

TSX: LUN  
OMX: LUMI



**lundin mining**

## Third Quarter Results 2013

October 31, 2013

# Cautionary Statements

lundin mining

## Caution Regarding Forward Looking Information

This presentation contains forward-looking information, including, but not limited to, guidance on estimated annual production and cash costs. This forward-looking information is not based on historical facts, but rather on current expectations and projections about future events and is subject to risks and uncertainties. These risks and uncertainties could cause actual results to differ materially from the future results expressed or implied in this document.

The forward looking information contained in this document is based on a number of assumptions including, but not limited to, foreign currency rates; metal prices; estimation of mineral resources and reserves and the geology; grade, tonnage, dilution and metallurgical and other characteristics of ore; production capabilities and cost estimates.

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 's Discussion and Analysis.

Note: All dollar amounts are in US dollars unless otherwise denoted.

## Presenter

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

## Questions

<b>MARIE INKSTER</b>	SR. VP & CFO
----------------------	--------------

<b>PAUL MCRAE</b>	SR. VP PROJECTS
-------------------	-----------------

<b>STEVE GATLEY</b>	VP TECHNICAL SERVICES
---------------------	-----------------------

# Q3/13 Operational Highlights

lundin mining

## Overall mine performance during the quarter achieved objectives

- **Copper Production:** Neves-Corvo in-line; better than expected at Aguablanca and Zinkgruvan
  - Aguablanca grades and recoveries were better than expected, resulting in an increase in both copper and nickel production guidance for the year
  - Higher throughput has resulted in higher copper production and guidance at Zinkgruvan
- **Zinc Production:** Zinkgruvan in-line; better than expected at Neves-Corvo
  - Zinkgruvan head grades for both zinc and lead were at planned levels. Guidance maintained for 2013
  - Neves-Corvo achieved another quarterly record in zinc production and increased guidance as Lombador high grade ore is contributing better than expected

