

**PROSPECTUS**  
**REGARDING ADMISSION TO TRADING**  
**ON NASDAQ OMX NORDIC**  
**OF SWEDISH DEPOSITORY RECEIPTS**  
**REPRESENTING SHARES IN LUNDIN MINING CORPORATION**

**lundin mining**

**THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO BUY,  
SUBSCRIBE FOR OR SELL SECURITIES IN LUNDIN MINING CORPORATION**

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## NOTICE TO PROSPECTIVE INVESTORS

This Prospectus does not constitute an offer or invitation to buy, subscribe for or sell securities in Lundin Mining. Neither this Prospectus nor any other information supplied in connection with the admission to trading of the Lundin Mining SDRs described herein should be considered as a recommendation by Lundin Mining that any recipient of this Prospectus should purchase any securities.

This Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with the Swedish Financial Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*). The approval and registration does not imply that the Swedish Financial Supervisory Authority guarantees that the factual information contained herein is correct or complete.

All inquiries relating to this Prospectus should be directed to Lundin Mining. Lundin Mining has not authorized any person to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Arrangement and, if given or made, such information or representation must not be relied upon as having been authorized by Lundin Mining.

There may have been changes affecting Lundin Mining or their respective subsidiaries subsequent to the date of this Prospectus. Neither the delivery of this Prospectus nor the completion of the admission to trading at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Corporation's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

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The securities described herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any securities laws of any state within the United States or of any jurisdiction outside Sweden. Lundin Mining does not represent that this Prospectus may be lawfully distributed in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there under, or assume any responsibility for facilitating any such distribution. This Prospectus may only be used for the purposes for which it has been published. Persons into whose possession this Prospectus may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus.

This Prospectus contains forward-looking statements that are based on present assumptions and estimates made by Lundin Mining with regard to future events and circumstances. Lundin Mining's results may deviate significantly from those expressed or assumed in the forward-looking statements due to different reasons, including, but not limited to, the risks described under "Risk Factors" below.

This Prospectus is to be read in conjunction with all the documents which are deemed to be incorporated herein by reference. See "Information Incorporated by way of Reference" below.

Unless otherwise indicated, all references to "\$" and "US\$" in this Prospectus refer to U.S. dollars, and all references to "C\$" in this Prospectus refer to Canadian dollars.

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\* Document also available electronically at SEDAR ([www.sedar.com](http://www.sedar.com)).

## SUMMARY

*This summary should be understood as an introduction to the Prospectus, and highlights information presented in greater detail elsewhere in this Prospectus. This summary is not complete and does not contain all the information you should consider before investing in Lundin Mining. You should carefully read this entire Prospectus, including “Risk Factors” and other information included herein as well as Annex A – Annex G.*

*Following the implementation of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to Lundin Mining in any Member State solely on the basis of the summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

### ***Lundin Mining Corporation and Lundin Mining Shares and SDRs***

Lundin Mining Corporation (“Lundin Mining” or the “Corporation”) is a Canadian corporation governed by the Canadian Business Corporations Act. Lundin Mining’s head office is located in Toronto, Ontario, Canada. The Lundin Mining common shares are listed on the TSX, under the symbol “LUN” and the Swedish Depositary receipts representing interests in the Lundin Mining common shares (the “Lundin Mining SDRs”) are listed on the NASDAQ OMX Nordic (the “OMX”), under the symbol “LUMI SDR”.

Lundin Mining is a diversified base metals mining company with operations in Portugal, Spain, Ireland and Sweden. The Corporation currently has three material mines in operation producing copper, nickel, lead and zinc (Neves-Corvo in Portugal, Zinkgruvan in Sweden, and Aguablanca in Spain). A significant portion of the Corporation’s business is carried on through various subsidiaries. In addition, Lundin Mining holds an equity interest in the Tenke Fungurume Project in the Democratic Republic of Congo, and is undertaking expansion programs at its Neves-Corvo and Zinkgruvan mines. The Corporation also holds an exploration portfolio and interests in exploration ventures.

The Corporation is authorized to issue an unlimited number of common shares, of which there were 579,433,771 issued and outstanding as of April 27, 2009 (the “Lundin Mining Shares” or “Shares”). The issuance of Swedish Depositary Receipts is a method of making it effectively possible to trade foreign shares in Sweden. Lundin Mining Shares may be exchanged into Lundin Mining SDRs, one Lundin Mining SDR representing one Lundin Mining Share. In such case, the Lundin Mining Share underlying the Lundin Mining SDR will be deposited with E Öhman J:r Fondkommission AB (“Öhman”) who will be registered as a shareholder in Lundin Mining’s share ledger. The Lundin Mining SDRs are registered with the clearing and settlement services provider Euroclear Sweden AB.

This prospectus is being filed to qualify the admission to trading on NASDAQ OMX Stockholm AB of those Lundin Mining SDRs, that may be traded on the OMX following the distribution of 188,997,492 common shares of Lundin Mining Corporation sold pursuant to the HudBay Placement and the Bought Deal Financing Placement, as further described in “BACKGROUND AND MOTIVES” on page 10.

### ***Members of the Board of Directors***

Lukas H. Lundin,  
Chairman and Director

William A. Rand  
Lead Director

David F. Mullen,  
Director

Colin K. Benner,  
Director

John H. Craig,  
Director

Anthony O'Reilly Jr.  
Director

Donald K. Charter,  
Director

Brian D. Edgar,  
Director

Dale C. Peniuk, CA  
Director

Philip J. Wright,  
Director, President and CEO

### ***Independent Auditors***

PricewaterhouseCoopers LLP, Chartered Accountants, Toronto, Ontario are the auditors of Lundin Mining.

### ***Trend Information***

Current global financial conditions have resulted in increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. Partly as a result of these developments, global economic activity has been adversely affected, leading to a substantial reduction in demand for base metals. Since the end of 2007, market prices for base metals have fallen sharply, leading to the suspension of production and ultimate sale of Lundin Mining's Aljustrel mine in Portugal in November 2008. De-stocking in supply chains, coupled with collapsing demand, has seen base metal inventories rise, prices fall and profits contract. However, more recently, there have been signs of a rebound in base metal prices.

### ***Risk Factors Related to Investment in the Shares***

An investment in the Shares involves certain risks. In addition, investment in a natural resource issuer involves a significant degree of risk. Lundin Mining is subject to a number of risks in the operation of its business. The risks described under "Risk Factors" could have a material adverse effect on Lundin Mining's business, results of operations, financial condition or future prospects or the value of the Shares. Additional risks and uncertainties, including those of which Lundin Mining's Management is currently unaware or deems immaterial, may also have a material adverse effect on the business, results of operations or financial condition of Lundin Mining or may result in other events that could cause investors to lose all or part of their investment.

There are risks associated with investment in the Shares, including the following:

- As at December 31, 2008, the Corporation was not in compliance with the tangible net worth covenant under its credit facility. The banking syndicate has waived, in favor of the Corporation, compliance with the requirements of the tangible net worth covenant until June 5, 2009. In the event that a positive outcome is not achieved from negotiations between the Corporation and the lending syndicate, permanent relief from the said covenant is not obtained and the credit facility is not restructured, the debt will be callable by the lenders, which would adversely impact the Corporation's financial position and operations.
- The Corporation is subject to a broad range of environmental laws and regulations in the jurisdictions in which it operates and will be exposed to potentially significant environmental costs and liabilities.

## **RISK FACTORS**

*An investment in securities of the Corporation involves significant risks, which should be carefully considered by prospective investors before purchasing such securities. In addition to information set out or incorporated by reference in this Prospectus, investors should carefully consider the risk factors set out below. Any one of such risk factors could materially affect the Corporation's financial condition and/or future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation.*

*This Prospectus also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by Lundin Mining, described below and elsewhere in this Prospectus.*

### **Metal Prices**

Metal prices, primarily copper, zinc, lead and nickel, are key performance drivers and fluctuations in the prices of these commodities can have a dramatic effect on the results of operations. Prices fluctuate widely and are affected by numerous factors beyond the Corporation's control. The prices of metals are influenced by supply and demand, exchange rates, inflation rates, changes in global economies, and political, social and other factors. The supply of metals consists of a combination of new mine production and existing stocks held by governments, producers and consumers.

If the market prices for metals fall below the Corporation's full production costs and remain at such levels for any sustained period of time, the Corporation may, depending on hedging practices, experience losses and may determine to discontinue mining operations or development of a project or mining at one or more of its properties. If the prices drop significantly, the economic prospects of the mines and projects in which the Corporation has an interest could be significantly reduced or rendered uneconomic. Low metal prices will affect the Corporation's liquidity, and if they persist for an extended period of time, the Corporation may have to look for other sources of cash flow to maintain liquidity until metal prices recover.

### **Credit Risk**

The Corporation is exposed to various counterparty risks. The Corporation is subject to credit risk through its trade receivables. The Corporation manages this risk through evaluation and monitoring process such as using the services of credit agencies. The Corporation transacts with credit worthy customers to minimize credit risk and if necessary, employ provisional payment arrangements and the use of letters of credit, where appropriate, but cannot always be assured of the solvency of its customers and at times will sell to parties whose credit worthiness is not determinable. Credit risk relating to derivative contracts arises from the possibility that a counterparty to an instrument with which the Corporation has an unrealized gain fails to settle the contracts.

### **Credit Facility Risk**

As at December 31, 2008, the Corporation was not in compliance with the tangible net worth covenant under its credit facility. The banking syndicate has waived, in favour of the Corporation, compliance with the requirements of the tangible net worth covenant until June 5, 2009. The total drawn on the facility was approximately \$267 million at December 31, 2008.

Tangible net worth, as defined under the facility, was reduced during the year of 2008 as a result of: writedowns of mining assets and marketable securities stemming from the fall in metal prices; operating losses incurred in the fourth quarter; the fall in the value of the Euro and SEK, in which currencies the principal mining assets are denominated, against the US Dollar, in which currency the Corporation reports its results, resulting in a lower value of assets in US dollar terms; and investment in the Tenke Fungurume project, which is excluded when considering the tangible net worth under the banking covenants as the banks' security did not include the Tenke Fungurume project.



In return for the waiver, the Corporation has agreed to, with effect on February 25, 2009 and for the duration of the waiver period, certain changes in conditions including: no further drawdowns on the credit facility; an increase in the interest rate to 4.5% over LIBOR; restrictions on cash distributions and asset sales; an inclusion of the Corporation's interest in the Tenke Fungurume project in the security package; and a general security agreement over the Corporation's assets. The intention is to restructure the credit facility to ensure adequate liquidity in the event that the present market volatility and depressed demand for base metals continue for the next two years. Future operations are dependent on the Corporation's ability to access sufficient funding to meet its obligations. There are, however, no assurances that these negotiations will be successful.

In the event that a positive outcome is not achieved from negotiations between the Corporation and the lending syndicate, permanent relief from the said covenant is not obtained and the credit facility is not restructured, the debt will be callable by the lenders, which would adversely impact the Corporation's financial position and operations. As a result, the \$267 million drawdown on the credit facility has been classified by the Corporation as a current liability at December 31, 2008. In the event that the credit facility cannot be agreed upon with the lenders on suitable terms, management of the Corporation plans to pursue other financing arrangements which may include alternative debt facilities, equity financing, asset sales or a combination thereof. There can be no assurance that alternative sources of financing will be available, and, if available, on acceptable terms.

### **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 Corporation is subject to counterparty risk and liquidity risk. The Corporation is exposed to various counterparty risks including, but not limited to: (i) through the Corporation's lenders; (ii) through financial institutions that hold the Corporation's cash, and (iii) through the Corporation's insurance providers.

The Corporation 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 Corporation to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Corporation. If these increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted and the trading price of the Shares could be adversely affected.

### **Foreign Exchange Risk**

The Corporation's revenue from operations is received in United States dollars while most of its operating expenses will be incurred in Euro and SEK. Accordingly, foreign currency fluctuations may adversely affect the Corporation's financial position and operating results. The Corporation does not currently engage in foreign currency hedging activities for regularly occurring operational transactions.

### **Derivative Instruments**

The Corporation may, from time to time, manage exposure to fluctuations in metal prices and foreign exchange rates by entering into derivative instruments approved by the Corporation's Board of Directors. The Corporation does not hold or issue derivative instruments for speculation or trading purposes. These derivative instruments are marked-to-market at the end of each period and may not necessarily be indicative of the amounts the Corporation might pay or receive as the contracts are settled.

### **Reclamation Funds and Mine Closure Costs**

As at December 31, 2008, the Corporation had \$58.4 million in a number of reclamation funds that will be used to fund future site restoration and mine closure costs at the Corporation's various mine sites. The Corporation will

continue to contribute annually to these funds based on an estimate of the future site restoration and mine closure costs as detailed in the closure plans. Changes in environmental laws and regulations can create uncertainty with regards to future reclamation costs and affect the funding requirements. The Corporation permanently ceased production at its Storliden mine during 2008 and will wind down mining operations at its Galmoy mine during the first half of 2009. Rehabilitation programs will be completed at both mines following production shutdown. The Corporation also has ongoing long-term monitoring programs in place associated with legacy mining operations previously carried on in Honduras and Spain under the ownership of a subsidiary of Rio Narcea Gold Mines Ltd., which was acquired by the Corporation in 2007. Closing a mine can have significant impact on local communities and site remediation activities may not be supported by local stakeholders. The Corporation endeavours to mitigate this risk by reviewing and updating closure plans regularly with external stakeholders over the life of the mine and considering where post-mining land use for mining affected areas has potential benefits to the communities. In addition to the immediate closure activities, including ground stabilization, infrastructure demolition and removal, top soil replacement, re-grading and re-vegetation, closed mining operations require long-term surveillance and monitoring.

Site closure plans have been developed and amounts accrued in the Corporation's financial statements to provide for mine closure obligations. Future remediation costs for inactive mines are estimated at the end of each period, including ongoing care, maintenance and monitoring costs. Changes in estimates at inactive mines are reflected in earnings in the period an estimate is revised. Actual costs realized in satisfaction of mine closure obligations may vary materially from management's estimates.

## **Competition**

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Corporation competes with other mining companies, many of which have greater financial resources than the Corporation, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

## **Foreign Countries and Regulatory Requirements**

The Corporation's operations in Portugal, Sweden, Ireland, Spain and the DRC are subject to various laws and environmental regulations. The implementation of new or the modification of existing laws and regulations affecting the mining and metals industry could have a material adverse impact on the Corporation.

The Corporation has significant investment in properties and projects located in developing countries, including Russia and DRC. The carrying values of these properties and the Corporation's ability to advance development plans or bring the projects to production may be adversely affected by whatever political instability and legal and economic uncertainty that might exist in such countries. The risks associated to which Corporation's interests in such countries may be adversely affected include: political unrest; labour disputes; invalidation of governmental orders, permits, agreements or property rights; risk of corruption including violations under U.S. and Canadian foreign corrupt practices statutes; military repression; war; civil disturbances; criminal and terrorist actions; arbitrary changes in laws, regulations, policies, taxation, price controls and exchange controls; delays in obtaining or the inability to obtain necessary permits; opposition to mining from environmental or other non-governmental organizations; limitations on foreign ownership; limitations on the repatriation of earnings; limitations on mineral exports; and high rates of inflation and increased financing costs. These risks may limit or disrupt the Corporation's projects, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization, expropriation or other means without fair compensation. Africa's status as a developing continent may make it more difficult for the Corporation to obtain any required exploration, development and production financing for its projects.

There can be no assurance that industries which are deemed of national or strategic importance in countries in which the Corporation has operations or assets, including mineral exploration, production and development, will not be nationalized. The risk exists that further government limitations, restrictions or requirements, not presently foreseen, will be implemented. Changes in policy that alter laws regulating the mining industry could have a material

adverse effect on the Corporation. There can be no assurance that the Corporation's assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body. In addition, in the event of a dispute arising from foreign operations, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Corporation also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Corporation to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Corporation's operations.

### **Mining and Processing**

The Corporation's business operations are subject to risks and hazards inherent in the mining industry, including, but not limited to, unanticipated variations in grade and other geological problems, water conditions, surface or underground conditions, metallurgical and other processing problems, mechanical equipment performance problems, the lack of availability of materials and equipment, the occurrence of accidents, labour force disruptions, force majeure factors, unanticipated transportation costs, and weather conditions, any of which can materially and adversely affect, among other things, the development of properties, production quantities and rates, costs and expenditures and production commencement dates. The Corporation's processing facilities are dependent upon continuous mine feed to remain in operation. Insofar as the Corporation's mines may not maintain material stockpiles of ore or material in process, any significant disruption in either mine feed or processing throughput, whether due to equipment failures, adverse weather conditions, supply interruptions, labour force disruptions or other causes, may have an immediate adverse effect on results of operations of the Corporation. The Corporation periodically reviews mining schedules, production levels and asset lives in its life of mine ("LOM") planning for all of its operating and development properties. Significant changes in the LOM Plans can occur as a result of experience obtained in the course of carrying out mining activities, new ore discoveries, changes in mining methods and rates, process changes, investments in new equipment and technology, precious metals price assumptions, and other factors. Based on this analysis, the Corporation reviews its accounting estimates and in the event of an impairment, may be required to write-down the carrying value of a mine or mines. This complex process continues for the economic life of every mine in which the Corporation has an interest.

### **Mine Development Risks**

The Corporation's ability to maintain, or increase, its annual production of zinc, silver, copper, nickel and other metals will be dependent in significant part on its ability to bring new mines into production and to expand existing mines. Although the Corporation utilizes the operating history of its existing mines to derive estimates of future operating costs and capital requirements, such estimates may differ materially from actual operating results at new mines or at expansions of existing mines. The economic feasibility analysis with respect to any individual project is based upon, among other things, the interpretation of geological data obtained from drill holes and other sampling techniques, feasibility studies (which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed), precious and base metals price assumptions, the configuration of the orebody, expected recovery rates of metals from the ore, comparable facility and equipment costs, anticipated climatic conditions, estimates of labour, productivity, royalty or other ownership requirements and other factors. Some of the Corporation's development projects are also subject to the successful completion of final feasibility studies, issuance of necessary permits and other governmental approvals and receipt of adequate financing. Although the Corporation's feasibility studies are generally completed with the Corporation's knowledge of the operating history of similar ore bodies in the region, the actual operating results of its development projects may differ materially from those anticipated, and uncertainties related to operations are even greater in the case of development projects.

### **Environmental and Other Regulatory Requirements**

All phases of mining and exploration operations are subject to government regulation including regulations pertaining to environmental protection. Environmental legislation is becoming stricter, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened responsibility for companies and their officers, directors and employees. There can be no assurance that possible

future charges in environmental regulation will not adversely affect the Corporation's operations. As well, environmental hazards may exist on a property in which the Corporation holds an interest, that were caused by previous or existing owners or operators of the properties and of which the Corporation is not aware at present. Operations at the Corporation's mines are subject to strict environmental and other regulatory requirements, including requirements relating to the production, handling and disposal of hazardous materials, pollution controls, health and safety and the protection of wildlife. The Corporation may be required to incur substantial capital expenditures in order to comply with these requirements. Any failure to comply with the requirements could result in substantial fines, delays in production, or the withdrawal of the Corporation's mining licenses.

Government approvals and permits are required to be maintained in connection with the Corporation's mining and exploration activities. Although the Corporation currently has all the required permits for its operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations or additional permits for any possible future changes to the Corporation's operations, including any proposed capital improvement programs. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on the Corporation resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

### **Mineral Resource and Reserve Estimates**

The Corporation's reported mineral resources and ore reserves and the reported Mineral Resources and Mineral Reserves are only estimates. No assurance can be given that the estimated Mineral Resources and Mineral Reserves will be recovered or that they will be recovered at the rates estimated. Mineral Resource and Mineral Reserve estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral Resource and Mineral Reserve estimates may require revision (either up or down) based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain Mineral Resources and Mineral Reserves uneconomic and may ultimately result in a restatement of estimated resources and/or reserves. Moreover, short-term operating factors relating to the Mineral Resources and Mineral Reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades or types, may adversely affect the Corporation's profitability in any particular accounting period.

