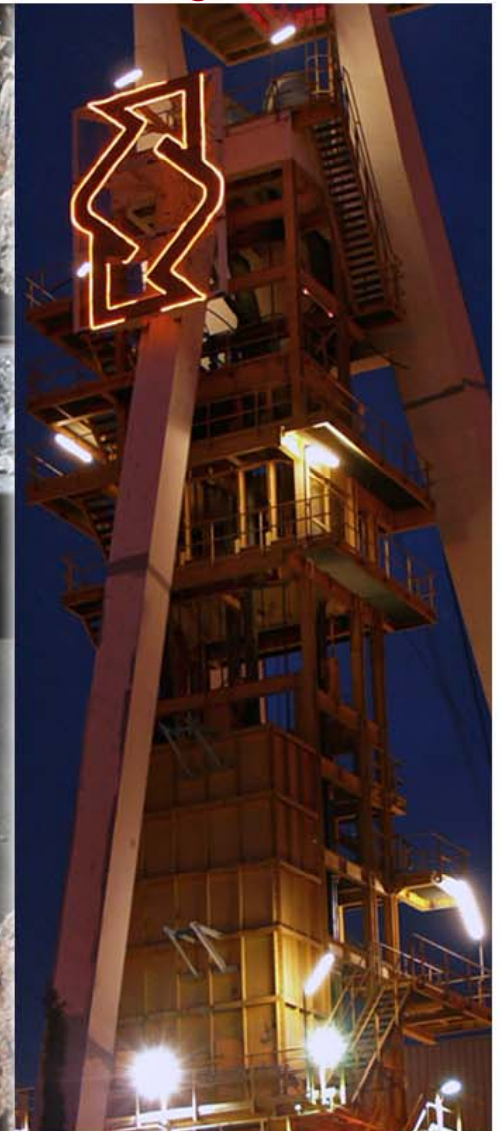


August 02, 2011



## Second Quarter Results 2011

**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.

Such risks may include, without limitation: risks and uncertainties relating to foreign currency fluctuations; risks inherent in mining including environmental hazards, 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 labor disputes or other unanticipated difficulties with or shortages of labor 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; and commodity price fluctuations.

For further details of other risks and uncertainties see Risk Factors Relating to the Company's Business in the Company's Annual Information Form and in each management discussion and analysis.



# Presenter

<b>PAUL CONIBEAR</b>	
	PRESIDENT & CEO

# Questions

<b>JOAO CARRELO</b>	EXEC. VP & COO
<b>MARIE INKSTER</b>	CFO
<b>NEIL O'BRIEN</b>	Sr. VP Exploration / New Business





## Q2 Highlights

- Net Income: \$57.7 million (\$0.10 p/s) vs \$42.3 m (\$0.07 p/s) Q1 2010
- Copper production below expectations: lower grades and maintenance shutdown
- Zinc prod'n in-line: shortfall at Zinkgruvan offset by higher production at Galmoy
- Currencies: Euro 13%, SEK 17% stronger (quarter averages) against US\$
- Tenke EOC facility reduced to \$32 million: expected to be fully repaid in Q3/11
- Q2 Net Cash increased by \$46 million (plus \$38.6 million Tenke - EOC)



# Normalized Earnings

\$ Millions	2011	2010	Q2 '11	Q2 '10
<b>Reported Net Income</b>	128.9	94.1	57.7	42.3
Foreign exchange	16.2	(18.8)	0.1	(10.2)
Corporate development (Inmet/Equinox)	5.7	-	0.9	-
Mark to market on securities	(0.4)	(17.4)	2.0	(1.7)
Gain on derivative contracts	-	(10.7)	-	(11.2)
Tax (on above items)	(6.7)	10.9	(1.0)	6.3
One-time tax adjustments*	(4.4)	13.6	(4.4)	13.6
<b>Adjusted Net Income</b>	<b>139.3</b>	<b>71.7</b>	<b>55.3</b>	<b>39.1</b>
<b>Adjusted Earnings per share</b>	<b>\$ 0.24</b>	<b>\$ 0.12</b>	<b>\$ 0.09</b>	<b>\$ 0.07</b>

\* - One-time tax adjustments: reversal of Spanish valuation allowance in 2011 and 2.5% increase in Portuguese tax rate in 2010.