# Q3/13 Operational Highlights

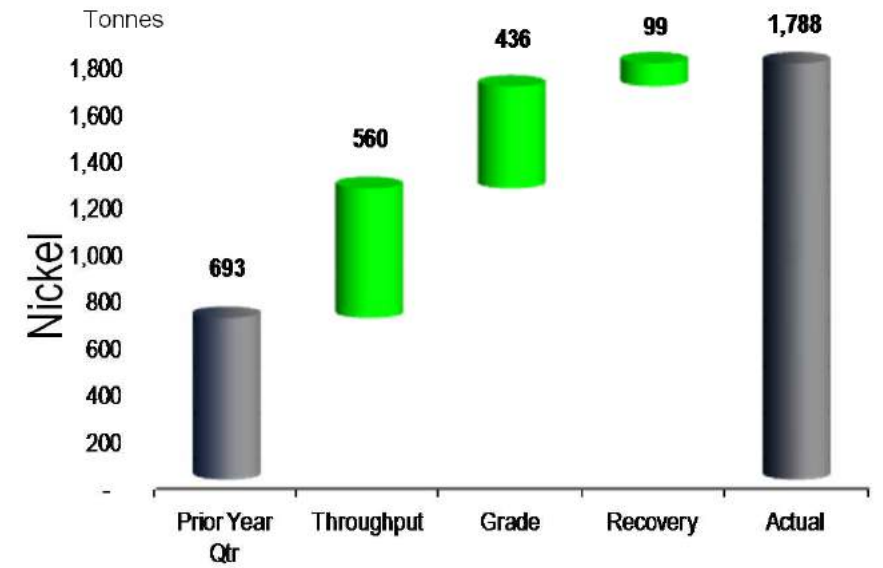
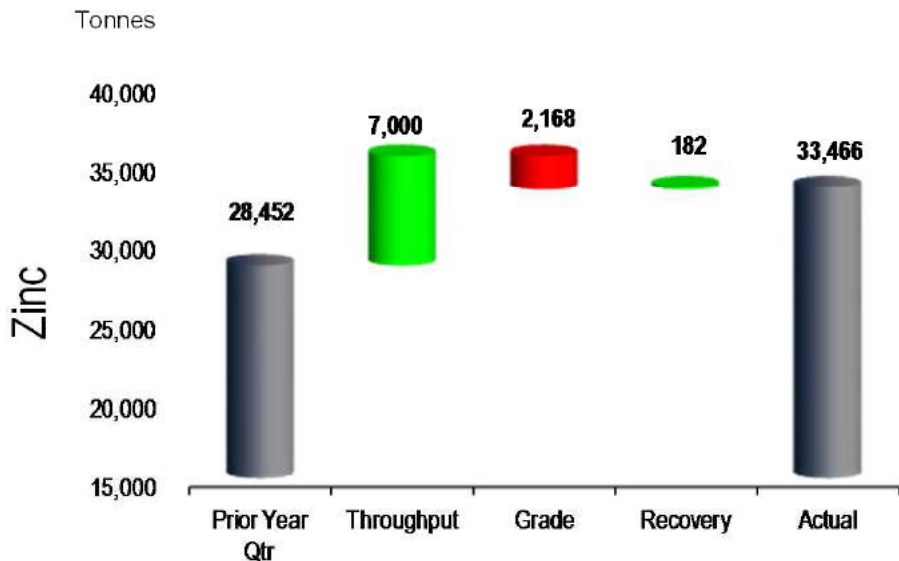
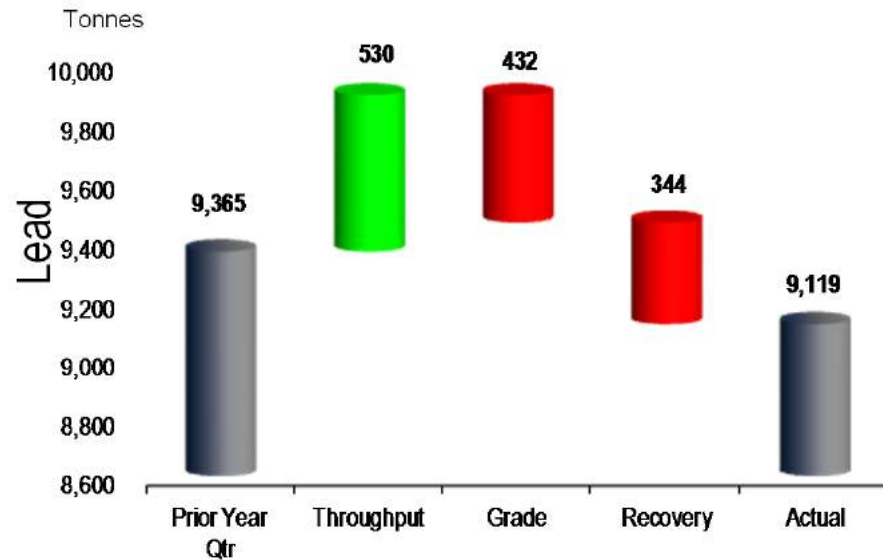
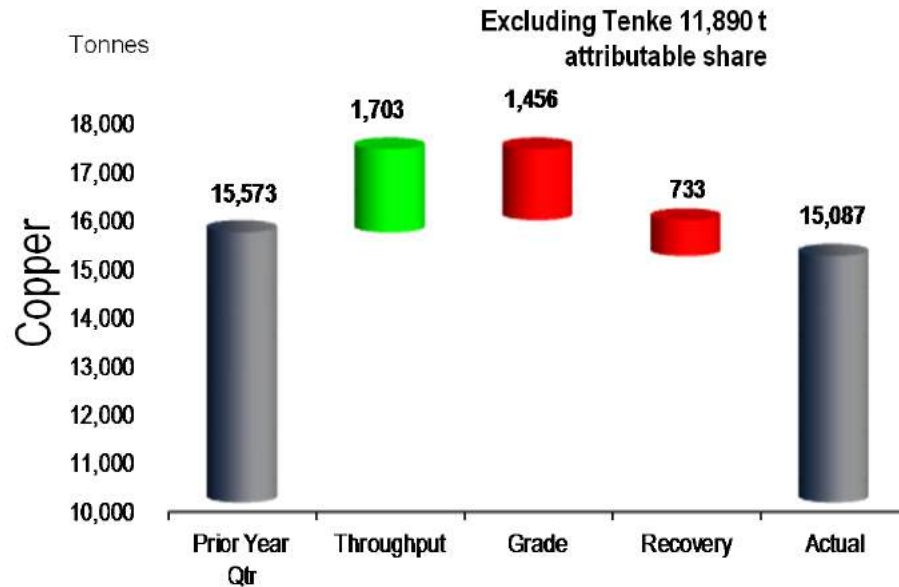
- **Cash Costs:**
  - Neves-Corvo – guidance increased to account for higher production costs and lower by-product metal prices (guidance \$1.90/lb Cu from \$1.80/lb Cu)
  - Aguablanca – guidance lowered due to better than expected production (guidance \$4.50/lb Ni from \$5.00/lb Ni)
  - Zinkgruvan – better than expected for the quarter due largely to high lead sales (guidance unchanged at \$0.30/lb Zn)
- **Tenke:** Production over design capacity, as throughput averaged 14,500 tpd during the quarter exceeding design capacity of 14,000 tpd
  - Cash costs in line with expectations
  - Cash distributions of \$38.4 million received for the quarter – now totaling over \$110 million for the year