### **Estimation of Asset Carrying Values**

The Corporation annually undertakes a detailed review of the LOM Plans for its operating properties and an evaluation of the Corporation's portfolio of development projects, exploration projects and other assets. The recoverability of the Corporation's carrying values of its operating and development properties are assessed by comparing carrying values to estimated future net cash flows from each property. The carrying values of the Corporation's investments are assessed by evaluating the fair market values of the investments in relation to the carrying values and determining whether impairment has occurred which is other than temporary in nature. Factors which may affect carrying values include, but are not limited to, metal prices, capital cost estimates, mining, processing and other operating costs, grade and metallurgical characteristics of ore, mine design and timing of production. In the event of a prolonged period of depressed prices, or events that occur related to the business of the Corporation's equity and portfolio investments, the Corporation may be required to take additional material write-downs of its operating and development properties and of its equity and portfolio investments.

### **Funding Requirements and the Current Economic Crisis**

The Corporation does not have unlimited financial resources and there is no assurance that sufficient additional

funding or financing will be available to the Corporation or its direct and indirect subsidiaries on acceptable terms, or at all, for further exploration or development of its properties or to fulfill its obligations under any applicable agreements. Failure to obtain such additional funding could result in the delay or indefinite postponement of the exploration and development of the Corporation's properties. In particular, the volatility and disruption in the credit and capital markets experienced in 2008 is expected to continue throughout 2009. The markets have exerted extreme downward pressure on stock prices, particularly in the mining industry, while the costs of new debt capital, when available, markedly increased. Continuing disruption and uncertainty in the credit markets could increase the Corporation's interest rates, adversely affecting its operations and financial position.

Lundin Mining is a multinational Corporation and relies on financial institutions worldwide to fund its corporate and project needs. Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. These factors may impact the ability of the Corporation to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Corporation. Continued disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation of financial institutions, reduced alternatives or failures of significant financial institutions could adversely affect the Corporation's access to the liquidity needed for the business in the longer term.

The Corporation's access to funds under the credit facility is dependent on the ability of the financial institutions that are parties to the facility to meet their funding commitments. Those financial institutions may not be able to meet their funding requirements if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time. Moreover, the obligations of the financial institutions under the credit facility are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others. Such disruptions could require the Corporation to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for the Corporation's business needs can be arranged. If these increased levels of volatility and market turmoil continue, the trading price of the Corporation's common shares could continue to be adversely affected.

### **Uninsurable Risks**

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, as well as political and social instability. It is not always possible to obtain insurance against all such risks and the Corporation may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Corporation. The Corporation does not maintain insurance against political or environmental risks.

### **No Assurance of Titles or Boundaries**

Although the Corporation has investigated the right to explore and exploit its various properties and obtained records from government offices with respect to all of the mineral claims comprising its properties, this should not be construed as a guarantee of title. Other parties may dispute the title to a property or the property may be subject to prior unregistered agreements and transfers or land claims by aboriginal, native, or indigenous peoples. The title may be affected by undetected encumbrances or defects or governmental actions. The Corporation has not conducted surveys of all of its properties and the precise area and location of claims or the properties may be challenged.

### **Partners in the Ozernoe Project and the Tenke Fungurume Project**

The Corporation's partner in the Ozernoe Project is IFC Metropol LLC; its partner in the Tenke Fungurume copper/ cobalt project is Freeport-McMoRan Copper & Gold Inc. There may be risks associated with either of these partners, including their financial condition, of which the Corporation is not aware. There is a risk for non-payment by partners of their share of project expenditures, which would adversely affect the Corporation's financial position and

financial results.

### **Tax**

The Corporation runs its business in different countries and strives to run its business in as tax efficient a manner as possible. The tax systems in certain of these countries are complicated and subject to changes. By this reason, future negative effects on the result of the Corporation due to changes in tax regulations cannot be excluded. Repatriation of earnings to Canada from other countries may be subject to withholding taxes. The Corporation has no control over the withholding tax rates in the countries where the operations are carried out.

### **Employee Relations**

A prolonged labour disruption at any of the Corporation's mining operations could have a material adverse effect on the Corporation's ability to achieve its objectives with respect to such properties and its operations as a whole.

### **Infrastructure**

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges and power and water supplies are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage or government or other interference in the maintenance or provision of such infrastructure could adversely affect the activities and profitability of the Corporation. During recent years, the regional supply of water has been the object of political debate between the province in which Aguablanca operates and two neighbouring provinces. The Corporation continues to negotiate with local authorities to acquire all of the water licences required to satisfy all of its supply requirements.

### **Backfill and Long-Term Mine Stability of the Galmoy Mine**

The Irish authorities that will endorse the final closure plan for the Corporation's Galmoy mine are expected to accept recommendations made by recognized 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, the Corporation may be obliged to place larger volumes at a considerable cost.

### **Key Personnel**

The Corporation is depending on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Corporation. The Corporation does not have key person insurance on these individuals.

### **Share Price Volatility**

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Corporation's securities.

## BACKGROUND AND MOTIVES

This Prospectus is being filed to qualify the admission to trading on the OMX of those Lundin Mining SDRs that may be exchanged and subsequently traded on the OMX following the distribution of 96,997,492 common shares in Lundin Mining Corporation sold to HudBay Minerals Inc. pursuant to a private placement closed in December 2008 at a price of C\$1.40 per offered share (the “HudBay Placement”) and following the distribution of 92,000,000 common shares sold pursuant to a private placement closed in April 2009 at a price of C\$2.05 per offered share (the “Bought Deal Financing Placement”) according to an underwriting agreement among the Corporation and GMP Securities L.P., BMO Nesbitt Burns Inc., Scotia Capital Inc., Canaccord Capital Corporation, Cormark Securities Inc., Dundee Securities Corporation, Haywood Securities Inc. and Macquarie Capital Markets Canada Ltd. The aggregate gross proceeds of the HudBay Placement were approximately C\$135.8 million. The aggregate gross proceeds of the Bought Deal Financing Placement were approximately C\$188,600,000.

*The Board of Directors of Lundin Mining is responsible for the contents of this Prospectus. Information regarding the members of the Board of Directors is available elsewhere in this Prospectus. The Board of Directors of Lundin Mining hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.*

Toronto, Canada, June 1, 2009

The Board of Directors  
Lundin Mining Corporation

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

*Below, selected consolidated information about the Corporation is presented. The information below should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements of Lundin Mining and the related notes thereto included herein as Annex B – Annex G.*

*The financial statements in Annexes B, D and G included in this Prospectus have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) as defined by the Accounting Standards Board of the Canadian Institute of Chartered Accountants in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis. Annex B and D have been audited by PricewaterhouseCoopers LLP. The Committee of European Securities Regulators considered in its advice delivered in June 2005 and in May 2008 that Canadian GAAP, taken as a whole, is equivalent to International Financial Reporting Standards as adopted pursuant to Regulation 1606/2002/EC of the European Parliament and the Council of July 19, 2002. **No other parts of this Prospectus have been audited.***

### Selected annual information

(US\$ millions, except key financial data)	Jan 1- March 31		Year Ended December 31				
	2009	2008	2008 Excluding Impairment	2008	2007 Excluding Impairment	2007	2006
Sales	<b>123.4</b>	305.7		<b>835.3</b>		1,059.7	539.7
Operating earnings	<b>38.2</b>	182.9		<b>323.2</b>		628.5	300.0
Net (loss) earnings before discontinued operations	<b>(14.1)</b>	81.3	<b>49.0</b>	<b>(720.0)</b>	350.3	0.3	151.5
Net (loss) earnings	<b>(8.6)</b>	78.8	<b>48.3</b>	<b>(957.1)</b>	337.7	(154.2)	151.5
Shareholders' equity	<b>2580.4</b>	3750.0		<b>2,603.7</b>		3,541.8	2,128.0
Capital expenditures	<b>(33.6)</b>	(79.3)		<b>274.4</b>		189.4	151.3
Net debt/(surplus)	<b>259.5</b>	104.2		<b>145.5</b>		(35.8)	(356.0)
<b>Key Financial Data</b>							
Shareholders' equity per share	<b>5.29</b>	9.61		<b>5.34</b>		9.02	7.47
Basic (loss) earnings per share before discontinued operations	<b>(0.03)</b>	0.21	<b>0.12</b>	<b>(1.82)</b>	1.03	0.00	1.01
Basic (loss) earnings per share	<b>(0.02)</b>	0.20	<b>0.12</b>	<b>(2.41)</b>	1.00	(0.46)	1.01
Diluted (loss) earnings per share before discontinued operations	<b>(0.03)</b>	0.21	<b>0.12</b>	<b>(1.82)</b>	1.03	0.00	1.00
Diluted (loss) earnings per share	<b>(0.02)</b>	0.20	<b>0.12</b>	<b>(2.41)</b>	1.00	(0.46)	1.00
Dividend per share	<b>0</b>	0		<b>0</b>		0	0
Equity ratio	<b>75%</b>	74%		<b>70%</b>		75%	74%
Shares outstanding:							
Basic weighted average	<b>487,433,771</b>	390,821,044		<b>396,416,414</b>		338,643,242	149,439,546
Diluted weighted average	<b>487,433,771</b>	390,942,398		<b>396,416,414</b>		338,643,242	151,152,105
End of period	<b>487,433,771</b>	390,413,431		<b>487,433,771</b>		392,489,131	284,800,065



## OPERATING AND FINANCIAL REVIEW

*The information below should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements of Lundin Mining and the related notes thereto included herein as Annex B, D and G.*

### Financial Conditions

Net debt as at March 31, 2009 was \$259.5 million, as compared to a net debt of \$145.5 at December 31, 2008. The increase in net debt during the quarter was primarily attributable to the cash outflow on the settlement of sales for which provisional payments had been previously received, as well as cash outlays on disposal of Aljustrel and capital expenditures.

As at December 31, 2008, the Corporation had net debt of \$145.5 million compared with net cash surpluses of \$35.8 million as at December 31, 2007 and \$356.0 million as at December 31, 2006.

Cash and cash equivalents increased by \$38.7 million to \$169.7 million as at December 31, 2008 from \$131.0 million at December 31, 2007. During 2008, cash inflows consisted of operating cash flows of \$215.0 million, private placement proceeds of \$111.4 million and the drawdown on the credit facility in the amount of \$226.3 million. Cash was used to invest in property plant and equipment in the amount of \$274.4 million and to satisfy the Corporation's obligations to fund its share of the Tenke Phase I capital requirements and related project expenditures in the amount of \$264.1 million. A total of \$14.6 million was also spent on the Corporation's normal course issuer bid.

As at December 31, 2008, the Corporation was not in compliance with the tangible net worth covenant under its \$575 million revolving line of credit facility however this requirement has been waived by the banking syndicate until June 5, 2009. The total outstanding on the facility was \$266.7 million at December 31, 2008.

Tangible net worth, as defined under the facility, has reduced during the year as a result of: write-downs of mining assets and marketable securities stemming from the fall in metal prices; operating losses incurred in the fourth quarter; the fall in the value of the Euro and Swedish krona, in which currencies the principal mining assets are denominated, against the US Dollar, in which currency the Corporation reports its results, resulting in a lower value of assets in US Dollar terms; and investment in Tenke, which is excluded when considering the tangible net worth under the banking covenants as the banks' security does not include Tenke.

In return for the waiver, the Corporation has agreed to, with effect on February 25, 2009, and for the duration of the waiver period, certain changes in conditions including: no further drawdowns on the facility, an increase in the interest rate to 4.5% over LIBOR; restrictions on cash distributions and asset sales, an inclusion of the Corporation's interest in Tenke in the security package and a general security agreement over the Corporation's assets.

The intention is to restructure the facility to ensure adequate liquidity in the event that the present market volatility and depressed demand for base metals continue for the next two years. However, there is no assurance that permanent relief from the covenant will be obtained and if the facility is not restructured, the debt will be callable by the lenders. In view of this, the \$266.7 million drawdown on the facility has been classified as a current liability at December 31, 2008.

In the event that the facility cannot be agreed upon with the lenders on suitable terms, the Management will pursue other financing arrangements which may include alternative debt facilities, equity financing, asset sales or a combination thereof.

### Results of Operations

The improved result for the year 2006 compared with 2005 was primarily due to higher metal prices and to the purchase of Eurozinc, which was financially consolidated with the Corporation effective November 1, 2006. In 2007, net income excluding impairment amounted to \$337.7 million, the difference from 2006 being mainly attributable to the increase in production following the purchase of Eurozinc. As a consequence of the shares issued

in connection with the acquisition of Eurozinc, basic net earnings per share excluding impairment was almost unchanged (\$1.00 per share in 2007 compared with \$1.01 per share in 2006). However, substantial impairment writedowns resulted in a net loss of \$154.2 million for the year ended December 31, 2007 (or \$0.46 per share).

In 2008, there were no major changes in production levels. However, decreasing metal prices resulted in net earnings, before impairments, falling to \$48.3 million (or \$0.12 per share) for the year ended December 31, 2008. In addition, a non cash impairment of assets in the amount of \$1,114.7 million (\$1,005.5 million after tax, or \$2.54 per share) resulted in a net loss in the amount of \$957.1 million (or \$2.41 per share) for the year.

Net loss for the first quarter 2009 was \$8.6 million (or \$0.02 per share), as compared to net earnings of \$78.8 million for the first quarter 2008 (or \$0.20 per share). The net loss includes a gain of \$5.6 million, \$0.01 per share, related to the disposal of the Pirites Alentejanas SA (Aljustrel mine). The decrease in earnings for the first quarter 2009, as compared to the first quarter 2008, is primarily attributable to significant decreases in the metal prices.

### Cash flow

Cash on hand at March 31, 2009 was \$51.3 million. Cashflow from operations for the first quarter of 2009 was an outflow of \$63.3 million. Cash outflow related to financing activities was \$3.3 million and finally cash spent on investing activities was \$55.0 million of which \$33.6 million was related to property, plant and equipment expenditures and a further \$21.0 million was spent on the disposal of Aljustrel.

As at December 31, 2008, the Corporation had cash and cash equivalents of \$169.7 million and net debt of \$145.5 million. During 2008, \$484.3 million of cash was used in investing activities of which \$274.4 million was used to invest in property, plant and equipment and \$264.1 was used to satisfy the Corporations' obligations to fund its share of the Tenke Phase I capital requirements and related project expenditures. A total of \$14.6 million was also spent on the Corporation's normal course issuer bid. Cash inflows of \$332.5 million related to the Corporation's financing activities included \$238.5 million of net loan proceeds and \$112.0 million of share issuance proceeds. Finally, the Corporation had operating cash inflows of \$215.0 million.

### Production Summary

	January 1 – March 31	Years ended December 31		
	2009	2008	2007	2006
Copper (tonnes)	24,240	98,148	97,120	24,091
Zinc (tonnes)	34,277	167,844	152,020	167,422
Lead (tonnes)	12,870	44,799	44,560	45,106
Nickel (tonnes)	1,961	8,136	3,270	-

### Sales

Sales for the first quarter of 2009 were \$123.4 million, down 60% compared to sales in the first quarter of 2008 of \$305.7 million. The decline is entirely related to lower metal prices. Sales for 2008 were \$835.3 million, down 21% compared to 2007 sales of \$1,059.7 million, with the decline being primarily price driven. Metal prices declined significantly during the year, with zinc and lead experiencing a steady decrease and copper and nickel initially seeing increases in the first two quarters followed by pronounced decreases, most notably in the last quarter of the year. Sales in 2007 of \$1,059.7 million were almost double the 2006 sales of \$539.7 million; the increase being the result of the merger with EuroZinc Mining Corporation ("Eurozinc") on October 31, 2006 and the acquisition of Rio Narcea on July 17, 2007, as well as higher lead prices.

### Operating Earnings

Operating earnings reduced by \$144.7 million from \$182.9 million in the first quarter of 2008 to \$38.2 million in 2009. Price and price adjustments on previous concentrate sales accounted for a reduction of approximately \$191 million, and this was partially offset by cost improvements at the operations and more favourable exchange rates. Operating earnings reduced by \$305.3 million from \$628.5 million in 2007 to \$323.2

million in 2008. Price and price adjustments accounted for approximately \$290 million of this deterioration. Cost improvements at the operations were offset by the stronger US dollar, increased ARO obligations related to severance or mine closures and slightly lower sales volume. The Corporation continues to adjust its operations to reflect the changes in the metal price environment to ensure it remains competitive. 2006 operating earnings were \$300.0 million.

### **Operating Costs**

During the first quarter of 2009 the operating cost performance improved primarily due to decrease in treatment and refining charges of \$22.8 million and cost control initiatives which involved a reduced number of contractors and lower materials costs. Total operating costs decreased by \$28.2 million to \$76.8 million from \$105.0 million in the first quarter of 2008. The US dollar denominated cash cost per pound of metal produced was aided by a weakening of the Euro and Swedish krona. Cost of mining operations were \$436.6 million in 2008 compared with \$379.3 million for the same period in 2007. A large portion of the increase resulted from the inclusion of a full year of operating costs from the Aguablanca mine. The costs in 2007 were included only from July when the mine was acquired. The remainder of the increase was due to a strong Euro exchange rate, resulting in costs being greater when expressed in US dollars and also general increases in the costs of production, particularly energy costs. In 2006, cost of mining operations was \$219.0 million, \$160.3 million lower than 2007. The increase in cost of sales was due primarily to the additions of the Neves-Corvo and Aguablanca mines and the decline in the US dollar against the Euro and SEK, which increased operating costs at Neves-Corvo, Zinkgruvan, Aguablanca and Galmoy mines by approximately \$20 million.

### **General Exploration and Project Investigation**

General exploration and project investigation costs decreased to \$5.3 million in the first quarter of 2009 from \$10.1 million during the first quarter of 2008. The costs were primarily in Portugal, where drilling continued on near mine exploration at Neves-Corvo (\$4.1 million). In 2008, general exploration and project investigation costs increased to \$38.9 million from \$35.4 million in 2007 and \$9.9 million in 2006. Exploration costs broken down by country are as follows: Portugal - \$17.0 million, Sweden - \$9.2 million, Spain - \$9.5 million, Ireland - \$2.7 million. An additional \$0.5 million in expenditures relating to new business development activities, including project investigation and evaluations work, were incurred in 2008. The significant increase from 2006 to 2007 was the result of the acquisitions of Eurozinc mining in 2006 and Rio Narcea in 2007, combined with the increased spending on existing exploration in Sweden and Ireland.

### **Loss on Forward Sales Contracts**

Gain (loss) on forward sales contracts are comprised of realized and unrealized gains and losses from marking-to-market the Corporation's outstanding metal forward sales. The net loss on derivative contracts during 2008 was \$0.1 million compared with a net loss of \$18.0 million in 2007. The year over year decrease is the result of the Corporation unwinding its hedge portfolio, and the changes in metal prices. High metal prices during 2007, particularly for lead, resulted in large losses being recorded related to the Corporation's then outstanding forward contracts. There were no remaining forward sales contracts outstanding at the end of 2008.

### **(Loss) Gain on Sale of Investments**

During 2007, the Corporation disposed of certain of its investments and realized gains of \$74.3 million. This compares to marginal losses of \$1.3 million in 2008 and \$0.01 million in 2006. The significant gains realized in 2007 related to the disposition of certain of the Corporation's investments acquired for strategic purposes.