- Q2/11 Adjusted Net Income of \$55.7 million (\$0.10/sh).

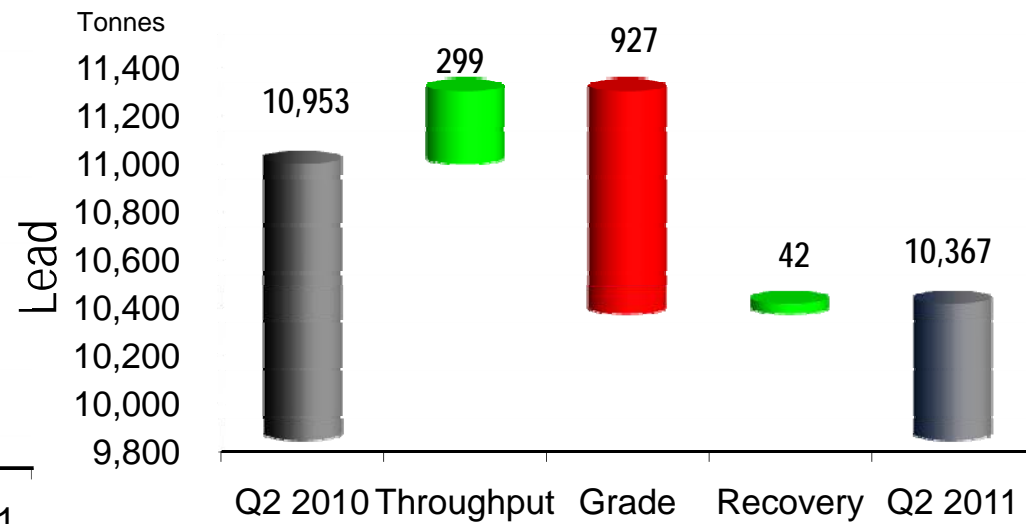
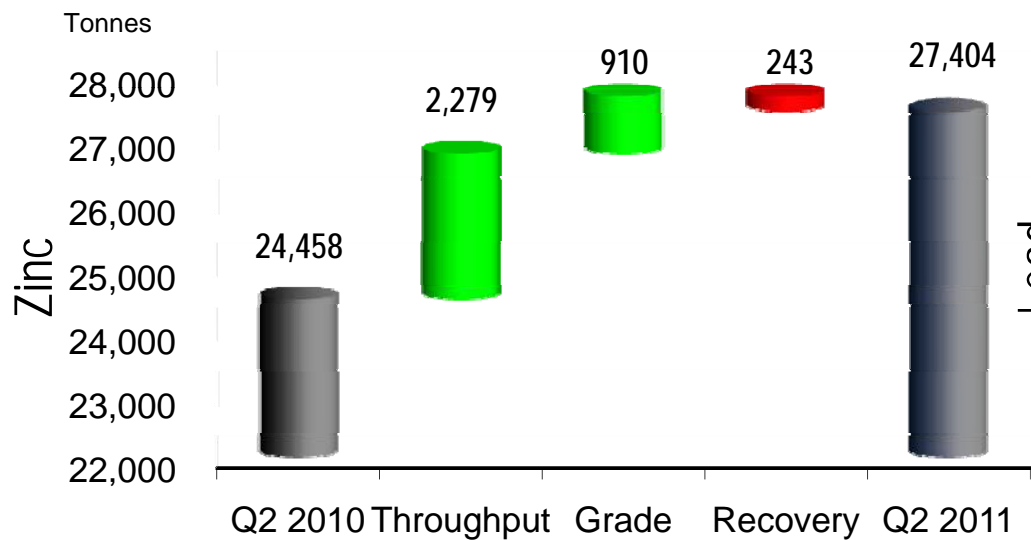
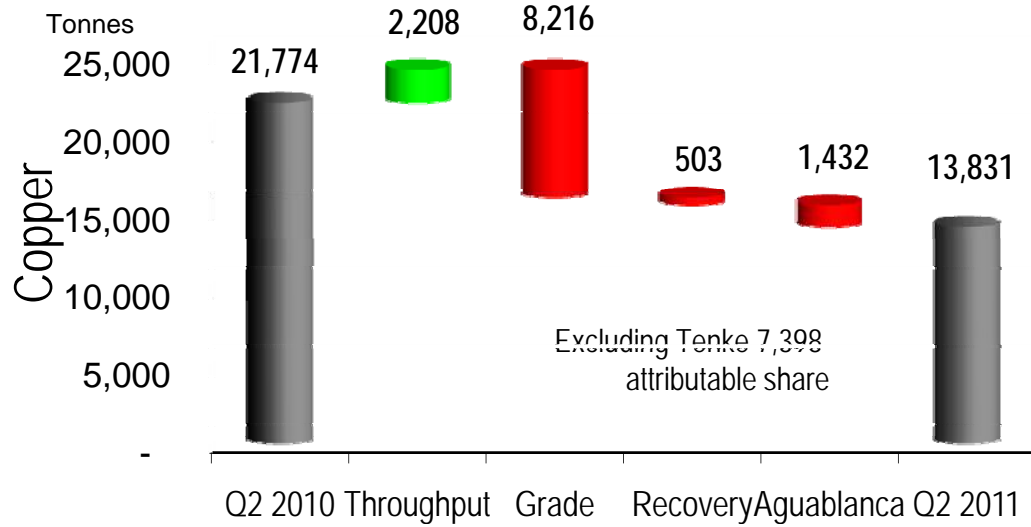