# Q3/13 Financial Highlights

lundin mining

- **Revenues:** \$176m vs. \$160m in Q3/12
- **Net Income:** \$28m (\$0.05 p/s) vs. \$38m (\$0.07 p/s) in Q3/12
- **Operating CF** (excluding change in non-cash wc and Tenke cash flows): \$39m (\$0.07 p/s) vs. \$87m (\$0.15 p/s) in Q3/12
- **Cash returns from Tenke:** \$38m (\$0.07 p/s). Expect significant cash distributions continuing for remainder of 2013 and 2014
- **Net Debt:** \$71 million vs. net cash of \$221 million at June 30/13
- **Amended credit facility agreement** providing \$600 million over four year term at flexible, low cost terms

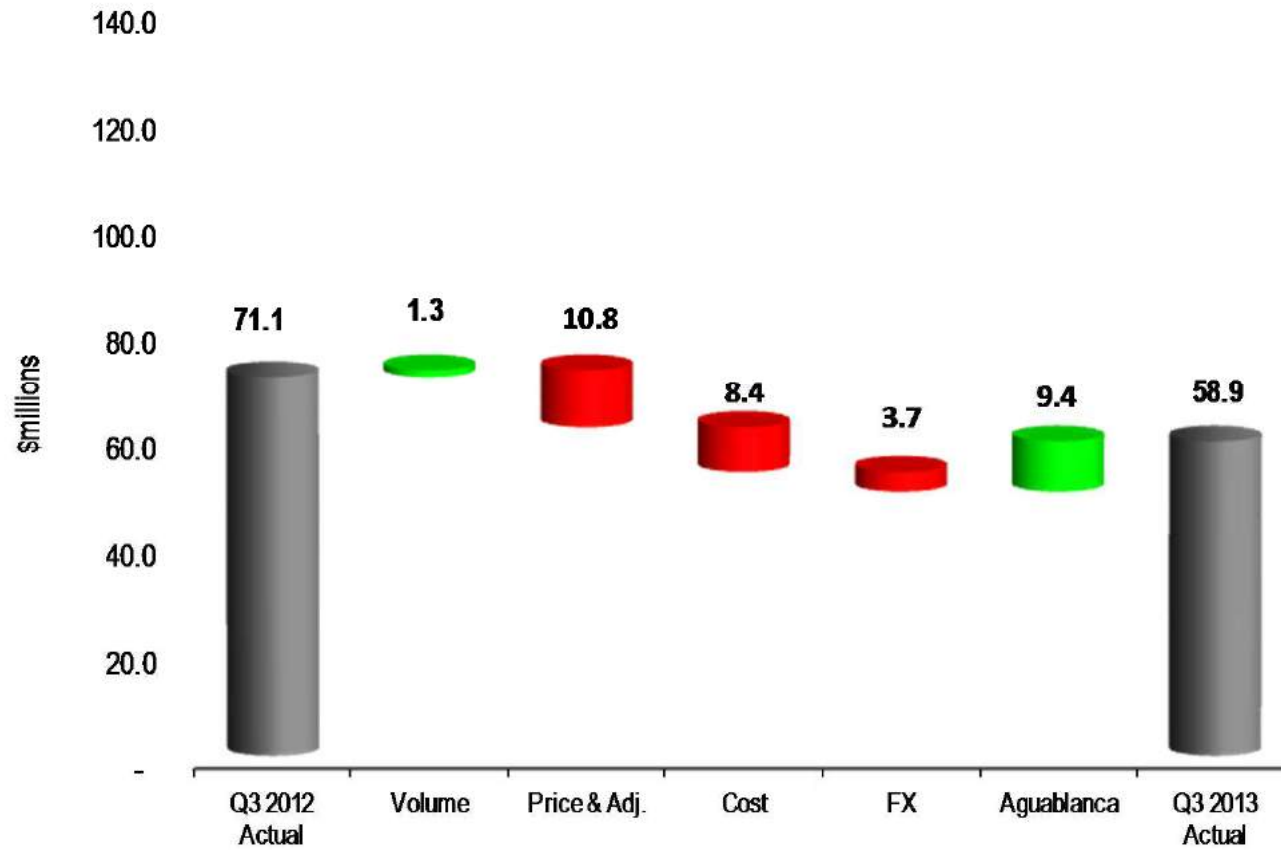
# Change in Production: Q3/13 vs. Q3/12



# Operating Earnings – Q3/13 vs. Q3/12

lundin mining

## Lundin Mining - Consolidated





# Cash Costs – 2013 vs. 2012

	Cash Cost/lb (US dollars) Three months ended September 30		Cash Cost/lb (US dollars) Nine months ended September 30		Current 2013 Guidance
	Q3/13	Q3/12	2013	2012	
<b>Neves-Corvo</b>					
Gross cost	\$2.92	\$2.15	\$2.50	\$1.95	
By-product*	(\$0.69)	(\$0.28)	(\$0.54)	(\$0.27)	
<b>Net Cost \$/lb - Cu</b>	<b>\$2.23</b>	\$1.87	<b>\$1.96</b>	\$1.68	<b>\$1.90</b>
<b>Zinkgruvan</b>					
Gross cost	\$0.94	\$0.69	\$0.99	\$0.73	
By-product*	(\$0.88)	(\$0.61)	(\$0.68)	(\$0.59)	
<b>Net Cost \$/lb - Zn</b>	<b>\$0.06</b>	\$0.08	<b>\$0.31</b>	\$0.14	<b>\$0.30</b>
<b>Aguablanca</b>					
Gross cost	\$6.98	n/a	\$7.19	n/a	
By-product*	(\$3.31)	n/a	(\$3.14)	n/a	
<b>Net Cost \$/lb - Ni</b>	<b>\$3.67</b>	n/a	<b>\$4.05</b>	n/a	<b>\$4.50</b>