### **Mark-to-Market of Available-for-Sale Securities**

During the latter half of 2008, the value of the Corporation's portfolio significantly diminished as a result of the economic downturn. Junior mining company's market valuations were severely affected and the Corporation recognized an impairment loss of its securities in the amount of \$144.1 million. Included in the current period loss is an amount of \$23.6 million related to the mark-to-market adjustment recorded in previous years, which was previously recorded as an element of comprehensive income. An income tax recovery of \$0.9 million has been

recorded in relation to the charges. A valuation allowance of \$11.6 million has been assessed against the future income tax asset that resulted from the recovery.

### Goodwill and Long-Lived Asset Impairment

In 2008, the recorded impairment charges of \$1,114.7 million (including \$210.5 million for Aljustrel), compared to an impairment charge of \$491.9 million recorded in 2007. No impairment charges were recorded in 2006. The 2007 impairment charges include a \$350.0 million writedown of goodwill is attributable to the merger with Eurozinc (\$327.7 million) and the acquisition of Rio Narcea (\$22.3 million) and asset impairment charges on the Aljustrel mine carrying value \$193.1 million (\$141.9 million after-tax). These impairment charges were due primarily to the decline in both the US dollar exchange rate with the Euro and nickel prices.

The breakdown of the 2008 impairment charges (excluding Aljustrel) is as follows:

(US\$ millions)	Galmoy	Eurozinc	Rio Narcea	Ozernoë	Total
Asset impairment	78.6	-	340.4	103.8	522.8
Goodwill impairment	-	166.7	70.7	-	237.4
Tax effect	-	-	(99.5)	(34.9)	(134.4)
<b>Net after tax impairment</b>	78.6	166.7	311.6	68.9	\$ 625.8

### Tendencies

For the second quarter 2009, market outlooks remain uncertain. Although prices have recovered somewhat since December 2008 lows, the physical metal markets lack transparency and directional changes in near-term metal prices may occur. Current global financial conditions have resulted in increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. Partly as a result of these developments, global economic activity has been adversely affected, leading to a substantial reduction in demand for base metals. Since the end of 2007, market prices for base metals have fallen sharply, leading to the suspension of production at Lundin Mining's Aljustrel mine in Portugal in November 2008. De-stocking in supply chains, coupled with collapsing demand, has seen base metal inventories rise, prices fall and profits contract. However, more recently, there have been signs of a rebound in base metal prices.

## LUNDIN MINING CORPORATION

### General

Lundin Mining Corporation is a Canadian corporation. As of April 20, 2009, Lundin Mining is a reporting issuer (or its equivalent) in all provinces in Canada, but Quebec, and files periodic reports with the SEC under the 1934 Act. The Lundin Mining Shares are listed on the TSX, under the symbol “LUN” and the Swedish Depository receipts representing interests in the Lundin Mining Shares are listed on OMX, under the symbol “LUMI SDR”.

### Business Overview

Lundin Mining is a diversified base metals mining company with operations in Portugal, Spain, Ireland and Sweden. The Corporation currently has three material mines in operation producing copper, nickel, lead and zinc (Neves-Corvo in Portugal, Zinkgruvan in Sweden, and Aguablanca in Spain).

In addition, Lundin Mining holds an equity interest in the Tenke mine in the Democratic Republic of Congo (“DRC”), and is undertaking expansion programs at its Neves-Corvo and Zinkgruvan mines. The Corporation also holds an exploration portfolio and interests in exploration ventures.

Lundin Mining owns, indirectly:

- 100% of the outstanding shares of Zinkgruvan Mining AB. Zinkgruvan Mining AB operates the Zinkgruvan lead/zinc/silver mine in Sweden;
- 100% of the outstanding shares of Galmoy Mines Ltd (“Galmoy”). Galmoy is an Irish mining and exploration company, the main asset of which is the Galmoy mine located in County Kilkenny, Ireland. A decision was made earlier in the year of 2009 to close the Galmoy lead/zinc mine in light of the mine’s low remaining reserves and the present metal price outlook and production will cease by mid-2009;
- 100% of the outstanding shares of Somincor S.A (“Somincor”). Somincor is a Portuguese mining and exploration company, the main asset of which is the Neves-Corvo copper/zinc mine in Portugal. On November 13, 2008, Lundin Mining announced plans to suspend zinc production from the Neves-Corvo mine, converting the zinc circuits to provide additional copper production;
- 100% of the outstanding shares of Rio Narcea Gold Mines, Ltd (“Rio Narcea”). Rio Narcea is a Spanish mining and exploration company, the main asset of which is the nickel/copper Aguablanca mine located in Spain;
- a 24.75% equity interest in Tenke Fungurume Mining Corp. SARL (“TFM”), an entity incorporated in the Democratic Republic of the Congo. TFM is the owner of the Tenke copper/cobalt mine located in Katanga Province in the DRC. This mine, operated by Freeport McMoRan Gold & Copper Inc. (“Freeport” , “FCX”), commenced production in late March 2009; and
- a 49% equity interest in Morales (Overseas) Ltd. (“Morales”), a Cyprus joint venture company, the remainder of which is owned by IFC Metropol, a Russian financial institution. Morales was formed to develop the Ozernoe zinc/lead deposit located in the Republic of Buryatia, in the Russian Federation, and to operate any resulting mine.

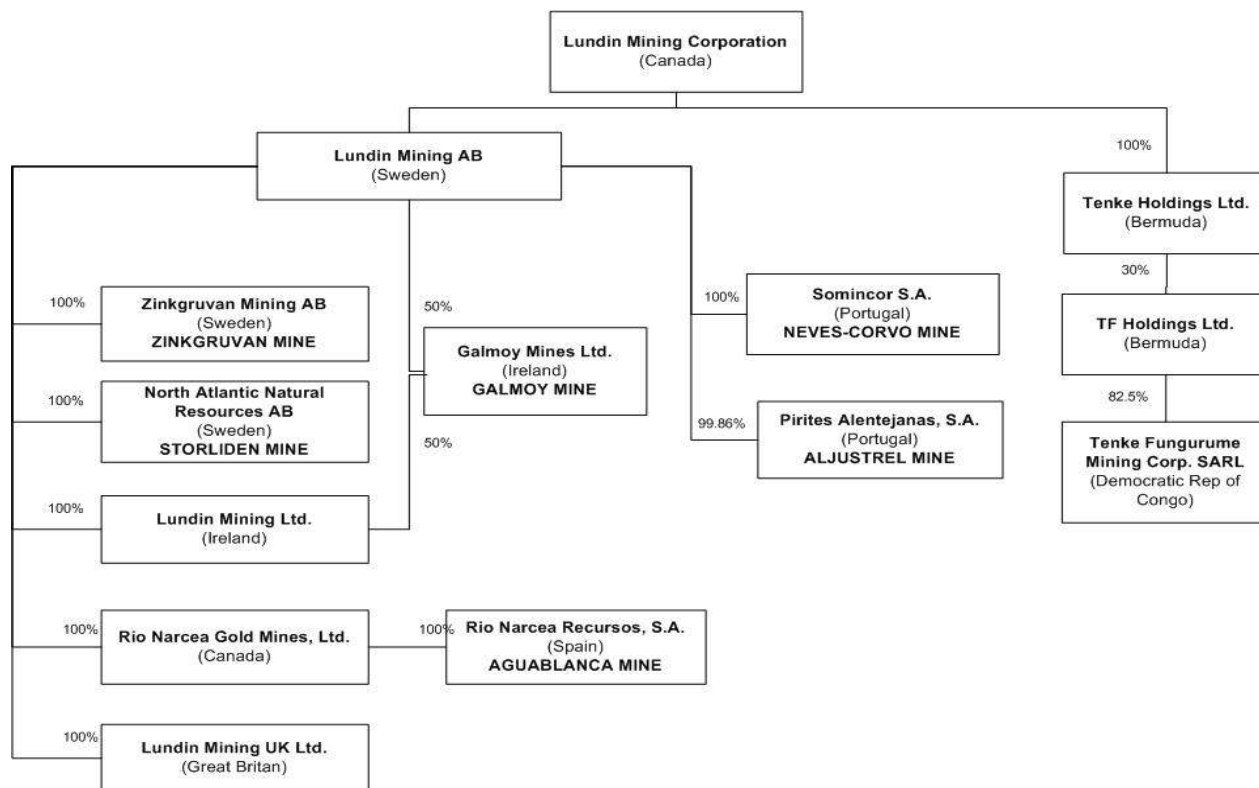
Lundin Mining has made strategic investments in a number of companies. Currently, Lundin Mining holds:

- a less than 20% interest in Union Resources Limited, a publicly traded company listed on the Australian Stock Exchange;

- a less than 20% interest in Sunridge Gold Corp., a publicly traded company listed on the TSX Venture Exchange which reports that it holds several advanced exploration projects in Eritrea, in eastern Africa;
- a less than 20% interest (fully diluted) in Canada Zink Metals Corp. (formerly Mantle Resources Inc.), a publicly traded company listed on the TSX Venture Exchange. Mantle Resources Inc. reports that it holds 100% of the Akie zinc-lead property in northeastern British Columbia;
- a less than 20% interest in Sanu Resources Ltd., a publicly traded company listed on the TSX Venture Exchange, which reports that it operates with a focus on the acquisition, exploration and discovery of base metal and gold deposits in Eritrea in northeastern Africa; and
- a less than 20% interest in Chariot Resources Ltd., a publicly traded company listed on the TSX Venture Exchange. Chariot Resources Ltd. reports that it is developing its 70% owned Marcona Copper Property in southern coastal Peru.

The following chart and table illustrates, as at December 31, 2008, the Corporation's significant subsidiaries, including their respective jurisdiction of incorporation and the percentage of voting securities in each that are held by the Corporation either directly or indirectly.

<b>Subsidiary Name</b>	<b>Jurisdiction</b>	<b>% Ownership</b>
Zinkgruvan Mining AB	Sweden	100
Somincor S.A.	Portugal	100
Rio Narcea Recursos, S.A.	Spain	100
Galmoy Mines Ltd.	Ireland	100
North Atlantic Natural Resources AB	Sweden	100
Tenke Fungurume Mining Corp. SARL	Democratic Republic of Congo	24.75



The chart above illustrates, as at December 31, 2008, the Corporations' structure. However, Pirites Alentejanas, S.A. was sold on February 5, 2009, see history below.

### Three Year History

#### 2006

- In August, the Corporation announced a merger with Eurozinc that would be accomplished by the acquisition of all of the shares of Eurozinc by Lundin Mining. The merger was finalized on October 31, 2006. The Corporation issued 160.8 million common shares with a value of \$1.6 billion for the Eurozinc common shares. Eurozinc's principal assets were the Neves-Corvo copper-zinc mine and the Aljustrel zinc project, both located in Portugal. The total value of the consideration given for Eurozinc was \$1.7 billion.
- In September, the Corporation signed an agreement to acquire a 49% interest in the Ozernoe zinc/lead project in Russia. The acquisition was completed in November 2006. The Corporation paid \$113 million upon closing of the transaction.

#### 2007

- In January, the Corporation announced a three-for-one split of its common shares to be effected on February 8, 2007 to shareholders of record at the close of business on February 5, 2007.
- On April 4, the Corporation announced an all-cash offer to acquire all of the outstanding common shares and warrants of Rio Narcea for C\$5.00 per share and C\$1.04 per warrant. On June 29, 2007, the offer was amended to increase the offer price for the common shares to C\$5.50 for each share, The

Corporation acquired control in July, taking up over 85% of the outstanding shares and in October acquired 100% of the shares through compulsory acquisition. The total of the cash consideration amounted to \$918 million.

- On April 11, the Corporation announced a business combination with TFM, whereby each common share of TFM would be exchanged for 1.73 Lundin Mining common shares plus C\$0.001. The transaction was completed on July 3, 2007. The total value of the share and cash consideration amounted to \$1.3 billion.
- In June, the Corporation entered into an agreement with Silverstone to deliver its silver production from the Neves-Corvo and Aljustrel mines to Silverstone. The transaction was completed on October 1, and the Corporation received an up-front cash payment from Silverstone of \$42.5 million, together with 19,656,250 Silverstone common shares for total consideration of \$89.1 million. Under the agreement, the Corporation receives cash payments upon delivery of silver in an amount equal to the lesser of (a) \$3.90 per ounce of silver (subject to a 1% annual inflationary adjustment after three years and yearly thereafter) and (b) the then prevailing market price per ounce of silver.
- On August 3, the Corporation completed the sale of the Tasiast gold mine to Red Back. Red Back paid \$225 million in cash for the Tasiast project. Red Back also paid out an additional \$52.9 million to retire debt related to the Tasiast project and unwind existing hedge contracts. Lundin Mining had acquired the Tasiast gold mine, located in Mauritania, through the acquisition of Rio Narcea.
- In October the Corporation announced expansion plans to quadruple zinc production at Neves-Corvo and commence copper production at Zinkgruvan.
- Lombador Zinc Expansion: Zinc production from the Lombador massive sulphide zone at the Neves-Corvo mine, planned to start in 2014, has the potential to add at least 1.0 mtpa of zinc ore production. Funds were approved to commence a pre-feasibility study and work continued through 2008.
- Zinkgruvan Copper Expansion: The project includes the introduction of copper production in parallel with the existing zinc-lead production. First production of copper in concentrate is now planned for 2011. At full capacity, the annual copper production is intended to be approximately 7,200 tonnes contained in concentrate for at least 12 years. The plan includes a resource definition drilling program, construction of a ramp from surface to the 350m level, a dedicated underground ore bin and crusher infrastructure system for copper ore and a copper processing line in the mill. The capital expenditure for the project is expected to be SEK280 million.
- In December, the first zinc concentrates were produced from the restart of the Aljustrel mine. The mine had previously been on a care and maintenance program for fourteen years. The development plan anticipated annual production of 80,000 tonnes of contained zinc, 17,000 tonnes of contained lead and 1.25 million ounces of silver.

## 2008

- In January, the Corporation announced that a misinterpretation of applicable tax legislation relating to certain tax rate reductions in Portugal would require the Corporation to restate and re-file its financial statements for the year ended December 31, 2006, primarily to reflect amendments to the original allocation of the purchase price for the acquisition of Eurozinc.
- The Corporation also restated and re-filed its financial statements for each of the interim periods in 2007 to reflect changes primarily relating to the tax rate.
- In February, the Corporation received notice that the Ministry of Mines, GDRC, was commencing discussions regarding TFM's partnership with Gécamines, the DRC state-owned mining company. FCX,



who is the operator in accordance with the project's agreements and who holds a 57.75% interest in the project is leading the discussions on behalf of TFM.

- In April, FCX advised the Corporation of a capital cost increase on the Tenke Fungurume Project to approximately \$1.75 billion from the previous estimates of \$900 million. The increase includes: provision for expanded housing and support facilities for the project work force; enhancements to national roads and bridges; extended social and training initiatives as well as substantial industry-wide escalation in construction costs and the incremental costs to develop the project in Central Africa, where infrastructure and logistics are challenging. The Corporation contributed \$264.1 million to the project during 2008. As of December 2008, on behalf of the Corporation, Freeport began sole funding the balance of costs to complete construction of Phase I production facilities as part of a budget overrun protection commitment in the underlying FCX/Lundin Mining shareholder's agreement.
- In May, the Corporation announced the expansion of the copper plant at the Neves-Corvo mine through the construction of an additional circuit within the existing copper plant to recover copper and zinc that had been previously lost to tailings. The project was expected to be completed in the second half of 2009 at a cost estimated to be €11.3 million (\$17.6 million).
- In July, the Corporation announced the discovery of a new zinc-copper deposit at Neves-Corvo. Eight drill holes defined the deposit. All eight holes contained thick sections of massive sulphide zinc mineralization with four of the eight holes intercepting greater than 65m of >8% Zn that each include wide intervals of >10%Zn. Drilling continues to define and expand the resource.
- In November, following a decline in metal prices, the Corporation announced that the Aljustrel mine would be placed back on care and maintenance and zinc production from Neves-Corvo would be suspended until zinc prices recover. In December, the Corporation entered into an agreement for the sale of the subsidiary Pirites Alentejanas SA to MTO SGPS, SA. The sale was completed on February 5, 2009.
- On November 21, 2008, the Corporation announced that it had entered into an Arrangement Agreement (the "Arrangement Agreement") with HudBay Minerals Inc. ("HudBay") to complete a business combination through a plan of arrangement under the Canada Business Corporations Act. The Arrangement Agreement provided for each Lundin Mining common share to be exchanged for 0.3919 of a HudBay common share. In connection with the transaction, HudBay and Lundin Mining entered into a loan agreement providing for a loan to the Corporation by HudBay of C\$135.8 million on a subordinated basis and a share purchase agreement under which HudBay would acquire approximately 97.0 million common shares of Lundin Mining at a price of C\$1.40 per share in a private placement, the proceeds of which would be used to repay the loan. The loan agreement was not completed and no funds were advanced under the loan agreement.
- In December, the Corporation announced the completion of the private placement transaction with HudBay (the "HudBay Private Placement") that was announced in November in connection with the business combination. HudBay subscribed for 96,997,492 common shares (the "Subscription Shares") of the Corporation, representing approximately 19.9% of the Corporation's outstanding common shares after issuance, at a price of C\$1.40 per share, for aggregate gross proceeds of approximately C\$135.8 million (\$111.4 million).
- Pursuant to the terms of the subscription agreement, so long as HudBay's holdings are greater than or equal to 10% of the Corporation's outstanding shares, HudBay is not permitted to vote the Subscription Shares against the recommendation of the Management of the Corporation at a properly convened meeting of shareholders of the Corporation, except in connection with a change of control transaction or in connection with a resolution proposed by the Management regarding the issuance of common shares representing greater than 10% of the issued and outstanding common shares of the Corporation.

- In January, the Corporation announced that the Galmoy mine would permanently cease production in May 2009.
- On February 23, the Corporation entered into an agreement with HudBay to terminate the Arrangement Agreement dated November 21, 2008 (the Termination Agreement<sup>7</sup>). The following terms are included in the Termination Agreement:
  - i. As long as HudBay owns 10% or more of the outstanding common shares of the Corporation, HudBay shall be entitled to designate one nominee acceptable to Lundin Mining for inclusion on the Management slate of nominees for election to the Lundin Mining board of directors;
  - ii. As long as HudBay owns 10% or more of the outstanding common shares of the Corporation, HudBay shall have the right to maintain its then current level of ownership of the common shares of Lundin Mining in connection with, and as a part, of any public offering or private placement of Lundin Mining common shares by Lundin Mining;
  - iii. For a period of six months following the date of the Termination Agreement, HudBay shall have a right of first offer in connection with any proposed sale or transfer of material assets of Lundin Mining. This right in no way binds Lundin Mining to accept any offer from HudBay;
  - iv. A mutual release in respect of any and all rights in connection with or arising from the Arrangement Agreement; and
  - v. HudBay and Lundin Mining are bound by a reciprocal standstill covenant for a period of twelve months from the date of the Termination Agreement.

The Termination Agreement does not negate HudBay's obligations, pursuant to the subscription agreement, not to vote the subscription shares against the recommendation of management of the Corporation at a properly convened meeting of the shareholders of the Corporation, except in connection with a change of control transaction or in connection with a resolution proposed by management regarding the issuance of common shares representing greater than 10% of the issued and outstanding common shares of the Corporation.

