)	995	729	-	4,587	1,363
Income tax expense (recovery)	(1,178)	1,720	4,295	312	-	(8,523)	(3,374)
Net income (loss) from continuing operations	$ 175,710	$ 30,254	$ (2,997)	$ (3,735)	$ -	$ (21,316)	$ 177,916
Loss from discontinued operations	(207,517)	-	-	-	-	-	(207,517)
Net income (loss)	$ (31,807)	$ 30,254	$ (2,997)	$ (3,735)	$ -	$ (21,316)	$ (29,601)
Capital assets*	$ 1,284,463	$ 197,092	$ 571,046	$ 38,857	$ 1,440,218	$ 229,919	$ 3,761,595
Total segment assets	$ 1,972,266	$ 391,310	$ 840,708	$ 166,493	$ 1,440,218	$ 176,001	$ 4,986,996
Capital expenditures	$ 128,642	$ 24,596	$ 3,497	$ 2,563	$ 125,400	$ 1,347	$ 286,045

* Capital assets consist of mineral exploration and development properties, property, plant and equipment, and investments in Tenke Fungurume. Capital assets from discontinued operations are in Portugal.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

13. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	**2009**	2008
Changes in non-cash working capital items consist of:				
Accounts receivable and other current assets	**$ 8,862**	$ 42,123	**$ (13,888)**	$ (56,443)
Accounts payable and other current liabilities	**(2,051)**	(14,960)	**(71,234)**	(52,712)
	$ 6,811	$ 27,163	**$ (85,122)**	$ (109,155)
Operating activities included the following cash payments:				
Interest paid	**$ 2,895**	$ 1,975	**$ 4,607**	$ 3,074
Income taxes paid	**$ 714**	$ 56,923	**$ 1,337**	$ 122,827

14. SUBSEQUENT EVENT

The Company executed a third amendment to its credit agreement effective July 7, 2009, resulting in a restructured facility with the following terms:

- Three year, fully revolving credit of US$225 million;
- Interest at LIBOR plus 4.5% until March 2010 and from April 2010 at LIBOR plus 3.5% to 4.5% depending upon the leverage ratio of the Company; and
- Re-defined financial covenants including minimum tangible net worth, interest coverage ratio and leverage ratio.

The Third Amending Agreement establishes that security will be extended to material assets acquired and specifies reductions in the facility if the Company's principal mining assets are disposed of in whole or in part.