<b>Tenke</b>					
Gross cost	\$1.50	\$1.71	\$1.49	\$1.62	
By-product	(\$0.27)	(\$0.48)	(\$0.26)	(\$0.39)	
<b>Net Cost \$/lb - Cu</b>	<b>\$1.23</b>	<b>\$1.23</b>	<b>\$1.23</b>	<b>\$1.23</b>	<b>\$1.24</b>

\* By-product is after related TC/RC

## **Operations and Outlook**

# Production and Cost Guidance - 2013

lundin mining

- Production guidance modestly increased for copper, zinc and nickel

		Prior Guidance		Revised Guidance	
		Tonnes	C1 Cost <sup>a</sup>	Tonnes	C1 Cost <sup>a</sup>
<b>Copper</b>	Neves-Corvo	50,000 – 55,000	\$1.80	50,000 – 55,000	<b>\$1.90</b>
	Zinkgruvan	2,500 – 3,500		<b>3,500 – 4,000</b>	
	Aguablanca	5,000 – 5,500		<b>5,500 – 6,000</b>	
	Wholly-owned	57,500 – 64,000		<b>59,000 – 65,000</b>	
	Tenke (@ 24%) <sup>b</sup>	49,000	\$1.24	<b>50,000</b>	\$1.24
	<b>Total</b>	<b>106,500 – 113,000</b>		<b>109,000 – 115,000</b>	
<b>Zinc</b>	Neves-Corvo	45,000 – 50,000		<b>50,000 – 55,000</b>	
	Zinkgruvan	73,000 – 78,000	\$0.30	73,000 – 78,000	\$0.30
	<b>Total</b>	<b>118,000 – 128,000</b>		<b>123,000 – 133,000</b>	
<b>Lead</b>	Zinkgruvan	33,000 – 36,000		33,000 – 36,000	
<b>Nickel</b>	Aguablanca	6,000 – 6,500	\$5.00	<b>6,500 – 7,000</b>	<b>\$4.50</b>

a. Cash cost guidance remains dependent on exchange rates (€/USD: 1.30, USD/SEK: 6.50) and metal prices (Cu: \$3.30, Zn: \$0.85, Pb: \$0.95, Ni:\$6.50, Co:\$12.00)

b. Freeport has provided 2013 sales guidance and C1 cash cost. The sales guidance is assumed to approximate Tenke's production.