- In March, the Corporation announced the intention to voluntarily delist its Shares from the NYSE and at a future date, when permitted under SEC rules, to terminate its registration of its Shares with the SEC. The delisting of the Corporation's Shares from the NYSE will not affect the listing of the Shares on the TSX or the Lundin Mining SDRs on the OMX.
- On February 5, Lundin Mining completed its sale of its Aljustrel mine.
- On April 27, Lundin Mining reported that it had closed the Bought Deal Financing for aggregate gross proceeds of approximately C\$188.6 million. Immediately following the receipt of those funds, the Corporation paid down \$55 million of the amount drawn, and thereby reduced the facility to \$255 million, see further information "CAPITAL RESOURCES" on page 23.
- In May, the Corporation entered into an agreement with HudBay consenting to the sale by HudBay of all of its shares in Lundin Mining pursuant an agreement to sell with GMP Securities L.P. The sale is expected to be completed by May 26, 2009. Pursuant to the agreement, Lundin Mining and HudBay have agreed upon the closing of the sale to: A) terminate all continuing rights and obligations under the previously announced termination agreement dated February 23, 2009 (other than the mutual release and the reciprocal standstill covenant that expires on February 23, 2010) and all continuing rights and obligations of HudBay and Lundin under the previously announced subscription agreement dated November 21, 2008, as amended February 23, 2009; and B) a mutual release in respect of any and all

claims connected with or arising from the subscription agreement and certain representations and warranties under the termination agreement.

After May 7, 2009, when the Consolidated Financial Statements for the First Quarter 2009 was published, there have been no material changes in the financial or trading position of the Corporation, other than the one described above.

**Dividend Policy**

There are no restrictions which prevent the Corporation from paying dividends. The Corporation has not paid dividends on its common shares in the last five years and it has no present intentions of paying any dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business. The directors of the Corporation will determine if and when dividends should be declared and paid in the future, based on the Corporation's financial position at the relevant time. As regards SDRs, see further information on page 42 under "LUNDIN MINING SWEDISH DEPOSITARY RECEIPTS".

## CAPITAL RESOURCES

As at December 31, 2006, the Corporation had a working capital of \$292.6 million compared to \$63.8 million as at December 31, 2005. Cash and cash equivalents was \$402.2 million compared to \$74.4 million as at December 31, 2005. The increase in the working capital was primarily due to the acquisition of Eurozinc as well as positive cash flow generated from the Corporation's operations. Increased short-term tax liabilities (based on higher taxable income in 2006 vis-à-vis 2005) partially offset the increase in working capital balances.

During 2007, cash and cash equivalents decreased to \$133.2 million as at December 31, 2007. Cash flow from operations during 2007 totaled \$425.7 million and financing activities generated \$34.6 million, net (largely on a \$37.2 million net drawdown on the revolving line of credit). Cash used in investing activities totaled \$738.0 million, including the cash purchase of Rio Narcea, capital and mine development expenditures of \$189.4 million and \$60.9 million for funding of the Tenke Fungurume project and investment purchases. Working Capital decreased to a \$14.4 million deficiency at December 31, 2007. The decrease was due to a \$269.0 million decrease in cash and cash equivalents balance and a \$68.7 million increase in current liabilities. The increase in liabilities was due primarily to capital expenditures at Aljustrel, Neves-Corvo and Zinkgruvan and the current liabilities of Rio Narcea, acquired on July 17, 2007.

As at December 31, 2008, the Corporation had cash and cash equivalents of \$169.7 million and net debt of \$145.5 million. During 2008, \$484.3 million of cash was used in investing activities of which \$274.4 million was used to invest in property, plant and equipment and \$264.1 was used to satisfy the Corporations' obligations to fund its share of the Tenke Phase I capital requirements and related project expenditures. A total of \$14.6 million was also spent on the Corporation's normal course issuer bid. Cash inflows of \$332.5 million related to the Corporation's financing activities included \$238.5 million of net loan proceeds and \$112.0 million of share issuance proceeds. Finally, the Corporation had operating cash inflows of \$215.0 million.

Cash on hand at March 31, 2009 was \$51.3 million. There was a net cash outflow of \$118.4 million for the first three months ended March 31, 2009, including operating cash outflow of \$63.3 million. \$68.1 million of the cash outflow related to the settlement of sales for which provisional payments had been previously received. Cash outflow related to financing activities was \$3.3 million. Finally, cash spent on investing activities was \$55.0 million of which \$33.6 million was related to property, plant and equipment expenditures and a further \$21.0 million was spent on the disposal of Aljustrel, pursuant to terms of the purchase and sales agreement.

At December 31, 2008, there was a working capital deficiency in the amount of \$215.3 million. As at December 31, 2008, the Corporation was not in compliance with the tangible net worth covenant under its \$575 million revolving credit facility. Tangible net worth, as defined under the facility, was reduced during the year of 2008 as a result of: writedowns of mining assets and marketable securities stemming from the fall in metal prices; operating losses incurred in the fourth quarter; the fall in the value of the Euro and SEK, in which currencies the principal mining assets are denominated, against the US Dollar, in which currency the Corporation reports its results, resulting in a lower value of assets in US dollar terms; and investment in the Tenke Fungurume project, which is excluded when considering the tangible net worth under the banking covenants as the banks' security did not include the Tenke Fungurume project.

However, the tangible net worth requirement has been waived by the banking syndicate until June 5, 2009. In return for the waiver, the Corporation has agreed to, with effect on February 25, 2009 and for the duration of the waiver period, certain changes in conditions including: no further drawdowns on the credit facility; an increase in the interest rate to 4.5% over LIBOR; restrictions on cash distributions and asset sales; an inclusion of the Corporation's interest in the Tenke Fungurume project in the security package; and a general security agreement over the Corporation's assets. The intention is to restructure the credit facility to ensure adequate liquidity in the event that the present market volatility and depressed demand for base metals continue for the next two years.

In the event that a positive outcome is not achieved from negotiations between the Corporation and the lending syndicate, permanent relief from the said covenant is not obtained and the credit facility is not restructured, the debt will be callable by the lenders, which would adversely impact the Corporation's financial position and operations. As a result, the total outstanding \$267 million drawdown on the credit facility was classified by the Corporation as a current liability at December 31, 2008. (Also contributing to the high current liabilities is an

amount of \$73.0 million payable to customers in settlement of sales for which provisional payments had previously been received.)

Subsequent to the end of the first quarter of 2009, the Corporation completed the Bought Deal Financing Placement for aggregate gross proceeds of C\$188.6 million. Immediately following the receipt of those funds, the Corporation paid down \$55 million of the amount drawn, and thereby reduced the facility to \$225 million.

Future operations are dependent on the Corporation's ability to access sufficient funding to meet its obligations. The intention is to restructure the facility well before June 5, 2009, to ensure adequate liquidity in the event that the present market volatility and depressed demand for base metals continue for the next two years. There are, however, no assurances that these negotiations will be successful. In the event that a positive outcome is not achieved from negotiations with the lending syndicate, management will pursue alternate debt or equity financing and/or pursue the sale of certain assets that will allow the Corporation to meet its obligations in the normal course of business.

### **Working Capital Statement**

As described above, the Corporation is not in compliance with the tangible net worth requirement covenant under its revolving credit facility and does not have sufficient working capital to cover its requirements for the next 12 months, unless a restructured facility can be agreed upon on suitable terms before June 5, 2009 or the lenders prolong the waiver. The Corporation's intention is to restructure the facility, in conjunction with other measures, well before June 5, 2009 to ensure adequate liquidity in the event that the present market volatility and depressed demand continue for the next two years. In the event that the facility cannot be agreed upon with the lenders on suitable terms, management will pursue other financing arrangements which may include alternative debt facilities, equity financing, asset sales or a combination thereof.

The following table sets forth the capitalization of Lundin Mining as of March 31, 2009. This table should be read in conjunction with Lundin Mining's unaudited Report for the First Quarter 2009 (January 1, 2009 – March 31, 2009), Annex G.

(in thousands of US dollars)	As at March 31, 2009
<b>Total Current Debt</b>	
Guaranteed	-
Secured (2)	303,228
Unguaranteed/unsecured	-
	303,228
<b>Total Non-Current Debt</b> (excluding current portion of long-term debt)	
Guaranteed	-
Secured (2)	7,593
Unguaranteed/unsecured	-
	7,593
<b>Shareholder's Equity</b>	
Share capital	3,331,309
Legal reserve	-
Other reserves	192,112
	3,523,421
<b>NET INDEBTEDNESS:</b>	
(in thousands of US dollars)	As at March 31, 2009
Cash	37,855
Cash equivalent	13,490
Trading securities	-
<b>Liquidity</b>	<b>51,345</b>
<b>Current Financial Receivable</b>	-
Current bank debt	264,676
Current portion of non current debt	-
Other current financial debt	38,552
Current financial debt	303,228
<b>Net Current Financial Indebtedness</b>	<b>251,883</b>
Non current bank loans	-
Bonds issued	-
Other non current loans	7,593
Non-current financial indebtedness	7,593
<b>Net Financial Indebtedness (1)</b>	<b>259,476</b>

(1) On April 9, 2009, the Company completed a bought equity financing, including the full amount of the underwriters' over-allotment option, for aggregate net proceeds of C\$180.6 million (\$149.2 million). Immediately following the receipt of the funds, the Company paid down \$55 million of the amount drawn on its credit facility and reduced the facility to \$225 million. Cash on hand at May 4, 2009 was approximately \$135.1 million, and net financial indebtedness (as defined above) was \$121,327 million.

(2) Assets secured: Shares owned by Lundin Mining in its subsidiaries.

## MATERIAL CONTRACTS

- Agreement with HudBay, May 2009, consenting to the sale by HudBay of all of its shares in Lundin Mining, see page 21.
- Multiple option collar arrangements during April 2009, for 40,000 tonnes of copper spread evenly over the next 12 months.
- Second Amending Agreement and Waiver dated March 6, 2009 between the Corporation and the banking syndicate which incorporates certain changes in conditions including an increase in the interest rate to 4.5% over LIBOR and no further draw-downs permitted.
- Termination Agreement dated February 23, 2009 between HudBay Minerals Inc. and the Corporation, see pages 20 - 21 for further information.
- Arrangement Agreement dated November 21, 2008 between HudBay Minerals Inc. and the Corporation, see page 20 - 21 for further information.
- Credit Agreement dated May 28, 2007 and the First Amending Agreement dated May 15, 2008 between the Corporation and the Bank of Nova Scotia and the bank syndicate pursuant to which the Corporation secured a five year \$225 million non-revolving and a \$575 revolving credit facility for general corporate purposes collateralized by shares owned by the Corporation and its subsidiaries. These loan facilities were used in part to acquire 100% of the issued and outstanding shares of Rio Narcea Gold Mines Ltd. Following the purchase of Rio Narcea, the Corporation sold its Tasiast Gold project for \$225 million and retired the non-revolving credit facility. The credit facility contains various covenants that include indebtedness, asset sales and liens, and distributions. For further information, see "OPERATING AND FINANCIAL REVIEW" on page 12 and "CAPITAL RESOURCES" on page 23.
- The business combination with TFM, announced on April 11, 2007 whereby each common share of TFM would be exchanged for 1.73 Lundin Mining common shares plus C\$0.001. The transaction was completed on July 3, 2007. The total value of the share and cash consideration amounted to \$1.3 billion. Lundin Mining currently holds a 24.75% interest in the project. The Corporation's operating partner, Freeport-McMoRan Copper & Gold Inc. ("Freeport") holds a 57.75% interest and La Generale des Carrieres et des Mines, the DRC state mining company, holds the remaining 17.5% interest. Freeport is responsible for funding 70% of project development costs and Lundin Mining the balance of 30%. The shareholder agreement terms with Lundin Mining state that Freeport is obliged to arrange for funding overruns in excess of 25% over the initial budget. Also see page 12 "OPERATING AND FINANCIAL REVIEW".

## THE SHARES AND SHAREHOLDERS

### The Lundin Mining Shares

Lundin Mining is authorized to issue an unlimited number of Lundin Mining common shares without nominal or par value, and one special share (a “Special Share”) without nominal or par value. As at April 27, 2009 there were 579,433,771 Lundin Mining common shares issued and outstanding (the “Lundin Mining Shares” or the “Shares”). The Special Share has not been issued. The characteristics of the Special Share, if issued, are described in Annex A (Schedule A to the Corporation’s Articles of Amalgamation. Holders of common shares are entitled to receive notice of any meetings of shareholders of the Corporation, to attend and to cast one vote per common share at all such meetings. Holders of common shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the common shares entitled to vote in any election of directors may elect all directors standing for election. Holders of common shares are entitled to receive on a *pro rata* basis such dividends, if any, as and when declared by the Corporation’s board of directors at its discretion from funds legally available therefore and upon the liquidation, dissolution or winding up of the Corporation are entitled to receive on a *pro rata* basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to, or on a *pro rata* basis with, the holders of common shares with respect to dividends or liquidation. The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions. There are no fixed dates on which entitlement to any dividends arises. There are no restrictions regarding the pay of dividends to shareholders not residing in Canada. There are no mandatory take-over bids and/or squeeze-out and sell-out rules in relation to the shares.

*Changes in the Lundin Mining issued and outstanding common shares January 1, 2006 – April 30, 2009 (as if three-for-one stock split, effective February 5, 2007 had occurred December 31, 2005).*

Year	Transaction	Change	Total number
2006	Fully-paid, issued and outstanding, January 1, 2006	-	122,081,493
2006	Exercise of stock options for cash	1,643,784	123,725,277
2006	Exercise of stock appreciation rights for cash	240,240	123,965,517
2006	Shares issued in consideration for Eurozinc acquisition	160,834,548	284,800,065
2006	Fully-paid, issued and outstanding, December 31, 2006	-	284,800,065
2007	Exercise of stock options for cash	1,903,173	286,703,238
2007	Exercise of stock appreciation rights for cash	226,160	286,929,398
2007	Shares issued to acquire Tenke Mining Corp.	105,421,402	392,350,800
2007	Return of fractional shares	(69)	329,350,731
2007	Shares issued on the assumption of Tenke obligation	138,400	329,489,131
2007	Fully-paid, issued and outstanding, December 31, 2007	-	329,489,131
2008	<i>Fully-paid, issued and outstanding, January 1, 2008</i>	-	<i>329,489,131</i>
2008	Exercise of stock options for cash	97,848	329,586,979
2008	Non course issuer bid share buyback	(2,150,700)	390,436,279
2008	Shares issued in HudBay Placement	96,997,492	489,433,771
2008	<i>Fully-paid, issued and outstanding, December 31, 2008</i>	-	<i>489,433,771</i>
2009	<i>Fully-paid, issued and outstanding, March 31, 2009</i>	-	<i>487,433,771</i>
2009	Shares issued in Bought Deal Financing Placement	92,000,000	579,433,771
2009	<i>Fully-paid, issued and outstanding, April 30, 2009</i>	-	<b><i>579,433,771</i></b>



Within in the period covered by the historical financial information, more than 10 percent of the capital has been paid for with assets other than cash. As per April 30, 2009 there were 10,167,520 stock options issued.

### Shareholders

The following table sets forth those persons who, to the knowledge of the directors and officers of the Corporation, beneficially own or exercise control or direction over common shares carrying more than 10% of the voting rights attached to all the Shares of Lundin Mining as at April 17, 2009:

Name and Address	Number of Shares	Percentage
Estate of Mr. Adolf H. Lundin <sup>(1)</sup>	63,214,854	12.97%
HudBay Minerals Inc. (2)	96,997,492	19.90%

<sup>(1)</sup> These shares are held by Ellegrove Capital Ltd. (“Ellegrove”), as to 30,688,390 common shares, Abalone Capital Ltd. (“Abalone”), as to 6,039,750 common shares, Lorito Holdings Limited (“Lorito”), as to 5,206,400 common shares, and Zebra Holdings and Investments Limited (“Zebra”), as to 21,280,314 common shares. Ellegrove, Abalone, Zebra and Lorito are private Corporations owned by a trust whose settler is the late Adolf H. Lundin.

<sup>(2)</sup> See “*Three Year History*” page 21 regarding the agreement on sale of shares.

To Lundin Mining’s knowledge, there are no Shareholders’ Agreements and there are no restrictions (lock-up agreements) concerning members of the Board of Directors or members of the Management.

### Transfer Agent and Registrar

Computershare Investor Services is the transfer agent and registrar for the Lundin Mining Shares and maintains a register for that purpose in Vancouver, BC, Canada and Toronto, ON, Canada.

## BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

### The Board of Lundin Mining

The Board of Lundin Mining is composed of ten members. The term of each member of the Board runs from the meeting at which the member was elected until the next annual shareholders meeting. The table below sets forth the names of the current members of the Board, the year of their election to Lundin Mining's Board, their current position as well as their holding of Lundin Mining Shares and Options as at April 17, 2009.

<u>Name</u>	<u>Director since</u>	<u>Position</u>	<u>Number of Shares Held</u>	<u>Number of Options Held</u>
Lukas H. Lundin	1994	Chairman and Director	1,516,311	--
Philip J. Wright	2008	President and CEO and Director	103,000	600,000 <sup>(1)</sup>
Colin K. Benner	2006	Director	116,668	-
Donald K. Charter	2006	Director	11,424	142,800
John H. Craig	2003	Director	186,849	- <sup>(2)</sup>
Brian D. Edgar	1994	Director	230,000	-
David F. Mullen	2006	Director	36,466	57,120
Anthony O'Reilly Jr.	2005	Director	65,634	-
Dale C. Peniuk, C.A.	2006	Director	17,600 <sup>(3)</sup>	47,600
William A. Rand	1994	Director	323,424	-

<sup>(1)</sup> In addition to the 600,000 options currently held by Mr. Wright, he was also granted 600,000 options at an exercise price of C\$6.62 per share as part of his package on appointment as President and CEO, which he voluntarily relinquished subsequent to the recently-completed financial year end.

<sup>(2)</sup> Subsequent to the recently completed financial year end, Mr. Craig had 56,500 options with an exercise price of C\$5.57 per share which expired on January 9, 2009.

<sup>(3)</sup> Includes 15,000 common shares registered in name of Mr Peniuk's spouse and 100 common shares registered in name of Mr Peniuk's child.

**Lukas H. Lundin** (age 50) holds a Bachelors Degree in Engineering from New Mexico Institute of Mining and Technology, USA. Currently, Mr. Lundin is Chairman and a Director of Lundin Mining, as well as director and/or officer of a number of other publicly traded resource companies, including Atacama Minerals Corp., Canadian Gold Hunter Corp., Fortress Minerals Corp., Pearl Exploration and Production Ltd., Lucara Diamond Corp., Denison Mines Corp., Red Back Mining Inc., Lundin Petroleum AB, Suramina Resources Inc., and Vostok Nafta Investment Ltd.

**Philip J. Wright** (age 55) is a graduate of Harvard School of Business (PMD). He is a Fellow of the Australian Institute of Corporation Directors and Financial Services Institute of Australasia. His experience includes eight years as Group General Manager of Email Limited's Metals Distribution Group; five years with MIM Holdings Ltd. serving as Executive General Manager Corporate Development; Executive Chairman Minera Alumbra and Executive General Manager responsible for Mount Isa Operations; two years as President of International Curator Resources Ltd. and President and Chief Executive of Tenke Mining Corp.; and two years as Chief Executive of Adelaide Brighton Ltd, Australia's largest producer of cement and lime.

**Colin K. Benner** (age 64) is a Graduate of the Haileybury School of Mines in Canada. Chairman of Capstone Mining Corp. from November 26, 2008 to present; Chairman of Creston Moly Corp. from October 11, 2008 to present; Vice Chairman, President and Chief Executive Officer of Skye Resources Inc. from March 1, 2008 to August 26, 2008; Vice Chairman, Chief Executive Officer and Director of Lundin Mining Corporation from October 31, 2006 to April 1, 2007; Vice Chairman, Chief Executive Officer and a Director of EuroZinc Mining Corporation from December 21, 2004 to October 31, 2006 and President, Chief Executive Officer and Director of Breakwater Resources Ltd. from November 1, 2001 to December 1, 2004.