## Financial Position

- Net cash at June 30, 2011 of **\$308 million**, an increase of \$46 million for the quarter and \$200 million from the same quarter last year.
- **Change in net cash** during the quarter takes into account:
  - \$47.3 million outflow for capital expenditures
  - \$44.7 million inflow from non-cash working capital
  - \$10.5 million outflow for advances in respect of Tenke
- **Operating cashflow of \$102.5 million** compared to \$68.9 million last year



# Change in Production: Q2 '11 and Q2 '10





# Cash Costs: Q2 2011 and Q2 2010

Cash cost per lb of primary metal

		(US dollars)		(local currency)	
		Q2 '11	Q2 '10	Q2 '11	Q2 '10
Neves-Corvo (Local in €) Copper	Gross cost	2.17	1.27	1.51	1.01
	By-product*	(0.04)	(0.07)	(0.03)	(0.05)
	Net cost	2.13	1.20	1.48	0.96
Zinkgruvan (Local in SEK) Zinc	Gross cost	1.09	0.69	6.81	5.30
	By-product*	(0.83)	(0.41)	(5.17)	(3.18)
	Net cost	0.26	0.28	1.64	2.12

\* By-product is after related TC/RC





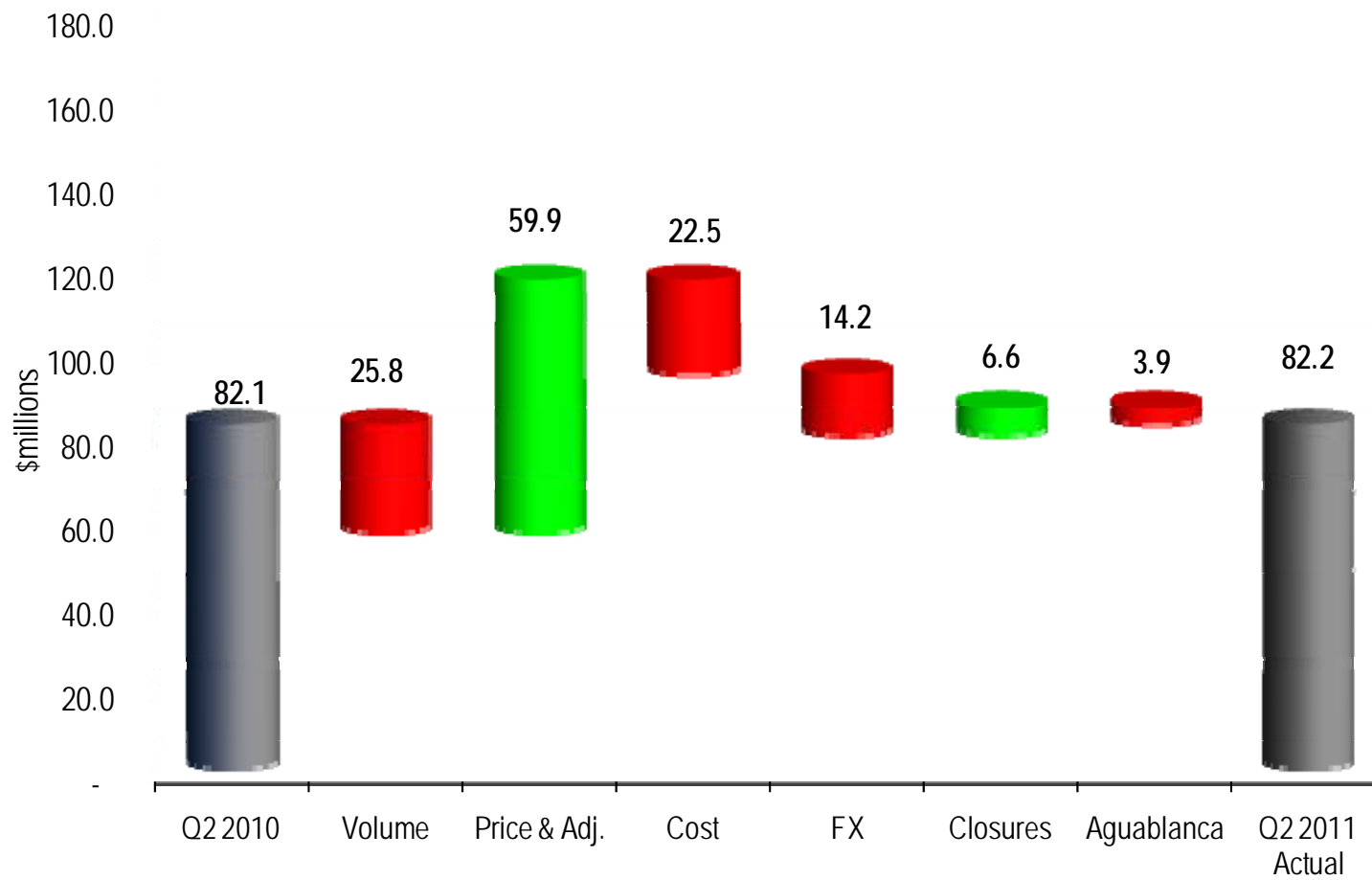
# Financial Results

Selected Financial Information: \$ Millions		Q2 '11	Q2 '10	
Sales		184	183	1%
Operating costs		(96)	(96)	0%
G&A and stock-based compensation		(6)	(5)	20%
<b>Operating Earnings</b>		<b>82</b>	<b>82</b>	0%
Add (deduct):	Depreciation, amortization	(38)	(32)	
Selected items only	Exploration/project investigation	(13)	(6)	117%
	Tenke equity investment	32	8	
	Finance (costs) income	(4)	11	
	Foreign exchange	-	10	
	Other income and expenses	(1)	1	
	Income tax(expense)/ recovery	-	(32)	
<b>Net Income</b>		<b>58</b>	<b>42</b>	
<b>Earnings per share</b>		<b>\$ 0.10</b>	<b>\$ 0.07</b>	



