

August 6, 2009



## Second Quarter Results 2009

**lundin mining**



# Cautionary Statements

## Caution Regarding Forward Looking Statements

This presentation contains forward-looking statements. These forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events. These forward-looking statements are subject to risks and uncertainties. These risks and uncertainties could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

## Caution Regarding Inferred Resources

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# Presenter

**PHIL WRIGHT**

PRESIDENT & CEO

# Questions

**JOAO CARRELO**

EXEC. VP & COO

**MARIE INKSTER**

CFO



## Significant Q2 Highlights

- **Unaudited net income of \$43.5 million** (\$0.08 per share) showing a strong rebound from last quarter (loss of \$0.02 per share)
- **Operating earnings \$91 million** vs \$137 million in Q2 2008 – price and price adjustments account for a reduction of \$87 million. Price effect partially offset by significantly improved operating costs and more favourable exchange rates
- Construction activities at **Tenke substantially complete**: first copper cathode produced in March 2009; first saleable cobalt hydroxide produced in mid-May
- **New copper circuit at Neves-Corvo**, designed to recover copper/zinc from tailings, commissioned on time and under budget
- New operating plan & optimized pit design for **Aguablanca**: expected to remain net cash flow positive over life of mine at average price of \$4.50 per lb nickel
- **Galmoy** closed but in the process generated positive earnings and cash flow
- New three year fully revolving **credit facility** of \$225 million finalised



# Financial Position

- The Company completed the restructuring of its credit agreement
- **Net debt at June 30, 2009 is \$110.7 million**, down from 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 during the quarter was attributable to net proceeds of \$148.8 million from the bought-deal equity financing
- **Net debt to equity at June 30, 2009 is 4%.**
- **Cash inflows from operations of \$68.5 million** over first 6 months prior to accounting for 2008 provisional sales settlements of \$68.1 million
- **Cash on hand at June 30, 2009 was \$148.1 million**



# Production & Metal Prices: Q2'09 and Q2'08

	Production (tonnes)		Average LME Prices (US\$/lb, US\$/t)	
	Q2 2009	Q2 2008	Q2 2009	Q2 2008
Copper	23,992	23,478	2.12 4,676	3.83 8,448
Zinc	31,962	41,622	0.67 1,476	0.96 2,115
Lead	12,478	12,397	0.68 1,506	1.05 2,316
Nickel	1,960	1,954	5.89 12,992	11.67 25,730



## Cash Costs: Q2'09 and Q2'08

		Cash costs lb (US cents)		Cash costs lb (local currency)	
		Q2 2009	Q2 2008	Q2 2009	Q2 2008
Neves-Corvo (Local in € cents)	Gross cost	112	130	82	84
	Byproduct*	(2)	(15)	(2)	(10)
	Net cost	110	115	80	74
Zinkgruvan (Local in SEK)	Gross cost	63	93	498	562
	Byproduct*	(37)	(60)	(293)	(359)
	Net cost	26	33	205	203
Aguablanca (Local in € cents)	Gross cost	761	900	557	579
	Byproduct*	(272)	(398)	(200)	(256)
	Net cost	489	502	357	323