**Donald K. Charter** (age 53) has been President of 3Cs Corporation, a consulting and investment company, since 2006, and was the Chairman and Chief Executive Officer of Dundee Securities Ltd. and Dundee Private Investors Inc. from 1998 to 2006. He has also served as Executive Vice President of Dundee Corporation and Dundee Wealth Management Inc. Prior to joining Dundee, Mr. Charter practiced corporate and securities law in Toronto. He is currently a director of IAMGOLD Corporation, Lundin Mining Corporation, Great Plains Exploration Inc., Baffinland Iron Mines Corporation and a trustee of Dundee Real Estate Investment Trust.

**John H. Craig** (age 61) is a graduate of University of Western Ontario (Bachelor of Arts (Economics) and Bachelor of Law). He is a partner with the law firm, Cassels Brock & Blackwell LLP. Mr. Craig also serves as director on the boards of Denison Mines Corp., Canadian Gold Hunter Corp., and Atacama Minerals Corp., Consolidated HCI Holdings Corp. and PetroFalcon Corporation.

**Brian D. Edgar** (age 58) has a Law Degree and Bachelor of Arts Degree from University of British Columbia, Vancouver, Canada. He is President, Chief Executive Officer and Director of Dome Ventures Corporation. Mr. Edgar is a director of a number of publicly-traded companies, including Bayou Bend Petroleum Ltd., Denison Mines Corp., Red Back Mining Inc., Pearl Exploration and Production Ltd., Lucara Diamond Corp., and New West Energy Services Inc.

**David F. Mullen** (age 53) graduated with a Master Degree in Business Administration from University of Western Ontario, and Bachelor of Commerce Degree from University of British Columbia. He is Chief Executive Officer and Head of HSBC Private Equity North America. He also is a director of Gold-Ore Resources Ltd. and Transformative Ventures Ltd.

**Anthony O'Reilly Jr.** (age 42) is a graduate of Brown University, Rhode Island, USA. He is Chief Executive of Providence Resources Plc., and a Board member of a number of publicly-listed companies including Independent News & Media Plc, Fitzwilton Limited and, Zenergy Power Plc.

**Dale C. Peniuk, C.A.** (age 49) is a chartered accountant and a graduate of the University of British Columbia (B.Comm). Mr. Peniuk was an assurance partner with KPMG LLP Canada from 1996 to 2006 and was the leader of their British Columbia mining practice. In addition to Lundin Mining, he is presently a Director and audit committee Chair of Corriente Resources Inc., Quest Capital Corp., Rainy River Resources Ltd., and Reservoir Capital Corp.

**William A. Rand** (age 66) is a retired corporate and securities lawyer and mining executive with a B.Comm. from McGill University (Honours in Economics and Major in Accounting). He President and Director of Rand Edgar Investment Corp and a director of a number of publicly-traded companies, including Vostok Nafta Ltd., Denison Mines Corp., Canadian Gold Hunter Corp., Pender Financial Group Corporation and Dome Ventures Corp.

Pursuant to the terms of the Termination Agreement between the Corporation and HudBay Minerals Inc., HudBay is entitled to designate one nominee for inclusion on the Corporation's Management slate of nominees for election to the Board of Directors, so long as HudBay beneficially owns or controls 10% or more of the outstanding common shares of the Corporation. At this time, HudBay has not to designated a nominee for election

The business address of the members of Lundin Mining's Board is c/o Lundin Mining Corporation., Suite 1500, 150 King Street West, Toronto, Ontario, M5H 1J9, Canada.

## Members of Lundin Mining's Management

The following table sets forth the names of the members of Lundin Mining's Management, the year of the commencement of their employment, the year of their appointment to Management with Lundin Mining, their current position and their holdings of Lundin Mining Shares and Lundin Mining Options.

<u>Name</u>	<u>Year of Employment</u>	<u>Year of Appointment to Management</u>	<u>Position</u>	<u>Number of Shares Held</u>	<u>Number of Options/SARS Held</u>
Philip J. Wright	2008	2008	President and CEO and Director	103,000	600,000 <sup>(1)</sup>
João Carrêlo	2006	2006	Chief Operating Officer	12,000	906,720
Marie Inkster	2008	2008	Chief Financial Officer	-	100,000
Paul K. Conibear	2007	2007	Senior Vice President, Projects	845,251 <sup>(2)</sup>	540,000
Neil O'Brien	2006	2006	Senior Vice President, Exploration and Business Development	59,500	290,000
Mikael Schauman	2006	2006	Vice President, Marketing	-	270,000
Peter Nicoll	2008	2008	Vice President, Health, Safety, Environment and Safety	-	25,000
Josephine McCabe	2009	2009	Human Resources	-	-

<sup>(1)</sup> In addition to the 600,000 options currently held by Mr. Wright, he was also granted 600,000 options at an exercise price of C\$6.62 per share as part of his package on appointment as President and CEO, which he voluntarily relinquished subsequent to the recently-completed financial year end.

<sup>(2)</sup> Includes 80,850 common shares registered in the name of Mr. Conibear's spouse.

**Philip J. Wright**, (for information, see "The Board of Lundin Mining" above).

**João Carrêlo** (age 49) is a graduate mining engineer with an MBA. He received his formal education in the United Kingdom and acquired his operating and business experience in Europe, South Africa and Latin America. He brings to Lundin Mining twenty-four years of international management experience in the mining, metals and refining industry. Prior to joining Lundin Mining, Mr. Carrêlo was Executive Vice President and Chief Operating Officer of EuroZinc Mining Corporation.

**Marie Inkster** (age 37) is a Chartered Accountant (Ontario). Prior to joining Lundin Mining she served as Vice President, Finance of GBS Gold International Inc. from September of 2007 to June of 2008. Her experience includes five years spent with LionOre Mining International, where she served as Vice President, Controller at the time of its acquisition by Norilsk Nickel in 2007. Prior to this, Ms. Inkster had responsibility for external reporting for a publicly-traded, multi-national software company and also worked for five years in public accounting for Deloitte and Touche LLP.

**Paul K. Conibear** (age 51) is a professional engineer with over 20 years of experience in heavy industrial and mining projects in North America, Africa, Chile, Venezuela, Uruguay and Argentina. A civil engineer by training, his background is project and construction management of a diverse range of minerals projects including base and precious metal, coal and potash projects. Mr. Conibear spent many years with Fluor Daniel Wright, where he held progressively senior project management and site positions for a variety of projects and more recently was

part of the of the management team that established the highly successful Simons Mining Group. Mr. Conibear was President of Tenke Mining Corp. until its merger with Lundin Mining and was instrumental in progressing the world class Tenke Fungurume copper/cobalt project towards development.

**Neil O'Brien** (age 48) has more than 20 years experience in the international mining industry. He holds a Ph.D. in Geological Sciences from Queen's University, Kingston, Ontario, Canada. Dr. O'Brien began his career in the early 1980s in Mine Exploration with leading Canadian companies, including Kidd Creek Mines Ltd. Since 1990, Dr. O'Brien has held several positions within the Teck Cominco group, including the position of General Manager, Minera Teck Cominco. Dr. O'Brien has extensive international experience in early to advanced stage exploration for zinc, copper and gold.

**Mikael Schauman** (age 49) holds a BA in Finance from The Stockholm School of Economics. He began his career with Boliden in 1983 and has held several senior positions of increasing responsibility in international trading companies since that time. Mr. Schauman's most recent position was as senior trader at Mitsui & Co. Metals (U.S.A.), Inc. with responsibility for zinc and lead concentrate sales globally.

**Peter Nicoll** (age 59) has worked as a mines geologist for Roan Consolidated in Zambia and for the National Coal Board in the UK. He has also has been a member of Mines Rescue Services and has worked as an industrial hygienist. He has a Bachelor of Science (Honours) in Geology, and has qualified as a Registered Occupational Hygienist and a Certified Environmental Auditor. Prior to joining Lundin Mining, Mr. Nicoll held senior HSEC positions with Uranium One, Centerra Gold, Billiton/Rio Algom and ICI where he was Director, SHE for the North American Explosives Business and Occupational Health Advisor for the International Explosives Business.

**Josephine McCabe** (age 49) is a Fellow of the Chartered Institute of Personnel & Development in the UK. Before joining Lundin Mining in 2009, she worked in a wide variety of senior HR roles, over a period of more than 20 years, within the BP Group. Her roles in British Petroleum included heading up HR for BP's LPG business from 2001-2008, during a period of globalization and significant growth in China. Before that, she held a number of other corporate and business HR roles, including 7 years in Executive Compensation & Benefits which involved working on the mergers with Amoco and the acquisition of ARCO, 4 years leading BP's expatriate teams in Europe and the USA, and 4 years doing site-based industrial relations within the Chemicals business stream

The business address of the members of Lundin Mining's Management is c/o Lundin Mining Corporation, Suite 1500, 150 King Street West, Toronto, Ontario, M5H 1J9, Canada.

None of the members of the Board or Management of Lundin Mining is, or within 10 years prior to the date hereof was a director, chief executive officer or chief financial officer of any company that: (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, that was in effect for a period of more than 30 consecutive days, or (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, that was in effect for a period of more than 30 consecutive days, *other than* Messrs. Rand and Edgar who are currently and were directors of New West Energy Services Inc. when, on September 5, 2006, a cease trade order was issued against that company by the British Columbia Securities Commission for failure to file its financial statements within the prescribed time. The default was rectified and the order was rescinded on November 9, 2006.

To Lundin Mining's knowledge, none of the Corporation's directors or executive officers: (i) is, or has been within the 10 years prior to the date hereof, a director or executive officer of any company (including Lundin Mining) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; (ii) has, within the 10 years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee

appointed to hold the assets of the director, executive officer or shareholder, *other than* Mr. Benner who was a director of Tahera Diamond Company (“Tahera”) which, on January 16, 2008, was granted creditor protection by the Ontario Superior Court of Justice under the Companies’ Creditor Arrangement Act (“CCAA”). Mr. Benner resigned as a director of Tahera on September 29, 2008. Pursuant to a number of extensions, Tahera remains under CCAA protection. Also, Ms. Inkster resigned from GBS Gold International (“GBS”) in June 2008. GBS subsequently began voluntary liquidation proceedings in respect of its Australian subsidiaries on September 15, 2008.

None of the members of the Lundin Mining’s Board and Management has any family relationship with any other member of the Lundin Mining’s Board or Management. To Lundin Mining’s knowledge, none of the members of the Lundin Mining’s Board and Management have been convicted in relation to fraudulent offences for the previous five years.

Certain directors and officers of Lundin Mining also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Lundin Mining expects that any decision made by any of such directors and officers involving Lundin Mining will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Lundin Mining and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matters in which such directors may have a conflict of interest with or which are governed by the procedures set forth in the CBCA and any other applicable law.

## **Compensation**

### *Compensation of Directors*

As resolved by the Board of Directors, the Chairman of the Board receives annual remuneration in the amount of C\$200,000 (paid in monthly installments). Each non-executive director receives annual remuneration of C\$75,000 (paid in monthly installments) but does not receive any stock options, in accordance with the policies of the OMX. Non-executive Board members who are also members of a Board Committee receive C\$1,000 per meeting. The Chairman of the Audit Committee also receives annual remuneration of C\$10,000 and the Chairman of each of the other Board Committees receives annual remuneration of C\$5,000. All expenses incurred by Directors in respect of their duties are reimbursed by the Corporation. No separate remuneration is paid to the President and CEO in his capacity as a Director of the Board.

### *Compensation of Chief Executive Officer*

It is the responsibility of the Board of Directors to review and approve compensation policies and schemes for the Corporation, as recommended by the Human Resources/Compensation Committee. The Corporation’s priority is to ensure that remuneration packages are sufficiently attractive to recruit, retain and motivate high performing individuals who will be instrumental in helping the Corporation to achieve its potential. However, the Corporation also recognizes that this has to be balanced with a sense of fairness, with total reward closely linked to the achievement of superior performance at both corporate and individual levels. A further important principle is that while good performance should be recognized, poor performance must be managed, not tolerated or ignored.

Executive pay packages are determined on a Total Employment Cost (“TEC”) basis and include an appropriate balance of base salary, benefits and at risk remuneration (in the form of short-term and long-term incentives). They are set within the context of the relevant industrial and geographic norms that the Corporation operates within, at a level which will make the organization competitive in its chosen mining and mineral exploration markets.

An Executive Employment Agreement with Mr. Philip J. Wright was made as of 16<sup>th</sup> January 2008 and subsequently amended by further agreement to allow for the secondment of Mr. Wright to the UK subsidiary (collectively, “Employment Agreements”). The amendment was made by mutual consent in order to better serve the Corporation’s global operations by having Mr. Wright spend more time in Europe, while still retaining his executive responsibilities in Canada. Under the Employment Agreements, Mr. Wright agreed to serve the Corporation as

President and Chief Executive Officer for an initial term of 2 years with the option to extend beyond that for a further 1 or 2 years (first year extension: Corporation's option; second year extension: has to be agreed by both the Corporation and Mr. Wright), in consideration of an annual base salary equivalent to C\$575,000 (US\$561,163), payable monthly by the Corporation and its subsidiaries, a comprehensive package of medical, dental and pension benefits, participation in the Corporation's stock option plan, thirty days paid annual vacation, and four company-provided return airfares to Australia per annum. The Employment Agreements allow for a payment, in addition to salary ("Additional Payment"), calculated net of any gains under the Corporation's short-term and long-term incentive plans. During the initial term, the Additional Payment is equal to C\$3,000,000, before offset of any incentives and net of any relevant income taxes. Further payments are prescribed for each extension. In the event of termination without cause, or terminated by Mr. Wright for (i) Good Reason, which includes a material change in the terms of Mr. Wright's employment, or (ii) at any time between six and twelve months after the change of control, then Mr. Wright is entitled to: payment of salary to the date he ceases work, repatriation to Australia, and the Additional Payment relevant to the term of his contract.

#### *Base Salary*

Base salaries are set at levels considered to be competitive for the position and location after consulting relevant external market data provided by a number of external service providers (including PricewaterhouseCoopers and Hay and Mercer).

#### *Short-Term Incentive Payment*

During 2008, One Page Plans ("OPPs") were developed for all managers. The overall goals and targets contained in the OPPs focused on where the Corporation wished to be by December 2010. The OPPs contain linked strategic initiatives and intermediate targets covering: operational matters; health, safety, environment and community; growth and development; and the identification, development and attainment of better practices. These are not rigid documents but are modified as circumstances dictate.

For 2008 and subsequent years, these OPPs will form the primary basis, along with achieved budgetary results, in assessing each manager's personal effectiveness. This personal effectiveness will be the primary determining factor in the payment of short-term incentives, overall reward and retention.

In 2008, the Corporation published the levels of bonuses that were recommended by HRCC and approved by the Board, for performance in the calendar year 2007. However, as mentioned earlier in this report, there is a particular challenge in considering 2008 performance. There have been many examples of superior and exceptional individual performance despite highly adverse market conditions. Therefore, the Corporation has taken the unusual step of deferring a final decision on the issue of payment of 2008 performance bonuses for executive staff until after the financial restructuring process is complete. The Corporation's ability to pay remains paramount, but it would be inappropriate not to give fair and just consideration to recognizing, in a considered and appropriate manner, some excellent performances in 2008 which aided the Corporation in dealing with the excessive challenges created by an unprecedented external environment.

#### *Long-Term Incentive*

The Corporation provides long-term incentives through option grants under its stock option plan. Incentive stock options are considered to be an effective vehicle for deepening a sense of ownership amongst executives and increasing alignment with the interests of shareholders.

As a result of the rapid growth of the Corporation in a short period of time, and the numerous mergers and acquisitions completed, the Corporation had an ad-hoc approach to the granting of options. In addition, the past practice of large grants from time to time was not reflective of the cyclical nature of the commodity markets. Accordingly, the HRCC determined it was appropriate to revisit the policy on the granting of options. In 2008, the HRCC introduced a new structured methodology for awarding share option grants to senior executives to replace past practice. A level of option benefit for each position was determined but is to be granted on a basis that allows for future annual grants to reflect market price over time. This involved developing a rolling cycle of grant levels, coupled with rolling 3-year vesting following grant, which would, over a number of years, have the potential to

maintain appropriate levels that are market competitive with similar organizations. A first grant under this new methodology was made in September 2008 to executives and managers who were judged to have the ability to influence aspects of the Corporation's performance (including a number of the NEOs mentioned below). These option awards were made in 3 equal tranches (2009, 2010 and 2011) with expiry dates in 3, 4, and 5 years, respectively.

#### *Retirement Benefits*

In the year ended December 31, 2008, the Corporation provided retirement or pension benefits for executive officers in a manner which was appropriate to their personal contractual arrangements in the country in which they were based for employment purposes. All retirement or pension plans for executive officers are based on defined contributions and paid annually.

For executive officers employed by the Corporation in Canada, a retirement savings plan was in place, to which the Corporation contributed 6% up to a maximum of C\$20,000 per annum. In Sweden, the Corporation contributed to the premium for occupational pension insurance up to the annual contribution maximum of SEK360,000 for each of them and was paid throughout the year. In both country arrangements, the pension benefit covers old age pension, survivor's pension and long-term disability. There is no retirement benefit plan for executive officers employed in the UK but new contributory retirement savings plan scheme is being put in place.

#### *Option Plan*

The Stock Option Plan is currently the only equity-based compensation arrangement pursuant to which securities may be issued from treasury of the Corporation. The major features of the Plan can be summarized as follows:

- The Board, or a committee appointed for such purposes, may from time to time grant to directors, officers, eligible employees of, or consultants to, the Corporation or its subsidiaries, or to employees of management companies providing services to the Corporation (collectively, the "Eligible Personnel") options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board or such committee. The purpose of the Stock Option Plan is to advance the interests of the Corporation by providing Eligible Personnel with a financial incentive for the continued improvement of the Corporation's performance and encouragement to stay with the Corporation. Notwithstanding the provisions of the plan which permits directors of the Corporation to receive options, the Corporation does not grant directors of the Corporation stock options in accordance with the policies of the OMX.
- The maximum number of common shares that may be reserved for issuance for all purposes under the Stock Option Plan shall not exceed ten percent of the issued and outstanding shares of the Corporation at the time of grant subject to a maximum of 21,000,000 shares or such additional amount as the Corporation's shareholders may approve from time to time. Any common shares subject to a share option which for any reason is cancelled or terminated without having been exercised will again be available for grant under the Stock Option Plan. The maximum number of common shares that may be reserved for issuance to insiders of the Corporation under the Stock Option Plan and under any other share compensation arrangement is limited to ten percent of the common shares outstanding at the time of grant (on a non-diluted basis).
- The Board has the authority under the Stock Option Plan to establish the option price at the time each share option is granted. The option price may not be lower than the market price, for example, the closing price of the common shares as traded on the TSX on the last trading day preceding the date on which the option is approved by the Board.

Options granted under the Stock Option Plan must be exercised no later than ten years after the date of grant or as otherwise determined by the Board, and options are not transferable other than by will or the laws of dissent and distribution. Typically, if an optionee ceases to be an Eligible Person for any reason whatsoever other than death, each option held by such optionee will cease to be exercisable 30 days following the termination date



(being the date on which such optionee ceases to be an Eligible Person). If an optionee dies, the legal representative of the optionee may exercise the optionee's options within one year after the date of the optionee's death but only up to and including the original option expiry date. The Corporation provides no financial assistance to facilitate the purchase of common shares by Eligible Personnel who hold options granted under the Stock Option Plan.