# Change in Operating Earnings: Q2 '11 & Q2 '10

## Lundin Mining - Consolidated





# Tenke Production

100% basis	2011	2010	Q2 '11	Q2 '10
<b>Copper cathode (tonnes)</b>				
Production	14,906	14,158	7,398	7,038
Sales	15,123	13,556	8,449	6,187
Average realized price/lb	\$ 4.11	\$ 3.12	\$ 4.08	\$ 2.96
<b>Cobalt (contained tonnes)</b>				
Production	1,378	961	687	409
Sales	1,485	790	831	425
Average realized price/lb	\$11.02	\$11.91	\$11.16	\$12.37
<b>Net cash costs/lb of copper:</b>				
Gross cost	\$ 1.57	\$ 1.32	\$ 1.62	\$ 1.27
Cobalt credits	\$ (0.76)	\$ (0.46)	\$ (0.77)	\$ (0.54)
Royalties	\$ 0.10	\$ 0.07	\$ 0.09	\$ 0.06
Net cash cost/lb	<u>\$ 0.91</u>	<u>\$ 0.93</u>	<u>\$ 0.94</u>	<u>\$ 0.79</u>



# Tenke Investment

\$ Millions	2011	2010	Q2 '11	Q2 '10
Income from investment	<u>56.9</u>	<u>22.8</u>	<u>32.0</u>	<u>8.3</u>
Excess Overrun Facility				
Change	(76.4)	(38.2)	(38.6)	(26.8)
Closing balance	32.0	188.9	32.0	188.9
Attributable Cash Flow				
Cash advances to Tenke	(15.8)	(14.4)	(10.5)	(6.8)
Repayment on EOC	<u>76.4</u>	<u>38.2</u>	<u>38.6</u>	<u>26.8</u>
Cash flow net of EOC	<u>60.6</u>	<u>23.8</u>	<u>28.1</u>	<u>20.0</u>





## Outlook – Revised Guidance

(contained tonnes)		Revised 2011 Guidance		Previous 2011 Guidance	
		Tonnes	C1 Cost	Tonnes	C1 Cost
<b>Neves-Corvo</b>	<i>Cu</i>	72,000	\$1.65	76,000	\$1.40
	<i>Zn</i>	6,000		25,000	
<b>Zinkgruvan</b>	<i>Zn</i>	78,000	\$0.21	78,000	\$0.15
	<i>Pb</i>	36,000		38,000	
	<i>Cu</i>	3,400		3,400	
<b>Galmoy</b> (in ore)	<i>Zn</i>	28,000		17,000	
	<i>Pb</i>	8,000		6,000	
<b>Total: Wholly-owned operations</b>	<i>Cu</i>	75,400		79,400	
	<i>Zn</i>	112,000		120,000	
	<i>Pb</i>	44,000		44,000	
<b>Tenke: 24.0% attributable share</b>	<i>Cu</i>	30,400	\$0.97	31,200	Not guided