\* Byproduct is after allowing related TC/RC



# Second Quarter: Financial Results

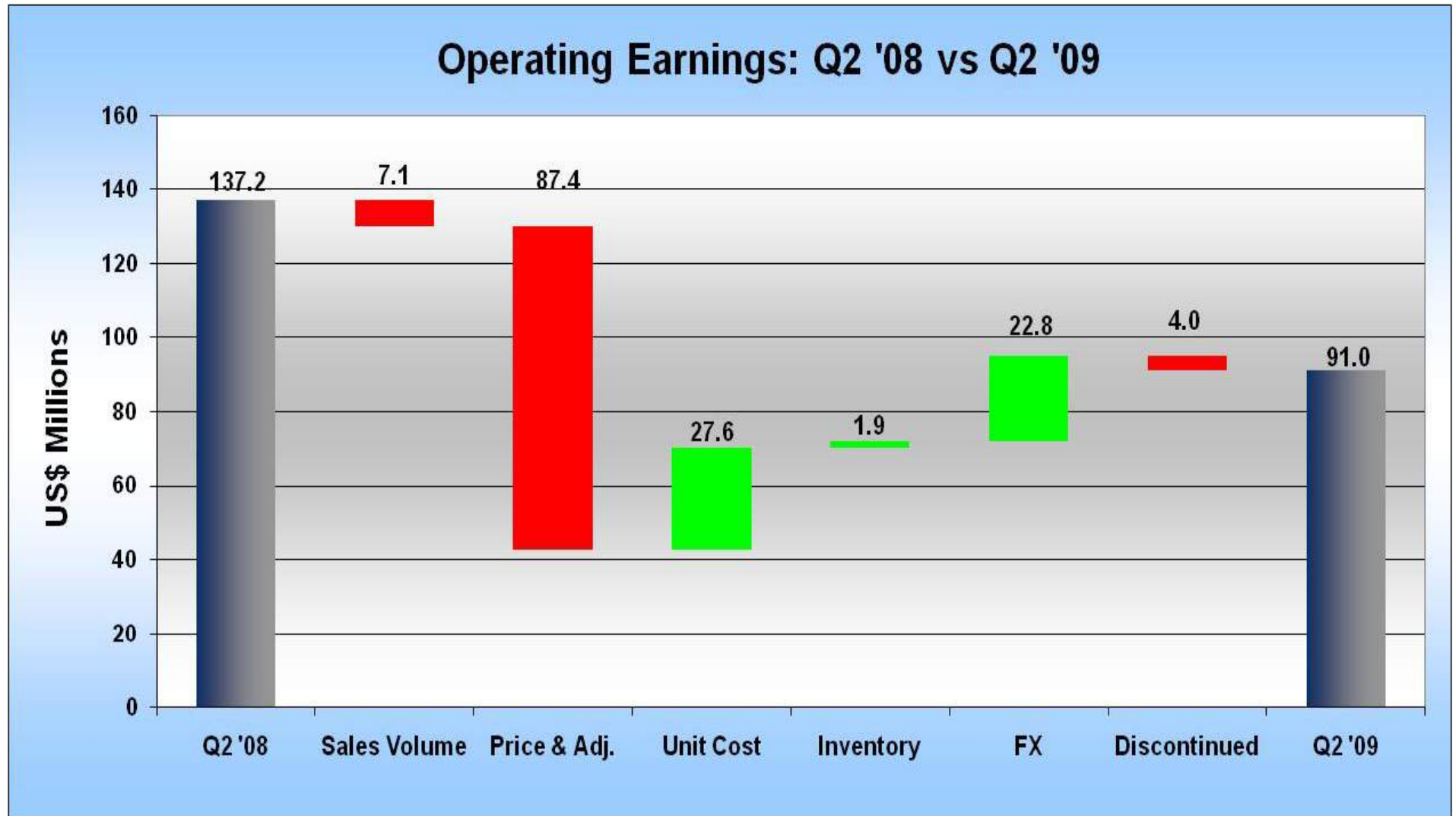
Selected Quarterly Financial Information: \$ Millions

	Q2 2009	Q2 2008
Sales	194.8	294.1
Operating Earnings	91.0	137.2
Add (deduct):		
General Exploration	(4.1)	(8.6)
Depreciation, Amortization	(38.5)	(55.0)
Forex	13.4	(2.4)
Interest & bank charges	(4.4)	(3.8)
Derivative contracts	(9.2)	3.7
Other income and expenses	0.8	(1.5)
Loss from equity investments	(3.5)	(0.2)
Earnings from continuing ops before tax	45.5	69.4
Net Income (Loss)	43.5	(108.4)