### Compensation to the members of Management

The table below sets forth information concerning the annual and long-term compensation for the members of Management for 2008.

Name and principal position	Salary (\$)	Option awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$) <sup>(2)</sup>		Pension value (\$) <sup>(8)</sup>	All other compensation (\$) <sup>(3)</sup>	Total compensation (\$)
			Annual incentive plans	Long-term incentive plans			
Philip Wright, President and Chief Executive Officer <sup>(4)</sup>	523,134	2,260,695	nil	nil	n/a	13,358	2,797,187
Ted Mayers, Chief Financial Officer <sup>(5)</sup>	140,591	242,191	nil	nil	n/a	6,432	389,214
João Carrêlo, Executive Vice President and Chief Operating Officer	489,153	478,289	nil	nil	n/a	16,491	983,933
Paul Conibear, Sr. Vice President, Projects	350,914	430,460	nil	nil	n/a	25,253	806,627
Karl-Axel Waplan, former President and Chief Executive Officer <sup>(6)</sup>	41,771	nil	nil	nil	n/a	2,123,075	2,164,846
Anders Haker, former Vice President and Chief Financial Officer <sup>(7)</sup>	343,318	nil	nil	nil	n/a	1,035,509	1,378,827

#### Notes:

- (1) This amount represents the fair value, on the date of grant, of awards made under the Corporation's stock option plan. See "Long-Term Incentive" herein for details. The grant date fair value has been calculated using the Black-Scholes model according to Section 3870 of the CICA Handbook since it is used consistently by comparable companies. The key assumptions and estimates used for the calculation of the grant date fair value under this model include the risk-free interest rate, expected stock price volatility, expected life and expected dividend yield. Option fair values were calculated in C\$ and translated into US\$ using an average annual exchange rate of C\$1.067:US\$1.00. Reference is made to the disclosure regarding the Corporation's stock option plan in Note 19 in the consolidated audited financial statements for the year ended December 31, 2008 available on the SEDAR website at [www.sedar.com](http://www.sedar.com).
- (2) Represents incentive awards in respect of current year's performance. As indicated elsewhere, this may be revisited, if appropriate, after completion of the financial restructuring.
- (3) Except as described below, amounts in this column typically consist of, but are not limited to, benefits such as retirement savings benefits, life insurance premiums, parking benefits, pension contribution and medical/dental plans.
- (4) Mr. Wright was appointed to his role as President and CEO of the Corporation on January 16, 2008.
- (5) Mr. Mayers was appointed to his role as Chief Financial Officer of the Corporation on September 1, 2008 and served until May 1, 2009.
- (6) Mr. Waplan's employment with the Corporation terminated on January 15, 2008. Amounts paid to Mr. Waplan and referred to under the column "All Other Compensation" include his termination payment of \$2.1 million.
- (7) Mr. Haker's employment with the Corporation terminated on December 31, 2008. Amounts paid to Mr. Haker and referred to under the column "All Other Compensation" include his termination payment of \$1.0 million.
- (8) No defined benefit or actuarial plans in place.

#### Auditor

Lundin Mining's independent auditors, as from October 19, 2006 are:

PricewaterhouseCoopers LLP  
 Royal Trust Tower, TD Centre  
 Suite 3000, Box 82

77 King Street West  
Toronto, Ontario, Canada M5K 1G8

Lundin Mining's consolidated financial statements as at December 31, 2008 and 2007 and for each of the years in the two-year period ended December 31, 2007 (January 1, 2006 – December 31, 2007) have been audited by PricewaterhouseCoopers, LLP.

PricewaterhouseCoopers has advised Lundin Mining that it is independent of Lundin Mining within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. PricewaterhouseCoopers are Chartered Accountants under the accounting and auditing standards for Canada set by the Canadian Institute of Chartered Accountants. The total compensation paid to PricewaterhouseCoopers for the year ended December 31, 2008, amounted to \$3.2 million and for the year ended December 31, 2007 amounted to \$3.5 million.

During the period January 1, 2006 – October 18, 2006 the independent auditors of Lundin Mining were KPMG LLP, P.P. Box 31, Stn Commerce Court, Toronto ON, M5L 1B2, Canada. The change of auditors was made in connection with the Corporation's purchase of Eurozinc Mining Corporation, as PricewaterhouseCoopers were the auditors of Eurozinc.

## CORPORATE GOVERNANCE ISSUES

### *Corporate Governance Practice*

In June 2005, National Policy 58-201 *Corporate Governance Guidelines* (the “Governance Guidelines”) and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the “Governance Disclosure Rule”) were adopted by the securities regulatory authorities in Canada. The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices.

Major securities regulatory changes in the United States affecting the Corporation have come into effect over the last several years. Many of these changes arise from SOX and subsequent rules and regulations issued by the United States Securities and Exchange Commission. The Corporate Governance and Nominating Committee has closely monitored the various changes and proposed changes in the regulatory environment and, where applicable, amended its governance practices to align with these changes that are currently in effect.

Lundin Mining and its Board recognize the importance of corporate governance to the effective management of the Corporation and to the protection of its employees and shareholders. Lundin Mining’s approach to corporate governance is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance shareholder value and the interests of all stakeholders. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Lundin Mining’s affairs and in light of opportunities or risks that the Corporation faces. The directors are kept informed of Lundin Mining’s operations at these meetings as well as through reports and discussions with Management on matters within their particular areas of expertise.

Management believes that Lundin Mining’s corporate governance practices have been, and continue to be, in compliance with applicable Canadian requirements. Lundin Mining continues to monitor developments in Canada with a view to further revising its governance policies and practices, as appropriate.

### *Issuance of stock options*

The Corporation does not issue stock options to members of the Board of Directors.

### *Independence of the Board of Directors*

The Board has considered the relationship and status of each director. As of the date hereof, the Board currently consists of ten directors, a majority of whom are independent.

Mr. Wright and Mr. Benner are not independent because of their current or past roles as executive officers. Mr. Lundin, Chairman of the Board, may not be considered independent due to his direct involvement with management of the Corporation. The remaining directors, Messrs. Rand, Edgar, Charter, Craig, Mullen, Peniuk and O’Reilly Jr. do not have any material business relationships with the Corporation and are therefore considered independent under the Governance Guidelines and otherwise independent under Multinational Instrument 52-110, *Audit Committees* (“MI 52-110”) for the purposes of sitting on the Corporation’s Audit Committee. Mr. Craig periodically provides legal services to the Corporation, but is considered to be independent because of the size of his fees for such services relative to the overall fee income of his practice.

The Board regularly sets aside a portion of each meeting to meet without the Management and non-independent directors present. In addition, the mandates of the Board and the Corporate Governance and Nominating Committee require that procedures be implemented at such times as are desirable or necessary to enable the Board to function independently of management and to facilitate open and candid discussion among its independent directors.

The Board has appointed William A. Rand, an independent director, as Lead Director to act as effective leader of the Board, to ensure that the Board's agenda will enable it to successfully carry out its duties and to provide leadership for the Board's independent directors. As Lead Director, Mr. Rand, among other things, presides at meetings of the Board and of the Corporation's shareholders, ensures that the Board is alert to its obligations and responsibilities and that it fully discharges its duties, communicates with the Board to keep the Board up to date on all major developments, and acts as a liaison between the Board and the Management of the Corporation.

#### *Committees of the Board of Directors*

The Board has the following four standing committees:

- Audit Committee;
- Human Resources/Compensation Committee;
- Corporate Governance/Nominating Committee; and
- Health, Safety, Environment and Community Committee.

#### *Audit Committee*

The Audit Committee is comprised of three directors. The current members of the Committee are: Messrs. Dale C. Peniuk (Chair), Donald K. Charter and William A. Rand, all of whom are independent and financially literate for the purposes of MI 52-110.

The Audit Committee oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all audits and external reviews of the financial statements of the Corporation, on behalf of the Board, and has general responsibility for oversight of internal controls, and accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation's auditors are pre-approved by the Audit Committee. The Committee reviews, on a continuous basis, any reports prepared by the Corporation's external auditors relating to the Corporation's accounting policies and procedures, as well as internal control procedures and systems. The Committee is also responsible for examining all financial information, including annual and quarterly financial statements, prepared for securities commissions and similar regulatory bodies prior to filing or delivery of the same. The Audit Committee also oversees the annual audit process, the quarterly review engagements, the Corporation's internal accounting controls, the Corporation's Fraud Reporting and Investigation (Whistleblower) Policy, any complaints and concerns regarding accounting, internal control or audit matters and the resolution of issues identified by the Corporation's external auditors. The Audit Committee recommends to the Board the firm of independent auditors to be nominated for appointment by the shareholders. The Audit Committee meets a minimum of four times a year.

#### *Compensation Committee*

The Human Resources/Compensation Committee (the "HRCC") consists of four directors, a majority of whom are independent within the meaning of the Governance Guidelines. The HRCC currently includes: Messrs. Lukas H. Lundin (Chair), Donald K. Charter, David F. Mullen and Anthony O'Reilly Jr. Because Mr. Lundin, who is Chairman of the Board of Directors, is not an independent director, he abstains from any discussions or voting in respect of matters that have a direct impact on him, including decisions relating to the compensation he receives as Chairman of the Board of Directors. The Board has adopted a formal written mandate for the HRCC. The principal purpose of the HRCC is to implement and oversee human resources and compensation policies approved by the Board of Directors of the Corporation. The duties and responsibilities of the committee include, without limitation, the following:

- (a) to recommend to the Board human resources and compensation policies and guidelines for application to the Corporation;
- (b) to ensure that the Corporation has in place programs to attract and develop management of the highest calibre and a process to provide for the orderly succession of management;
- (c) to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer and, in light of those goals and objectives, to recommend to the Board the annual salary, bonus and other benefits, direct and indirect, of the Chief Executive Officer and to approve compensation for all other designated officers of the Corporation, after considering the recommendations of the Chief Executive Officer, all within the human resources and compensation policies and guidelines approved by the Board.

The HRCC meets regularly each year on such dates and at such locations as the Chair of the committee determines. The committee has access to such officers and employees of the Corporation and to such information respecting the Corporation and may engage independent counsel or advisors at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

During the financial year ended December 31, 2008, HRCC did not incur the expense of engaging a compensation consultant. They were supported by management, and used independent market data from a number of service providers.

#### *Corporate Governance and Nominating Committee*

The Corporate Governance and Nominating Committee (the “CGNC”) consists of four directors, all of whom are independent within the meaning of the Governance Guidelines. The CGNC currently consists of Messrs. Brian D. Edgar (Chair), John H. Craig, David F. Mullen and Colin K. Benner. The Board has adopted a formal written mandate for the CGNC.

The principal purposes of the CGNC is to provide a focus on corporate governance that will enhance corporate performance, and to ensure on behalf of the Board of Directors and shareholders that the Corporation’s corporate governance system is effective in the discharge of its obligations to the Corporation’s stakeholders. The duties and responsibilities of the CGNC include, without limitation, the following:

- (a) to develop and monitor the Corporation’s overall approach to corporate governance issues and, subject to approval by the Board, to implement and administer a system of corporate governance which reflects superior standards of corporate governance practices;
- (b) to report annually to the Corporation’s shareholders, through the Corporation’s annual management proxy circular or annual report to shareholders, on the Corporation’s system of corporate governance and the operation of its system of governance;
- (c) to analyze and report annually to the Board the relationship of each director to the Corporation as to whether such director is a related director or an unrelated director; and
- (d) to advise the Board or any of the committees of the Board of any corporate governance issues which the CGNC determines ought to be considered by the Board or any such committee.

The Board appoints the members of the committee for the ensuing year at its organizational meeting held in conjunction with each annual general meeting of the shareholders of the Corporation. The Board may at any time remove or replace any member of the committee and may fill any vacancy in the committee.

The CGNC meets regularly each year on such dates and at such locations as the Chair of the committee determines. The committee has access to such officers and employees of the Corporation and to such information respecting the Corporation and may engage independent counsel and advisors at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

### *The Health, Safety, Environmental and Community Committee*

The Health, Safety, Environment and Community Committee (the “HSEC Committee”) consists of four directors, a majority of whom are independent within the meaning of the Governance Guidelines. The HSEC Committee currently consists of Messrs. Colin K. Benner (Chair), Brian D. Edgar, Anthony O’Reilly Jr., and Philip J. Wright. The Board has adopted a formal written mandate for the HSEC Committee.

The principal purpose of the HSEC Committee is to review and monitor:

- (a) the environmental policies and activities of the Corporation on behalf of the Board of Directors; and
- (b) the activities of the Corporation as they relate to the health and safety of employees of the Corporation in the workplace.

As the Corporation is principally a holding Corporation, the HSEC Committee is not responsible for compliance with the committee mandate by the Corporation’s subsidiaries or for review or monitoring of such activities, but is responsible to ensure that the directors and officers of its subsidiaries have copies of the committee mandate and any amendments to it and adopt similar or more appropriate local procedures for use by the subsidiaries in their operations and activities, to be monitored by the directors and officers of the subsidiaries directly.

The Board appoints the members of the committee for the ensuing year at its organizational meeting held in conjunction with each annual general meeting of the shareholders of the Corporation. The Board may at any time remove or replace any member of the committee and may fill any vacancy in the committee.

The HSEC Committee meets regularly each year on such dates and at such locations as the Chair of the committee determines. The committee has access to such officers and employees of the Corporation and to such information respecting the Corporation and may engage independent counsel and advisors at the expense of the Corporation, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

### *Special Committee of the Board*

On November 6, 2008, the Board established an ad hoc committee comprised of independent directors for the purposes of considering the Arrangement Agreement entered into between the Corporation and HudBay Minerals Inc. dated November 21, 2008. The Committee was mandated to, among other things, consider and advise the Board as to whether the proposed transaction was in the best interests of the Corporation and reporting back to the Board with its recommendations. The members of this special committee were Messrs. Brian D. Edgar, Dale C. Peniuk and David F. Mullen. This ad hoc committee was dissolved following termination of the Arrangement Agreement on February 23, 2009.

### *Regulatory Actions*

No penalties or sanctions were imposed by a court relating to securities legislation or by a securities regulatory authority during the Corporation’s recently completed financial year, nor were there any other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision, nor were any settlement agreements entered into before a court relating to securities legislation or with a securities regulatory authority during the Corporation’s recently completed financial year.

## LUNDIN MINING SWEDISH DEPOSITARY RECEIPTS

### Lundin Mining SDRs

The issuance of SDRs is a method of making it effectively possible to trade foreign shares in Sweden. Each Lundin Mining SDR represents one share in Lundin Mining. The Lundin Mining SDRs are issued by E. Öhman (“Öhman”), organization number 556206-8956. Öhman was registered with the Swedish Companies Registration Office on October 10, 1980. Its legal form as a business entity is governed by the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*). The registered office of Öhman is located in Stockholm, Sweden. Shareholders in Lundin Mining may at any time convert their shares into SDRs and vice versa for a fee.

Lundin Mining Shares underlying the Lundin Mining SDRs will be deposited with Öhman and Öhman and will be registered as a shareholder in Lundin Mining’s share ledger. The Lundin Mining SDRs are registered with the clearing and settlement services provider Euroclear Sweden AB (“Euroclear”, formerly VPC AB) in a “VP”-account (securities account) designated by the holder, in accordance with the Swedish Financial Instruments Registrations Act (Sw. *lag (1998:1479) om kontoföring av finansiella instrument*). The address to Euroclear is: P.O. Box 7822, S-103 97 Stockholm, Sweden. As regards the liquidation, dissolution or winding up of the Corporation, the Lundin Mining SDRs are equal to the Lundin Mining Shares, see “*The Lundin Mining Shares*” on page 27. The SDRs do not carry any pre-emptive, subscription, redemption or conversion rights (except the right to convert into a common share), nor do they contain any sinking or purchase fund provisions.

The Lundin Mining SDRs have been established and issued in accordance with Swedish law and are denominated in Swedish krona. Lundin Mining SDRs carry rights to receive dividends, if any, paid in respect of Lundin Mining Shares, and Lundin Mining SDR holders have the right to vote by proxy at shareholders meetings of Lundin Mining. Holders of Lundin Mining SDRs must, however, follow instructions from Öhman in order to vote by proxy at such meetings. Lundin Mining SDRs are subject to Swedish law, and any dispute regarding Lundin Mining SDRs should be referred to the Stockholm District Court for settlement. Holders of Lundin Mining SDRs are entitled to exchange Lundin Mining SDRs into Lundin Mining Shares by notice in writing to Öhman, whereupon Öhman will charge the applicable fee set from time to time. For complete terms and conditions pertaining to the Lundin Mining SDRs, see “GENERAL TERMS FOR LUNDIN MINING SWEDISH DEPOSITARY RECEIPTS” on page 54.

### Voting at shareholder meetings

A Lundin Mining SDR holder who holds SDRs through a nominee may vote at shareholders’ meeting through its registered nominee by submitting a proxy to the registered nominee with voting instructions. Such registered nominee would then vote, generally, by proxy in accordance with the instructions on the proxy. Pursuant to the general terms and conditions for the Lundin Mining SDRs, Öhman shall notify the Lundin Mining SDR holders of Lundin Mining shareholders’ meetings, including providing instructions regarding any measures to be taken by the Lundin Mining SDR holders in order to submit a proxy with voting instructions for such meetings. In Sweden, Euroclear is responsible for maintaining a register of the Lundin Mining SDRs and Öhman shall, prior to any Lundin Mining shareholders’ meeting, seek voting instructions from the Lundin Mining SDR holders who are registered in the Euroclear register on the record date and who have notified Öhman of their intention to submit such instructions.

### Dividends

Any dividends or other distributions payable to Lundin Mining shareholders are declared by the Board of Directors. Under the CBCA, however, a board of directors shall not declare or pay a dividend if there are reasonable grounds for believing that a company is, or would after the payment be, unable to pay its liabilities as they become due or the realizable value of such company’s assets would thereby be less than the aggregate of its liabilities and stated capital of all classes. At present, the Board of Directors of Lundin Mining does not intend to declare or pay dividends in the foreseeable future. If and when any dividends are declared, Öhman and Lundin Mining shall use all reasonable efforts to enter into appropriate arrangements with Euroclear in order to enable distribution of dividends to Lundin Mining SDR holders. Distributions to Lundin Mining SDR holders are subject to such arrangements being

put in place and would be payable net of applicable withholding taxes. For further information, reference is made to “INFORMATION ON DIVIDENDS AND WITHHOLDING TAX” on page 53.

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to Lundin Mining.

**Lundin Mining SDRs on the OMX**

ISIN Code .....SE0001134529

Ticker .....“LUMI”



## **ADDITIONAL INFORMATION**

### **Name and Registered Office**

Lundin Mining is a Canadian incorporation governed by the Canada Business Corporations Act (the “CBCA”), with corporation number 443736-5. Its legal name is “Lundin Mining Corporation”. As commercial name, “Lundin Mining” is used as well. It was incorporated by Articles of Incorporation on September 9, 1994 under the CBCA as South Atlantic Diamonds’ Corp. and subsequently changed its name to South Atlantic Resources Ltd. On July 30, 1996 and to South Atlantic Ventures Ltd. on March 25, 2002. The Corporation changed its name to Lundin Mining Corporation on August 12, 2004. The Corporation amalgamated with Eurozinc Mining Corporation effective on November 30, 2006 and with Tenke Mining effective July 31, 2007.

Lundin Mining’s head office is located at Suite 1500, 150 King Street West, Toronto, Ontario M5H 1J9, Canada, telephone: +1 416 342-5560, and its registered office is located at Suite 1100, 888 Dunsmuir Street, Vancouver, British Columbia, V6C 3K4, Canada.