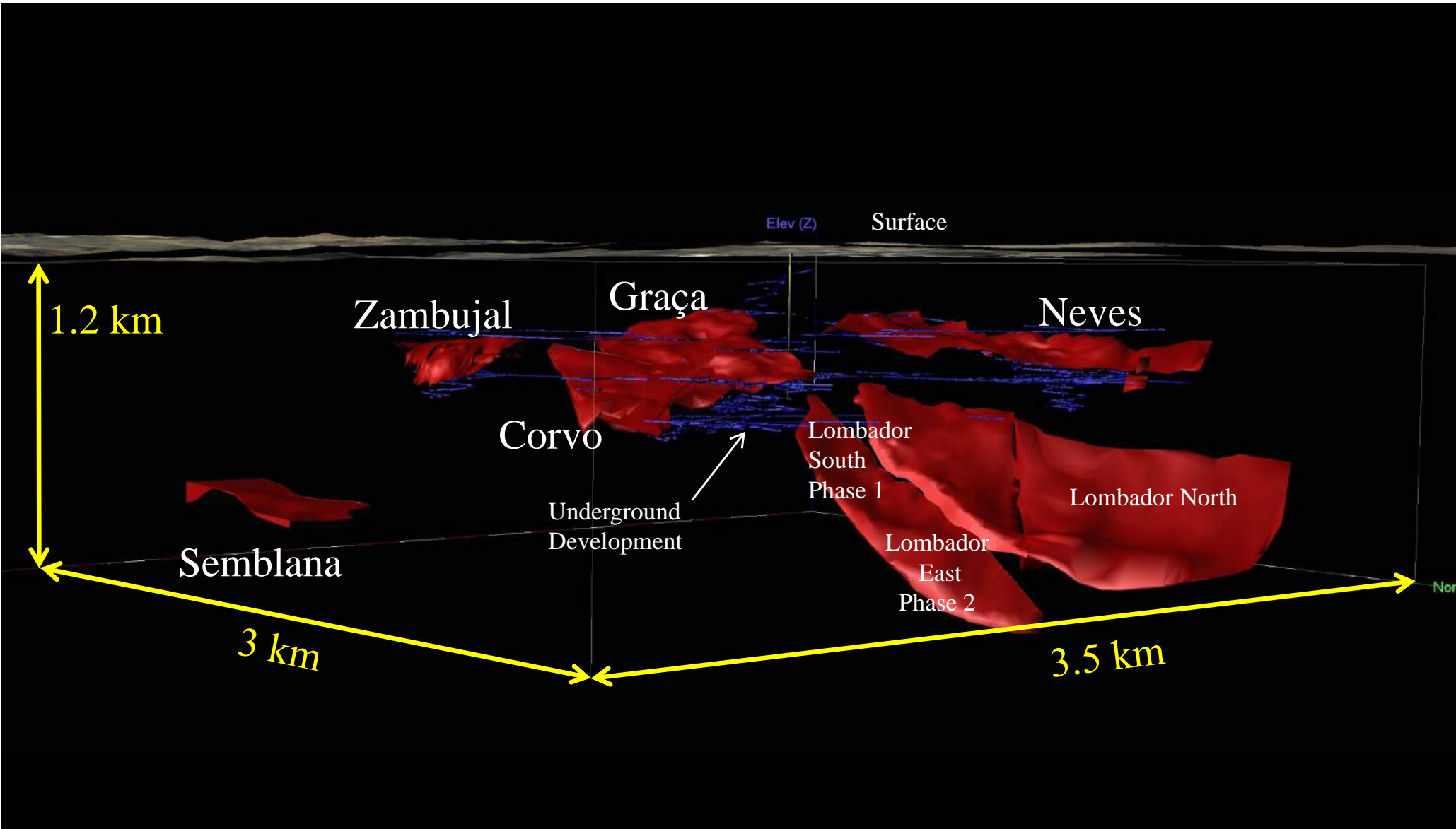
# Current Growth Initiatives



- **Neves Zinc Expansion – 50,000 tpa**
  - Startup on time, on budget.
  - Circuit will run with copper ore for balance of year - better margins
  - Materials handling study for future
- **Lombador Phase 1 (100,000 tpa Zn)**
  - Study substantially complete
  - Undergoing peer review
  - Critical path work advancing
- **Semblana - drill program expanded:**
  - Resource prior to year end



# Neves Corvo – Multiple Growth Projects





# Current Growth Initiatives



- **Zinkgruvan – Optimization:**
  - Mine is outperforming mill
  - Targeting record throughput
- **Aguablanca Restart:**
  - New mine contractor working
  - Underground study initiated
- **Belmore, Clare Project:**
  - High grade silver, lead, zinc
  - Acquisition complete
- **Tenke Expansion:** Critical path expenditures in parallel to study





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# Questions

<b>PAUL CONIBEAR</b>	PRESIDENT & CEO
<b>JOAO CARRELO</b>	EXEC. VP & COO
<b>MARIE INKSTER</b>	CFO
<b>NEIL O'BRIEN</b>	SNR. VP EXPLORATION / BD