# Neves-Corvo – Q3/13 Results

lundin mining

- Production of 12.6kt copper & 14.7kt zinc
- C1 costs of \$2.23/lb Cu (net of by-product credits) higher than expected
- Average copper grades of 2.4% with recovery rate of 81%
- Zinc production achieved a new quarterly record with Lombador generating better than expected grades
- Annual Cu production maintained, Zn increased
- Cash cost guidance increased to \$1.90/lb Cu (from \$1.80/lb)

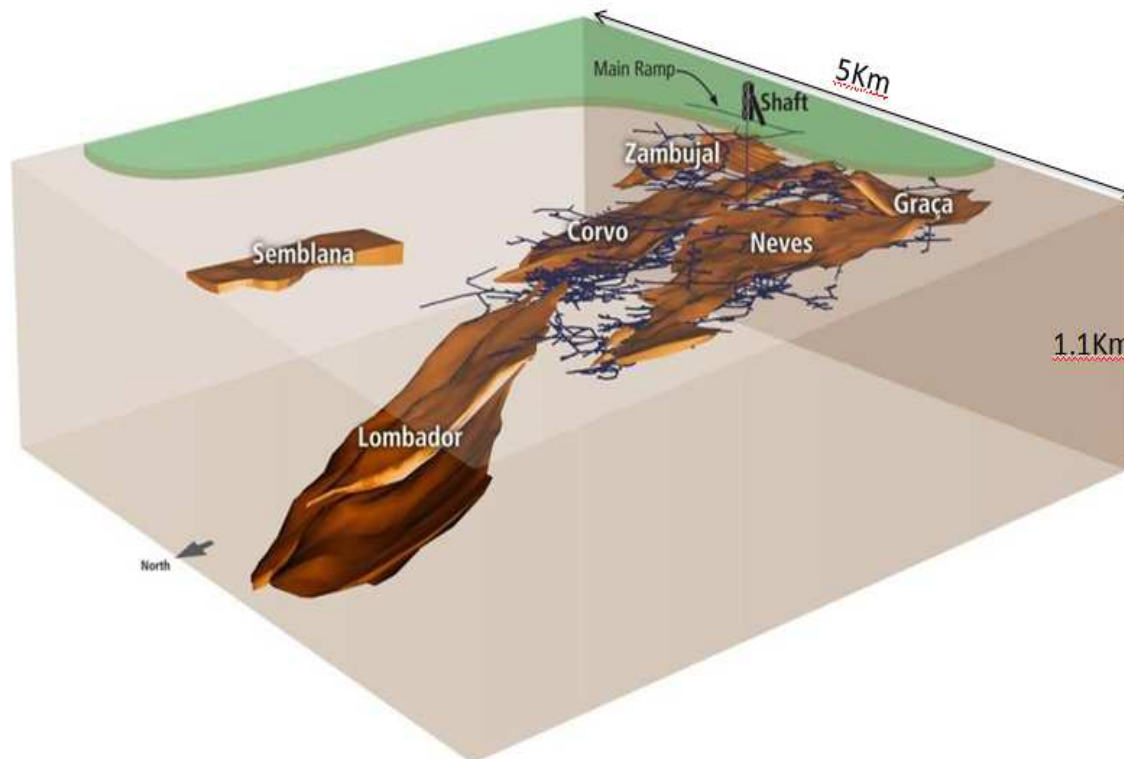


Location	• Portugal
2013 Production Guidance	• 50–55 kt Cu • 50–55 kt Zn
2013 C1 Costs	• \$1.90/lb Cu
Mine Life	• +10 years Cu + Zn



# Neves-Corvo – Outlook

- Zinc ore mining rates will increase from bulk stopes in upper Lombador contributing to an increased zinc production profile
- Preliminary investigation into expansion of shaft capacity appears promising and further studies advancing
- Increasing U/G exploration activity – copper and zinc focused



# Zinkgruvan – Q3/13 Results

- Production of 18.7kt zinc, 8.7kt lead & 1.0kt copper
- Zinc grades and production volumes were back on track and largely achieved planned levels for the quarter
- Cash costs were at the lowest levels since 2007, primarily due to high lead sales for the quarter
- Maintain annual zinc & lead production guidance; copper increased