### **Financial Year and Financial Reporting**

The financial year of Lundin Mining Corporation runs from January 1 to December 31 and the Corporation publishes quarterly interim financial statements.

### **Certificate of Amalgamation, Articles of Continuance and By-laws**

The Corporation’s Certificate of Amalgamation, Articles of Continuance and By-laws are incorporated in this Prospectus by way of reference Annex A. A description of the Corporation’s objects and purposes is provided in “LUNDIN MINING CORPORATION” on page 16.

Lundin Mining’s legal form is governed by the CBCA and the Certificate of Amalgamation, Articles of Continuance and By-laws. The By-laws are not registered with any authority. The shareholders’ rights under the By-laws may be changed in accordance with the CBCA, i.e. by a resolution of the Board of Directors approved by a special resolution by the shareholders (further described “COMPARISON OF CANADIAN AND SWEDISH CORPORATE LAW” on page 47). The By-laws of Lundin Mining do not contain any other regulations than those required by CBCA.

According to the By-laws, the Board of Directors may assign duties to a committee (appointed by the Board of Directors), to a specific Board Member or to any other officer. At least one forth of the members of the Board must have their domicile in Canada; in case the Board of Directors consists of only three members, one of them must have domicile in Canada.

The Corporation’s Certificate of Amalgamation and the Articles of Continuance are public documents. They may be changed by a special resolution.

### **General Meetings**

The most recent annual general meeting of shareholders of Lundin Mining was held on May 15, 2009. A special meeting was held on January 26, 2009. A summary of the conditions governing the voting procedures, is provided on pages 42 (SDRs) and 47 (Shares). According to the By-laws, general annual meetings and special meetings of the shareholders must take place in Canada. According to the CBCA, notices to general meetings may not be sent later than 21 days and not earlier than 60 days before the meeting.

## **Legal Proceedings**

Except as noted below, the Corporation is not currently a party to any material legal proceedings; however, from time to time, the Corporation may become party to routine litigation incidental to Lundin Mining's business.

Certain of the Corporation's Spanish based subsidiaries are involved, as plaintiffs and/or appellants, in legal proceedings in the Region of Asturias, Spain. The proceedings are against the Asturian Government and certain related parties and were taken in respect of decisions of the Asturian Government denying certain authorizations and/or mining works plans for the Corporation's Salave and Santa Marina mining projects. The Corporation continues to pursue legal remedies but the outcome and timing of any ruling is presently uncertain.

## **Statement Regarding Sources of Information**

To the extent the information in this Prospectus has been sourced from third parties, such information has been accurately reproduced and, as far as Lundin Mining is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

## **Statement Regarding Expert Opinions**

This Prospectus does not refer to any expert opinions.

## **Expenses**

The Corporation does not expect any particular expenses in connection with the admission to trading of the Lundin Mining SDRs apart from the costs incurred in connection with the drafting and filing of this Prospectus.

## **Number of Employees**

At the end of 2008, Lundin Mining had approximately 1,700 employees and 1,000 contract employees located in Canada, UK, Sweden, Portugal, Ireland and Spain. There has been no significant change in the number of employees after December 31, 2008. At the end of 2007, Lundin Mining had approximately 1,850 employees and 1,700 contract employees located in Sweden, Portugal, Ireland and Spain. At the end of 2006, it had approximately 1,500 employees.

## **Agreements and Transactions with Related Party**

To the best of the Corporation's knowledge, none of the directors, officers or principal shareholders of the Corporation, and no associate or affiliate of any of them, has or has had any material interest in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Corporation other than in connection with the Arrangement Agreement entered into between the Corporation and HudBay Minerals Inc., which was terminated pursuant to a the Termination Agreement between the Corporation and HudBay.

For the year ended December 31, 2008, the Corporation paid \$0.5 million (2007 - \$0.5 million and 2006 - \$0.2 million) for rent, corporate secretarial, administrative services and management fees to a company owned by the Chairman of the Corporation. For the period January 1 - March 31, 2009 the corresponding amount was \$0.1. As at December 31, 2007 and 2006, the Corporation had no balance owing on this account.

Related party transactions are measured at their exchange amount in these consolidated financial statements, which is the amount of consideration received as established and agreed upon by the Corporation and the aforementioned related party.

## DOCUMENTS ON DISPLAY

For the life of this Prospectus, the following documents may be inspected as indicated in the list below:

- Copies Annex A – G of Lundin Mining Corporation may be obtained on request without charge from the Vice President, Finance of Lundin Mining, Suite 1500, 150 King Street West, Toronto, Ontario M5H 1J9, Canada, telephone: +1 416 342-5560; and
- Lundin Mining files reports and other information with the Canadian Securities Administrators. These reports and information, which include the comparative financial statements and management discussion and analysis for Lundin Mining's most recently completed financial year, are available to the public free of charge on SEDAR at [www.sedar.com](http://www.sedar.com).
- Lundin Mining is subject to the reporting requirements of the 1934 Act, and in accordance therewith must file periodic reports and other information with the SEC. Reports and other information filed by Lundin Mining with the SEC may be inspected and copied (at prescribed rates) at the public reference facilities maintained by the SEC's Public Reference Room located at 100 F. Street NE, Washington, D.C. 20549 and are available for viewing at the SEC website at [www.sec.gov](http://www.sec.gov). Prospective investors may call the SEC at +1 800 732 0330 for further information regarding the public reference facilities or visit the SEC's website at [www.sec.gov](http://www.sec.gov). Lundin Mining is also subject to the reporting requirements under the Swedish Financial Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*), and in accordance therewith must file periodic reports and other information with the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*).

## COMPARISON OF CANADIAN AND SWEDISH CORPORATE LAW

Lundin Mining is a corporation organized under the CBCA. The following is a summary of the rights of shareholders in Lundin Mining based upon current Canadian legislation and the Lundin Mining Certificate of Amalgamation, Articles of Continuance and by-laws. It also sets out certain material differences between Canadian corporate law and the position which would have applied had Lundin Mining been registered in Sweden. The following summary of differences between Canadian and Swedish law is of a general nature only and is not exhaustive of all potentially relevant differences between Canadian and Swedish law.

### **Voting at a Shareholders' Meetings**

#### *Canadian law*

Under Canadian law a shareholder is not required to be registered in the register of shareholders of the corporation in order to vote at a shareholders' meeting. In addition to voting in person, shareholders of a corporation are entitled to vote through their registered nominees by submitting a proxy to the registered nominee with voting instructions. Such registered nominees are then required to vote according to the instructions noted on the proxy. Non-registered shareholders are not entitled to attend a shareholders' meeting under Canadian law.

#### *Swedish law*

Under Swedish law, in order for a shareholder to attend and vote at a shareholders' meeting, the holder is required to be registered in the register of shareholders of the corporation on the fifth day (holidays not counted) prior to the date of the shareholders' meeting. Shareholders must, if provided for in the articles of association, also give notice of their intention to attend the shareholders' meeting.

### **Vote Required for Extraordinary Transactions**

#### *Canadian law*

Under the CBCA, certain extraordinary corporate actions, such as certain amalgamations, continuances and sales, leases or exchanges of all or substantially all of the property of a corporation other than in the ordinary course of business, and other extraordinary corporate actions such as liquidations, dissolutions and (if ordered by a court) arrangements, are required to be approved by special resolution. A special resolution is a resolution passed at a shareholders' meeting by not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution. In certain cases, a special resolution to approve an extraordinary corporate action is also required to be approved separately by the holders of a separate class or series of shares.

#### *Swedish law*

Also under Swedish law, special voting requirements are required for certain extraordinary corporate actions. Resolutions such as approving mergers or demergers, acquisition or sale of own shares, or deviating from shareholders' preferential rights in connection with an issue require a majority of at least two-thirds of the votes cast and two-thirds of the shares represented at the shareholders' meeting.

### **Amendment to Governing Documents**

#### *Canadian law*

Under the CBCA, any amendment to the articles generally requires approval by special resolution, which is a resolution passed by a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution. The CBCA provides that unless the articles or by-laws otherwise provide, the directors may, by resolution, make, amend or repeal any by-laws that regulate the business or affairs of a corporation. Where the directors make, amend or repeal a by-law, they are required under the CBCA to submit the by-law, amendment

or repeal to the shareholders at the next meeting of shareholders, and the shareholders may confirm, reject or amend the by-law, amendment or repeal by an ordinary resolution, which is a resolution passed by a majority of the votes cast by shareholders entitled to vote on the resolution.

#### *Swedish law*

Under the Swedish Companies Act, an amendment to the articles generally requires a resolution by the shareholders that is approved by two-thirds of the votes cast and two-thirds of all shares represented at the shareholders' meeting. Certain amendments, including such that alter the legal relationship between different classes of shares, reduce the shareholders' right to profits or assets, restrict transferability of shares or prejudicially affect only rights carried by some shares or a class of shares, require an even greater majority. The Swedish Companies Act does not allow for board of directors to decide on any amendment to the articles of association.

### **Dissenters' Rights**

#### *Canadian law*

The CBCA provides that shareholders of a Canadian corporation entitled to vote on certain matters are entitled to exercise dissent rights and to be paid the fair value of their shares in connection therewith. The CBCA does not distinguish for this purpose between listed and unlisted shares. Such matters include: (a) any amalgamation with another corporation (other than with certain affiliated corporations); (b) an amendment to the corporation's articles to add, change or remove any provisions restricting the issue, transfer or ownership of shares; (c) an amendment to the corporation's articles to add, change or remove any restriction upon the business or businesses that the corporation may carry on; (d) a continuance under the laws of another jurisdiction; (e) a sale, lease or exchange of all or substantially all the property of the corporation other than in the ordinary course of business; (f) a going-private transaction or a squeeze-out transaction; (g) a court order permitting a shareholder to dissent in connection with an application to the court for an order approving an arrangement proposed by the corporation; and (h) certain amendments to the articles of a corporation which require a separate class or series vote, provided that a shareholder is not entitled to dissent if an amendment to the articles is effected by a court order approving a reorganization or by a court order made in connection with an action for an oppression remedy.

#### *Swedish law*

Under the Swedish Companies Act, there are no similar rights for shareholders to exercise dissent rights and be paid the fair value of their shares. Only in certain instances when a majority of shareholders have abused their powers and violated the Companies Act or certain other regulations, a minority of at least one tenth of all shares may request that the corporation is liquidated. In such case the corporation may instead be entitled to buy-out the shares of the minority. The Swedish Companies Act contains, however, a number of other rules intended to protect the rights of the minority, including the general principle of equal treatment of all shareholders and the above mentioned requirements for amending the articles.

### **Oppression Remedy**

#### *Canadian law*

The CBCA provides an oppression remedy that enables the court to make any order, both interim and final, to rectify the matters complained of where it is satisfied upon application by a complainant (as defined below) that: (i) any act or omission of the corporation or an affiliate effects a result; (ii) the business or affairs of the corporation or an affiliate are, have been carried on or conducted in a manner; or (iii) the powers of the directors of the Corporation or an affiliate are, have been exercised in a manner that is oppressive or unfairly prejudicial to or that unfairly disregards the interest of any security holder, creditor, director or officer of the corporation. A complainant includes: (a) a present or former registered holder or beneficial owner of securities of a corporation or any of its affiliates; (b) a present or former officer or director of the corporation or any of its affiliates; and (c) any other person who in the discretion of the court is a proper person to make such application.

### *Swedish law*

The Swedish Companies Act does not provide for any specific oppression remedies that enable courts to make any such orders against corporations. Any requests for interim or final orders by Swedish courts, even if based on violations of the Swedish Companies Act, would have to be made in accordance with the rules of the Swedish Procedural Act.

### **Derivative Action**

#### *Canadian law*

Under the CBCA, a complainant may apply to the court for leave to bring an action in the name of and on behalf of a corporation or any subsidiary, or to intervene in an existing action to which any such body corporate is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the body corporate. Under the CBCA, no action may be brought and no intervention in an action may be made unless the court is satisfied that: (a) the complainant has given reasonable notice to the directors of the corporation or its subsidiary of the complainant's intention to apply to the court if the directors of the corporation or its subsidiary do not bring, diligently prosecute or defend or discontinue the action; (b) the complainant is acting in good faith; and (c) it appears to be in the interests of the corporation or its subsidiary that the action be brought, prosecuted, defended or discontinued. Under the CBCA, the court in a derivative action may at any time make any order it thinks fit including: (a) an order authorizing the complainant or any other person to control the conduct of the action; (b) an order giving directions for the conduct of the action; (c) an order directing that any amount adjudged payable by a defendant in the action shall be paid, in whole or in part, directly to former and present security holders of the corporation or its subsidiary instead of the corporation or its subsidiary; and (d) an order requiring the corporation or its subsidiary to pay reasonable legal fees incurred by the complainant in connection with the action.

#### *Swedish law*

Under the Swedish Companies Act, an action for damages on behalf of the corporation is available in certain circumstances against a founder, director, managing director, auditor or shareholder of the corporation. Such an action may be instituted where at the general meeting of shareholders the majority, or a minority comprising the owners of at least one-tenth of all shares, has supported the proposal that such an action be instituted. The action for damages in favor of the corporation may be conducted by owners of at least one-tenth of all shares.

### **Shareholders Consent in Lieu of Meeting**

#### *Canadian law*

Under the CBCA, shareholder action without a shareholders' meeting may only be taken by written resolution signed by all shareholders who would be entitled to vote thereon at a shareholders' meeting. Special shareholders' meetings of shareholders may be called by the board of directors or, in certain circumstances, requisitioned by a holder of at least 5% of the outstanding shares or a court.

#### *Swedish law*

Under the Swedish Companies Act, shareholder action without a formal shareholders' meeting and only with a written resolution would only be allowed if signed by all shareholders. Special meetings of shareholders can be called whenever the board of directors deems it appropriate or if the auditor of the corporation or shareholders holding one-tenth of all issued and outstanding shares request that such shareholders' meeting is summoned upon.

## **Director Qualifications**

### *Canadian law*

Under the CBCA, a distributing corporation must have not fewer than three directors, at least two of whom are not officers or employees of the corporation or its affiliates and at least 25% of the directors must be resident Canadians. The directors are elected at the annual shareholders' meeting of Lundin Mining for a term expiring at the end of the next annual shareholders' meeting. Under the CBCA, the directors may also, if the articles so provide, appoint one or more additional directors, who shall also hold office for a term expiring at the end of the next annual shareholders' meeting, provided that the total number of directors so elected shall not exceed one third of the number of directors elected at the previous annual shareholders' meeting. Lundin Mining currently has ten directors.

### *Swedish law*

Under the Swedish Companies Act, a public corporation shall have a board of directors consisting of at least three directors. The board of directors is, except for any employee representatives, to be elected by the general meeting of shareholders, unless the articles of association provide otherwise. Under Swedish law the managing director and at least half of the board members must be residents of the European Economic Area country unless an exception is granted.

## **Fiduciary Duties of Directors**

### *Canadian law*

Directors of corporations governed by the CBCA have fiduciary obligations to the corporation. Under the CBCA, the duty of loyalty requires directors of a Canada corporation to act honestly and in good faith with a view to the best interests of the corporation, and the duty of care requires that the directors exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### *Swedish law*

Directors of corporations governed by the Swedish Companies Act are considered to be subject to a duty of care and loyalty which substantially means that a director is obligated at all times to act in the best interest of the corporation.

## **Indemnification of Officers and Directors**

### *Canadian law*

Under the CBCA, a corporation may indemnify a director or officer, a former director or officer or a person who acts or acted at the corporation's request as a director or officer of another entity (an "Indemnifiable Person"), against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal or administrative action or proceeding to which he or she is made a party by reason of being or having been a director or officer of such corporation or such body corporate, if: (a) he or she acted honestly and in good faith with a view to the best interests of such corporation; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful. A person who would otherwise have qualified as an Indemnifiable Person, but who was not indemnified by the corporation is entitled to indemnity from the corporation in respect of all costs, charges and expenses reasonably incurred by him or her if he or she was substantially successful on the merits in his or her defense of the action or proceeding and fulfilled the conditions set out in (a) and (b), above. A corporation may, with the approval of a court, also indemnify an Indemnifiable Person in respect of an action by or on behalf of the corporation or body corporate to procure a judgment in its favor, to which such person is made a party by reason of being or having been a director or an officer of the corporation or

body corporate, if he or she fulfils the conditions set out in (a) and (b) above. The Lundin Mining by-laws provide for indemnification of directors and officers to the fullest extent authorized by the CBCA.

#### *Swedish law*

The Swedish Companies Act does not contain specific provision requiring that the articles of association provide for indemnification of directors, officers or other persons. It is not uncommon, however, for listed Swedish companies to cater into specific insurance protection arrangements for its directors and officers.

### **Pre-Emptive Rights**

#### *Canadian law*

Under the CBCA, if the articles of a corporation so provide, no shares of a class are to be issued unless the shares have first been offered to the shareholders holding shares of that class, and those shareholders have a pre-emptive right to acquire the offered shares in proportion to their shareholdings of that class, at the price and on the terms as those shares are to be offered to others. However, despite what is provided for in the articles, no pre-emptive rights exist in respect of shares issued for consideration other than money, as a share dividend or pursuant to the exercise of conversion privileges, options or rights previously granted by the corporation.

#### *Swedish law*

Under Swedish law, shareholders of any class of shares have a preferential right to subscribe for shares issued of any class in proportion to their shareholdings if the shares are issued for cash. The articles of association may, however, provide that holders of one class shall have preferential rights to subscribe for shares issued of such class provided that any shares such holders do not subscribe for are offered to all shareholders in proportion to their holdings. The preferential right to subscribe may be set aside by a resolution passed by two thirds of votes cast and of shares represented at a shareholders meeting. The preferential right to subscribe does not apply in respect of shares issued for consideration other than money or of shares issued pursuant to convertible debentures or warrants previously granted by the corporation.

### **Dividends**

#### *Canadian law*

Under the CBCA, a corporation is not entitled to declare or pay a dividend if there are reasonable grounds for believing that the corporation is, or would after the payment be, unable to pay its liabilities as they become due or the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

#### *Swedish law*

Under the Swedish Corporate Act, only shareholders at a general shareholders' meeting may authorize the payment of dividends. A resolution to pay dividends may, with some exceptions, not exceed the amount recommended by the board of directors. Dividends may only be made if, after the dividend, there is sufficient coverage for the corporation's restricted equity. Even if that is the case, a dividend is only allowed provided that it appears justified taking into consideration the requirements with respect to size of the equity which are imposed by the operations, the corporation's need for consolidation and liquidity and the corporation's financial position in general.



## **Removal of Directors**

### *Canadian law*

Under the CBCA, the shareholders of a corporation may remove any director or directors from office by an ordinary resolution which is passed by a majority of the votes cast by the shareholders entitled to vote on the resolution. However, a director may not be removed if the articles of the corporation call for cumulative voting for the election of directors and the number of votes cast in favor of his removal are less than the number that results from multiplying the number of votes cast against his removal by the number of directors required by the corporation's articles. Where the holders of any class or series of shares of a corporation have an exclusive right to elect one or more directors, a director so elected may only be removed by an ordinary resolution at a meeting of the shareholders of that class or series.

### *Swedish law*

Under Swedish law, directors elected by the shareholders may be removed from office at any time by a resolution at a shareholders' meeting which is passed by a majority of the votes cast.

## INFORMATION ON DIVIDENDS AND WITHHOLDING TAX

The information given below is a general description of tax implications that may occur in relation to legal entities and individuals who are unlimited tax payers in Sweden as a result of Lundin Mining Corporation paying dividends (for information about the Corporation's dividend policy, reference is made to "*Dividend Policy*" on page 22). Special tax implications may arise in certain situations. Consequently, investors are advised to consult tax advisors in respect of the tax implications that may arise from investing in Lundin Mining.