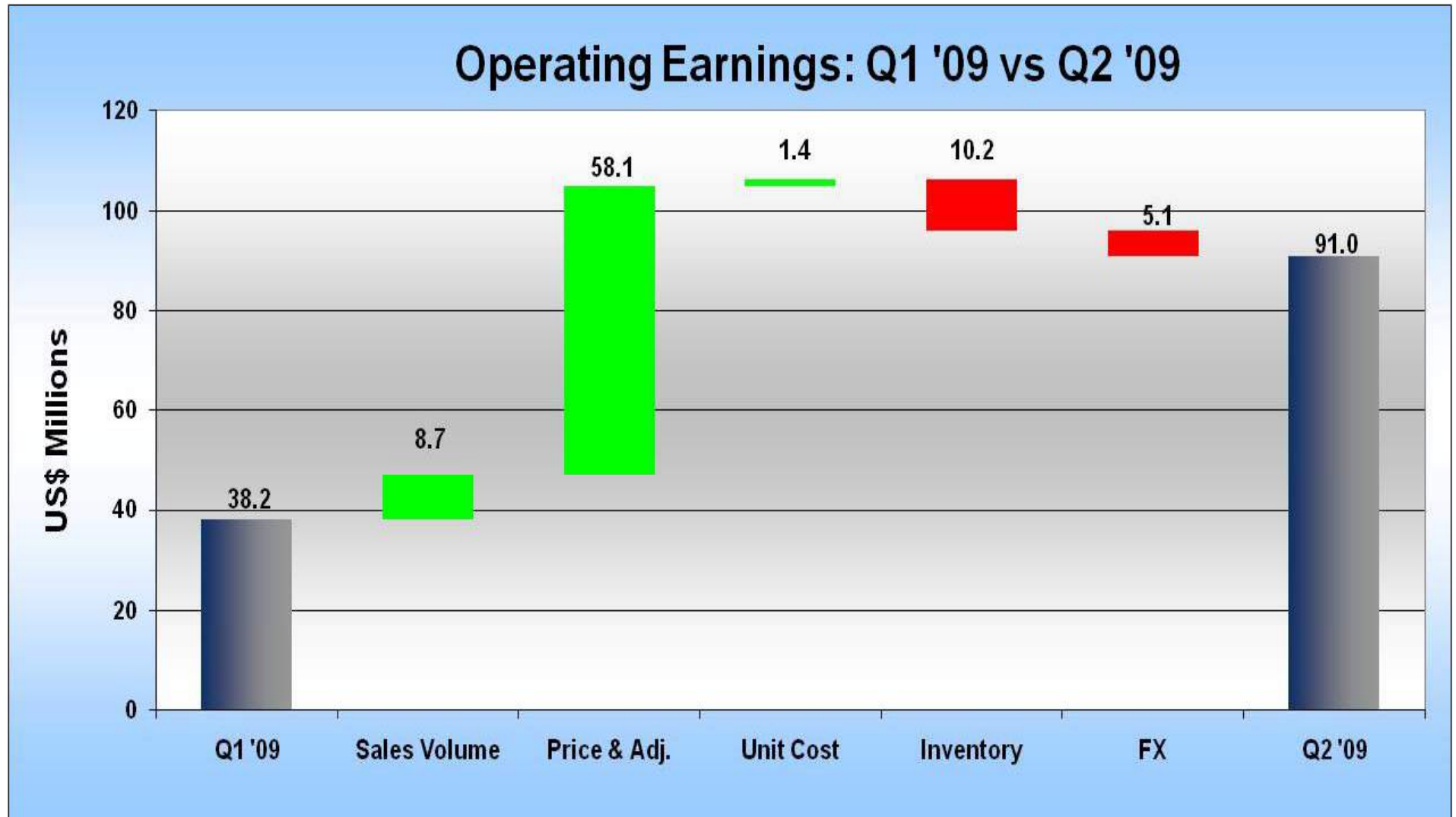


# Change in Operating Earnings





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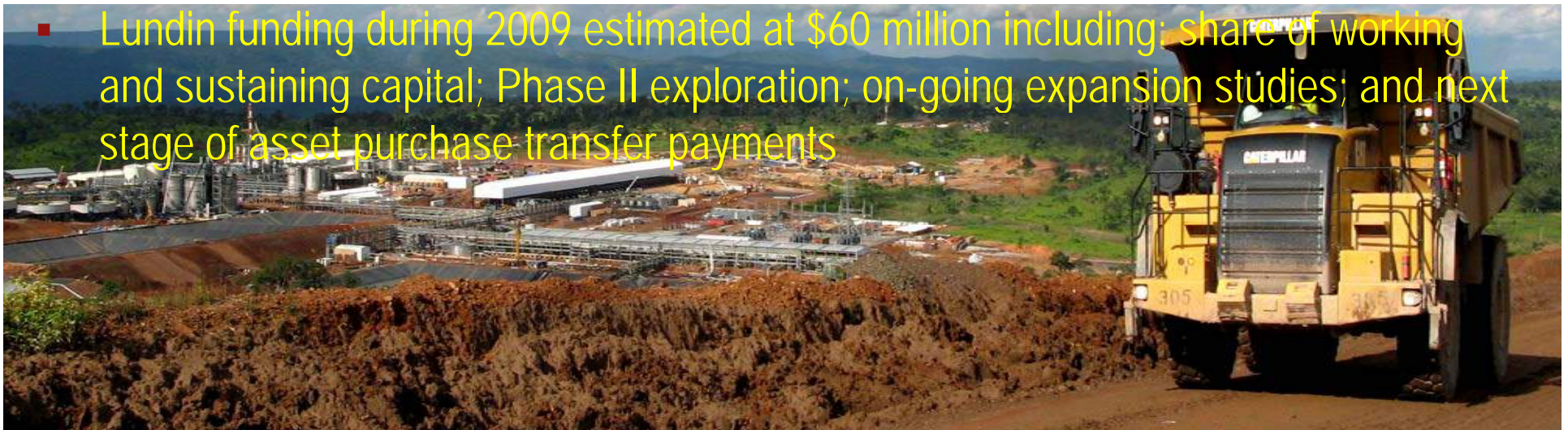




# Tenke Project – 24.75% equity interest

- Construction of \$1.8 billion project substantially complete
- First shipment of copper cathode in April; First saleable cobalt produced in May
- Full annual capacity of 115,000 tonnes of copper and 9,000 tonnes of cobalt expected to be reached in second half of 2009
- Copper sales expected to be 45,000 tonnes for 2009
- Excess overrun cost facility at June 30, 2009 was \$195.2 – to be paid back to FCX through preferential sweeps from first available net operating cash flows

- Lundin funding during 2009 estimated at \$60 million including: share of working and sustaining capital; Phase II exploration; on-going expansion studies; and next stage of asset purchase transfer payments





# Other Projects

## NEVES-CORVO: COPPER TAILS

- New circuit commissioned on-time and below budget

## NEVES-CORVO: ZINC EXPANSION AND LOMBADOR COPPER/ZINC

- Zinc expansion designed to produce minimum of 50,000 tpa is restarted: first production expected Q1 2011; estimated cost of €43 million
- Scoping study on Lombador concluded: Lombador orebodies are economic
- Pre-feasibility has now commenced
- Additional funding authorized to gain access to upper levels of copper and zinc ores

## ZINKGRUVAN: COPPER PROJECT

- New underground crusher commissioned in April and processing zinc ores which has allowed the existing crusher to be overhauled without loss of production
- Targeting Q2 2010 for first copper



# Outlook

- 2009 production guidance increased marginally: 91,000 tonnes copper (excluding Tenke), 100,000 tonnes zinc, 40,000 tonnes lead and 7,200 tonnes nickel
- Base metal prices rebounded strongly in quarter - the Company remains cautious in the short term with a continued focus on tight expenditure controls
- In medium to longer term, supply constraints expected to emerge with the potential for base metal prices to move significantly higher
- Updated cost guidance for the year (dependent on exchange rates):
  - Neves-Corvo: \$1.05 per lb copper
  - Zinkgruvan: \$0.30 per lb zinc
  - Aguablanca: \$4.80 per lb nickel
- Capex expected to be around \$160 million: \$60 million sustaining; \$40 million new investments; and \$60 million for Tenke
- No increased capex approved this quarter. Increase from Q1 of \$30 million: \$10 million Tenke; \$20 million related to spending in prior year, paid this year



# Questions

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