Location	• Sweden
2013 Production Guidance	• 73– 78 kt Zn • 33– 36 kt Pb • 3.5– 4.0 kt Cu
2013 C1 Costs	• \$0.30/lb Zn
Mine Life	• +10 years



# Zinkgruvan – Outlook

lundin mining

- Interim measures to improve plant availability have accomplished measurable improvements
- Capital investment for plant modernization deferred indefinitely



# Aguablanca – Q3/13 Results and Outlook

lundin mining

- Produced 1.8kt nickel and 1.5kt copper at cash cost of \$3.67/lb Ni; exceeding expectations for the quarter
- Significant stockpile of ore is now available ahead of the processing plant as the rainy season approaches
- Open pit mining is planned to continue until Q1/2015
- Underground mining plan being considered to potentially extend mining life to 2018
- Annual production guidance increased and cost guidance lowered



Location	• Spain
Ownership	• 100%
2013 Production Guidance	• 6,500 – 7,000 t Ni • 5,500 – 6,000 t Cu
2013 C1 Costs	• \$4.50/lb Ni
Mine Life	• <2 years





# Tenke – Q3/13 Results

lundin mining

- Another excellent quarter in mining, milling and copper production
- Total production (100%) of 49.5kt Cu and 3.7kt Co @ \$1.23/lb Cu
- Cash distributions of \$38.4 million for the quarter and \$110.7 million year-to-date
- Copper production guidance increased slightly by Freeport to approximately 209kt (from 204kt)
- Power disruptions hampered production in the quarter. Tenke working closely with power provider and DRC authorities



Location	• Democratic Republic of Congo
Ownership	• 24%
2013 Sales Estimate (LMC share)	• 50,000 tonnes Cu
2013 C1 Cost	• \$1.24/lb Cu
Mine Life	• +40 years



# Tenke Outlook

lundin mining

## Significant Cash returns Expected to Continue in 2013/2014

- Further expansion investment timing under review by operator Freeport
- Addition of second sulphuric acid plant expected to be completed in 2016
- Lundin expects significant cash flows from Tenke to continue, assisting in balance sheet strength



# Eagle – Status Update

- Project ramp-up proceeding well and on schedule
- Capital cost forecast to complete maintained at \$400M (from July 2013)
- Mine surface facilities to be commissioned in Q2/2014
- Mill commissioning and first saleable concentrates expected in Q4/2014



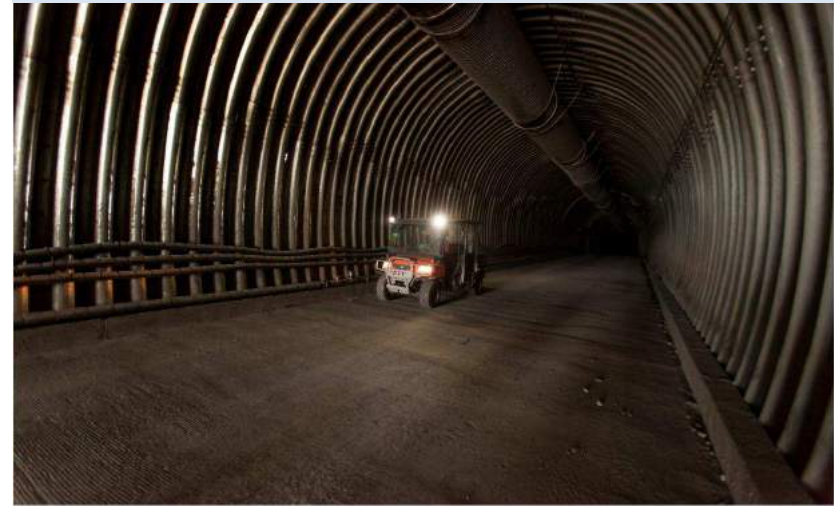
# Eagle – Construction Progress

lundin mining

Mill site facilities



Underground mine ramp



Mill site facilities



Mine site facilities



# Lundin Mining - Summary

lundin mining

Portfolio of **high quality, long-life mines** that are performing well

Optimization **opportunities and exploration potential** at all existing assets

**No high risk** major capital projects

**Proven disciplined growth** approach

**Geographic and base metal diversification**



Neves-Corvo



Zinkgruvan



Eagle



Tenke Fungurume

TSX: LUN  
OMX: LUMI



**lundin mining**

## Questions & Answers