Any dividends from Lundin Mining are generally subject to Canadian withholding tax at a rate of 25 percent, to be withheld by Lundin Mining, if the dividend is paid to a person with residence for tax purposes outside Canada. Due to the double taxation treaty between Canada and Sweden, the withholding tax is normally reduced to 15 percent for portfolio investments for dividends beneficially owned by a person who, for the purpose of the treaty, is resident in Sweden. The treaty rate is applicable only if sufficient information regarding the tax residency of the holder is available.

Further, any gross dividends from Lundin Mining shares (including SDRs) are taxable in Sweden as income from capital at a rate of 30 percent as regards individuals, and, as income from business operations at a rate of 26.3 percent as regards limited liability companies. For shares registered with Euroclear Sweden AB or a nominee in Sweden, dividends to Swedish individuals will normally be subject to an additional Swedish preliminary tax at a rate of 15 percent. However, under the treaty the Canadian withholding tax can be offset against the Swedish tax at a rate of 15 percent as a foreign tax credit.

If there is no Swedish tax on income in the same fiscal year as the dividend, for instance when an individual declares a deficit in the capital income category, no foreign tax credit can be claimed that year. In such case, subject to certain limitations, the credit may be carried forward and be utilized in any of the following five fiscal years. Alternatively, the withholding tax may be deducted when the taxable income of the holder is computed. However, a tax credit of at least SEK 500 is permitted each year, subject to certain limitations.

## GENERAL TERMS FOR LUNDIN MINING SWEDISH DEPOSITARY RECEIPTS

*This document is, in all essential respects, a translation of the Swedish General Terms and Conditions of Swedish Depositary Receipts representing shares in South Atlantic Ventures Ltd.<sup>1</sup> Canada, deposited with E. Öhman J:or Fondkommission AB (Allmänna villkor för svenska depåbevis i South Atlantic Ventures Ltd.). In the event of any discrepancy between this translation and the Swedish original, the Swedish version shall prevail.*

### GENERAL TERMS AND CONDITIONS FOR SWEDISH DEPOSITARY RECEIPTS IN SOUTH ATLANTIC VENTURES LTD

Representing common shares in South Atlantic Ventures Ltd. deposited with E. Öhman J:or Fondkommission AB.

South Atlantic Ventures Ltd. (hereinafter referred to as the "Company") has entered into a custodial arrangement with E. Öhman J:or Fondkommission AB (hereinafter referred to as "Öhman") whereby Öhman, on behalf of shareholders, will hold shares (hereinafter referred to as the "Shares") in the Company in a depository account and issue one Swedish Depositary Receipt ("SDR") for each Share deposited in accordance with these General Terms and Conditions. The SDRs shall be registered with VPC AB (hereinafter referred to as "VPC") and are intended to be listed on Nya Marknaden at the Stockholm Stock Exchange or other marketplace.

#### **1 Deposit of Shares and registration, etc.**

- 1.1** The Shares, represented by registration in an account based system, are deposited on behalf of holders of SDRs, with a Canadian bank (the "Canadian Deposit Bank"). For each deposited Share, Öhman shall issue one SDR. An "SDR Holder" as set forth in these General Terms and Conditions means an owner of SDRs or the owner's nominee.
- 1.2** The deposit of Shares shall be governed by these General Terms and Conditions.
- 1.3** The SDRs shall be registered in a Swedish CSD register maintained by VPC (hereinafter referred to as the "VPC Register") in accordance with the Financial Instruments Registration Act (SFS 1998:1479). No certificates representing the SDRs will be issued.

#### **2 Transfer Restrictions**

Öhman and the Canadian Deposit Bank may refuse to accept Shares for deposit under these General Terms and Conditions if the transfer of such Shares is restricted pursuant to Canadian, Swedish or any other applicable legislation or stock exchange rules in order to observe and comply with such restrictions, or otherwise in the Custodian's own discretion in order to comply with Swedish, Canadian or other applicable securities laws or stock market regulations.

#### **3 Deposit and withdrawal of Shares**

- 3.1** Following payment of any and all taxes and fees payable in connection with a deposit of Shares, the Shares may be delivered for deposit to Öhman or the Canadian Deposit Bank under these General

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<sup>1</sup> See "ADDITIONAL INFORMATION" under "Name and Registered Office" on page 44.

Terms and Conditions provided no impediment exists thereto in accordance with Swedish or foreign law, or decisions of governmental authorities. In connection herewith, the depositor shall provide the necessary information to Öhman relating to the shareholder's or nominee's name, address, and securities account ("VP Account") in which the SDRs shall be registered.

- 3.2** Following payment of any and all taxes and fees payable in connection with a withdrawal of Shares, the Shares may be withdrawn from deposit provided no impediment exists thereto in accordance with Swedish or foreign law, or decisions of governmental authorities. The Shares will be transferred to a deposit account designated by the SDR Holder or as agreed between Öhman and the SDR Holder following the re-registration of the Shares and the deregistration of the corresponding SDRs in the VPC Register.
- 3.3** Öhman shall be entitled to compensation from the SDR Holders for the fees and costs which arise in conjunction with the deposit or withdrawal of Shares and/or issuance of SDRs as set forth in this Section 3, in accordance with the price list applied by Öhman from time to time.
- 3.4** Deposits and withdrawals of Shares and registrations in the VPC Register resulting therefrom takes place in accordance with the practices applied by Öhman from time to time and may be temporarily postponed or declined, during any period when the VPC Register or the share ledger of the Company is closed, or if such action is deemed necessary or advisable by the Company or Öhman.

#### **4 Transfer and pledge, etc.**

- 4.1** For as long as the Shares are deposited, they may only be transferred or pledged by registration in the VPC Register of the transfer or pledge of the SDRs by an authorised account operating institute (*Sw: kontoförande institut*) or, in the event that the SDRs are registered in the name of a nominee, by notification to the nominee. In order for a transfer or pledge to be approved by the Company, it must not be in violation of rules and regulations on restrictions on transferability that may arise under Swedish, Canadian or other applicable legislation, applicable stock exchange rules or the Company's articles of incorporation and by-laws. Until the expiry of such period as has been determined by the Company and Öhman in accordance with applicable legislation, SDR Holders may not transfer SDRs or, after withdrawal of Shares as above, Shares represented thereby, other than in accordance with applicable transfer restrictions. With respect to any transfer and pledge of SDRs, the provisions set forth in Chapter 6 of the Financial Instruments Registration Act shall apply.
- 4.2** Any registrations in the VPC Register which are necessary to accurately reflect the transfer of SDRs may, under specific circumstances, be postponed or declined during a time period deemed necessary by the Company or Öhman.

#### **5 Record Date**

Öhman shall in consultation with VPC and the Company fix a date (the "Record Date") which shall be applied by Öhman for the determination of which SDR Holders are, *vis-à-vis* Öhman, entitled to receive dividends in cash, shares, rights, or any other property or any proceeds thereof (if the property was sold by Öhman in accordance with these General Terms and Conditions), to submit voting instructions or a proxy for shareholders' meetings or otherwise exercise any rights held by shareholders of the Company. When practically possible, it is the intention of the Company and Öhman that the Record Date in Sweden for dividends and other rights as set forth above shall correspond to the Record Date in Canada.

## **6 Dividends and taxes**

- 6.1** At present the Company does not intend to declare or pay dividends in the foreseeable future. If and when any dividends are declared, Öhman and the Company shall use all reasonable efforts to enter into appropriate arrangements with VPC in order to enable distribution of dividends to Holders. Distribution to Holders is subject to such arrangements being put in place and would be payable net of applicable withholding taxes.
- 6.2** In connection with any distribution to SDR Holders, the Company, Öhman and VPC or any of their respective agents, as appropriate, will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld or charged, according to Canadian, Swedish or other applicable tax laws, by Öhman or VPC or any of their respective agents and owing to such authority or agency. Öhman shall provide VPC with such information regarding amounts withheld as VPC requires in accordance with the VPC Agreement.
- 6.3** Öhman shall in consultation with the Company and VPC, determine the manner in which dividends in property other than cash shall be distributed to the SDR Holders. This may entail the sale of the property with the sales proceeds, following deduction for sales costs and taxes, distributed to the SDR Holders.

## **7 Bonus issues, splits, or consolidations of shares**

- 7.1** Öhman shall accept delivery of Shares as a result of bonus issues and give effect to splits or consolidations of Shares as promptly as possible and shall ensure that necessary registration measures are taken on VP Accounts belonging to the SDR Holders or rights holders who are entitled to receive such Shares.
- 7.2** Anyone registered in the VPC Register on the Record Date as SDR Holder or holder of rights with respect to the measure in question shall be entitled to participate in the bonus issue, split or consolidation subject to these Terms and Conditions.
- 7.3** Any taxes levied will be handled in the manner set forth in Section 6.3.

## **8 New issues, etc.**

- 8.1** Öhman shall inform the SDR Holders of new issues of shares, debentures or other rights to holders of Shares, where the SDR Holders are entitled (in accordance with resolutions by the Company and Swedish law) to subscribe for such shares, debentures or other rights as well as other offerings from the Company directed to the shareholders.
- 8.2** If the SDR Holders are not entitled to participate in the issue or the offering to the shareholders in accordance with Section 8.1 or if it is not practically and economically feasible for the SDR Holders to participate, Öhman shall be entitled to sell such rights on behalf of the SDR Holders and distribute the net proceeds received, if any, to the SDR Holders after deduction for any costs, fees and taxes.

## **9 Fractional rights**

- 9.1** Öhman will not accept deposits of fractional Shares, exchange SDRs for fractional Shares or accept an odd number of fractional scrip rights (i.e. such number which does not entitle to receipt of a whole number of Shares or SDRs).
- 9.2** Where an SDR Holder would otherwise be entitled to receive fractional Shares or an odd number of fractional scrip rights or a fraction of a Share as a result of dividends or otherwise, Öhman and the Company may agree that Öhman shall sell such fractional Shares or SDRs or fractional rights, etc., and distribute the received net proceeds, if any, to the SDR Holder after deduction for any costs, fees and taxes.

## **10 Voting at shareholders meetings, etc.**

- 10.1** As soon as possible after Öhman has received notice of a meeting of shareholders of the Company, Öhman shall notify the SDR Holders of the shareholders meeting. The notification shall be issued through a press release and shall be made available on Öhman's web site. The notification shall include i) the contents set forth in the notice which Öhman has received from the Company, ii) the Record Date for the SDR Holders determined in accordance with section 5 above and iii) instructions regarding any measures to be taken by the SDR Holder in order to vote for Shares represented by SDRs. Öhman shall, in due time prior to the shareholders meeting, seek voting instructions from the SDR Holders who are recorded in the VPC Register on the Record Date and have notified Öhman of their intention to deliver voting instructions for the shareholders meeting. Such voting instructions shall be compiled by Öhman and forwarded to the Canadian Deposit Bank, in the form directed by the Canadian Deposit Bank, together with a list of the SDR Holders from whom such instructions have been obtained.
- 10.2** According to applicable Canadian corporate and securities laws, notices to attend shareholders meetings must be sent by the Company not later than 24 days or more than 60 days before the meeting and the record date for shareholders' meetings must be no later than 30 days or more than 60 days before the meeting.
- 10.3** Öhman undertakes not to vote or otherwise represent Shares for which the SDR Holder has not provided voting instructions.

## **11 Notices**

- 11.1** Öhman shall ensure that notices to SDR Holders pursuant to these General Terms and Conditions are dispatched to the SDR Holders and other rights holders who are registered in the VPC Register as entitled to receive notices in accordance with the Financial Instruments Registration Act.
- 11.2** Written notices shall be sent by Öhman by mail to authorised persons in accordance with section 11.1 to the address listed in the VPC Register. Öhman may, instead of mailing notices, publish the notice in a daily national newspaper in cases where a Swedish CSD-registered company is entitled to such notice.

## **12 Trading in SDRs**

Trading in SDRs is intended to take place on Nya Marknaden, with Öhman as the Company's sponsor. Information regarding the commencement of trading on Nya Marknaden and any decision to transfer the trading to a Swedish regulated marketplace shall be announced in advance by the Company and Öhman.

## **13 Fees and costs**

Öhman's costs and fees for administration of the deposit account for Shares and the services rendered by VPC shall be the responsibility of the Company unless otherwise set forth in these Terms and Conditions.

## **14 Replacement of custodian bank**

In the event the Company decides to retain another securities institution as custodian bank in lieu of Öhman, Öhman shall transfer all of Öhman's rights and obligations *vis-à-vis* the SDR Holders pursuant to these General Terms and Conditions and shall deliver the Shares to the new custodian bank. Any replacement of the custodian bank must be notified to VPC for approval and shall be carried out not later than six months following the time at which notification regarding the replacement of the custodian bank is sent to SDR Holders in accordance with section 11.

## **15 Amendments to these General Terms and Conditions**

Subject to approval by the Company, Öhman shall be entitled to amend these General Terms and Conditions where such amendment is necessary in order for these Terms and Conditions to comply with Swedish, Canadian or other applicable law, stock market rules, decisions of governmental authorities or amendments to VPC's rules and regulations. Öhman and the Company are entitled to jointly decide to amend these General Terms and Conditions where, for other reasons, it is deemed appropriate or necessary, provided in all cases that the SDR Holders' rights are not prejudiced in any material respect. Öhman shall notify the SDR Holders in the manner set forth in section 11 of any decision to amend the General Terms and Conditions.

## **16 Information regarding Depository Receipt Holders**

- 16.1** Öhman retains the right to request information from VPC regarding the SDR Holders' ID or corporate registration number, name, address and the number of SDRs held, and to submit such information to the Company.
- 16.2** Öhman and the Company are entitled to provide information regarding the SDR Holders and their holdings to the Canadian Deposit Bank and such parties who perform share registration duties or to governmental authorities, provided that the obligation to submit such information is prescribed by Swedish or other applicable foreign law. The SDR Holders shall be obliged, upon request, to provide Öhman with such information.
- 16.3** Öhman and the Company shall be entitled to provide information regarding the SDR Holders and their holdings to governmental authorities in connection with restitution and refund of paid taxes, to the extent required.

- 16.4** Öhman and the Company are entitled to submit and publish information regarding the SDR Holders to the extent required by Nya Marknaden or other authorised market place or governing regulatory authorities.

## **17 Limitation of liability**

- 17.1** With respect to the obligations incumbent on them hereunder, Öhman, the Canadian Deposit Bank, the Company and VPC shall not – in the case of VPC taking into account the provisions of the Financial Instruments Registration Act – be liable for damage as a result of Swedish or foreign legislation, the actions of Swedish or foreign governmental authorities, acts of war, strikes, blockades, boycotts, lockouts, or other similar circumstances. The reservation with respect to strikes, blockades, boycotts, and lockouts shall apply notwithstanding that Öhman, the Canadian Deposit Bank, the Company or VPC itself undertakes, or is an object of, such measures.
- 17.2** If Öhman, the Canadian Deposit Bank, the Company or VPC shall be prevented from making payments or taking any other action due to the circumstances set forth in Section 17.1 above, such action may be deferred until the hindrance has ceased to exist.
- 17.3** Neither Öhman, the Canadian Deposit Bank, the Company nor VPC shall be liable for damages, losses, costs or expenses suffered or incurred by SDR Holders arising where Öhman, the Canadian Deposit Bank, the Company or VPC have exercised reasonable prudence. Neither Öhman, the Canadian Deposit Bank, the Company nor VPC shall be liable for indirect damages or lost profits.
- 17.4** Neither Öhman, the Canadian Deposit Bank, the Company nor VPC shall be liable for losses or damages which the SDR Holders suffer due to the fact that a certain dividend, right, notice or other entitlement which accrues to shareholders of the Company cannot, due to technical, legal or other reasons beyond the control of the abovementioned parties, be distributed or otherwise transferred or provided to those SDR Holders registered in the VPC Register on a timely basis or at all.

## **18 Termination, etc.**

- 18.1** Öhman shall terminate the deposit of Shares by notice to the SDR Holders pursuant to section 11 if:
- (i) the Company has resolved to no longer have Shares in the Company being represented by SDRs in accordance with these General Terms and Conditions;
  - (ii) the Company removes Öhman as custodian in accordance with the Custodian Agreement governing the custodial arrangement entered into between the Company and Öhman;
  - (iii) VPC terminates the Agreement concerning the registration of SDRs; or
  - (iv) the Company applies for reorganisation, bankruptcy, liquidation, or other similar procedure, or where such a procedure commences upon application by third parties,
- provided, however, that Öhman shall assign its rights and obligations as custodian under the Custodian Agreement to a new custodian approved by the Company and VPC in which event the deposit of shares represented by SDRs may be maintained.



- 18.2** If Öhman terminates the deposits of Shares in accordance with section 18.1, these General Terms and Conditions shall continue to apply for a period of six months from the day the notice of termination was sent or from the day notice of termination is published in a daily national newspaper.
- 18.3** In cases other than those set forth in section 18.1, Öhman is entitled to terminate the deposits of Shares by notification to the SDR Holders, such termination to take effect twelve months from the date set forth in section 18.2 or that earlier date, however not less than six months from the said day, as agreed between Öhman and the Company provided, however, that Öhman shall assign its rights and obligations as custodian under the Custodian Agreement to a new custodian approved by the Company and VPC in which event the deposit of shares represented by SDRs may be maintained.
- 18.4** In the notice of termination, Öhman shall set forth the Record Date upon which Öhman shall de-register all the SDRs in the VPC Register. Immediately following the deregistration, Öhman shall deliver the Shares as instructed by the SDR Holders. If any SDR Holder has not instructed Öhman accordingly, Öhman shall have the right to sell the Shares represented by such SDRs and pay received proceeds to the SDR Holder after deduction for any costs, fees and taxes. Notwithstanding the foregoing, if a new custodian is appointed as contemplated above, the SDRs shall remain registered and Shares represented by SDR shall be re-registered to reflect the new custodian.

**19 Applicable law, etc.**

- 19.1** Interpretation and application of these General Terms and Conditions shall be pursuant to Swedish law.
- 19.2** Disputes regarding these General Terms and Conditions or resulting from conditions related to the legal relationships hereunder shall be settled by the court of general jurisdiction and the action shall be brought in Stockholm District Court (*Stockholms tingsrätt*), Sweden.

## CAUTIONARY NOTICE TO PROSPECTIVE INVESTORS IN SWEDEN REGARDING MINERAL RESERVES AND MINERAL RESOURCES

Information concerning the mineral properties of Lundin Mining included in the Prospectus has been prepared in accordance with the requirements of Canadian Securities Laws, which differ in many respects from recommendations set by the Committee of European Securities Regulators (the “CESR”) applicable to issuers subject to the disclosure requirements under the Prospectus Directive. In accordance with Canadian National Instrument 43-101 — *Standards of Disclosure for Mineral Projects* (“NI 43-101”), the terms “mineral reserve”, “proven mineral reserve”, “probable mineral reserve”, “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” used in this Prospectus are defined in the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on December 11, 2005. While the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are recognized and required by NI 43-101, the recommendations set by CESR does not recognize them. As such prospective investors are cautioned that, except for that portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic value. Inferred mineral resources have a high degree of uncertainty as to their existence and as to whether they can be economically or legally mined. Under Canadian Securities Laws, estimates of inferred mineral resources may not form the basis of an economic analysis. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. **Therefore, prospective investors are cautioned not to assume that all or any part of an inferred mineral resource exists, that it can be economically or legally mined, or that it will ever be upgraded to a higher category. Likewise, prospective investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be upgraded into mineral reserves.**

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