



**Information in brief**  
on the transaction between  
**Lundin Mining Corporation**  
and  
**EuroZinc Mining Corporation**



A Special Shareholders' Meeting in Lundin Mining Corporation is held in Vancouver on October 19, 2006

The purpose of this information is to give holders of SDRs in Lundin Mining a brief description of the proposed merger between Lundin Mining Corporation ("Lundin Mining") and EuroZinc Mining Corporation ("EuroZinc"). Please note that this information is not complete, nor is it a formal prospectus. Additional information on the proposed transaction including, among others, conditions for the transaction and more extensive financial information is available in the Management Information Circular that has been prepared as a basis for the shareholders' decision on the Special Shareholders' Meeting on October 19, 2006. This information brochure is distributed to holders of SDRs outside of the US and Canada and is available on [www.lundinmining.com](http://www.lundinmining.com).

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## Preliminary timetable

**October 19, 2006** Special Shareholders' Meeting

**End of October 2006** Expected closing of transaction

Lundin Mining Corporation ("Lundin Mining") informs that holders of Swedish Depository Receipts ("SDR") in Lundin Mining as at the record date September 14, 2006, are entitled to vote at the Special Shareholders' Meeting, which will be held at the corporate offices of Lundin Mining, Suite 2101, 885 West Georgia Street, in Vancouver, British Columbia, on Thursday, October 19, 2006, at 10.00 a.m. (Vancouver Time).

Forms for registration to vote by proxy can be ordered from E. Öhman J:or Fondkommission AB ("Öhman") on telephone +46-(0)8-402 51 32.

The form(s) shall be returned to Öhman J:or Fondkommission no later than October 12, 2006.

# Background and Reasons

On August 21, 2006, Lundin Mining announced that the Company intends to enter into a merger with the Canadian mining group EuroZinc. The merger is a significant step in Lundin Mining's aggressive growth strategy. The Company has in the past three years grown rapidly and now operates three mines, and has also developed a highly promising portfolio of exploration projects and investments, not least the Russian Ozernoe-project which was announced this summer. The merged company will be named Lundin Mining Corporation.

The merger with EuroZinc takes Lundin Mining to the next level on the global mining scene, and two Portuguese copper-zinc-lead-silver mines will be added to the asset portfolio, Neves-Corvo and Aljustrel. Aljustrel is currently not in production but the plan is to re-start the mine during the second half of 2007. The combined annual production volumes for the merged company are estimated to

be 205,000 tonnes of zinc metal and 90,000 tonnes of copper metal from 2008. Lundin Mining will have a strong balance sheet and a solid financial position.

## **Summary and rationale for the transaction**

- A leading, diversified copper, zinc and lead producer will be created by merging Lundin Mining and EuroZinc into one company, Lundin Mining Corporation.
- The company will have four profitable mines in Portugal, Sweden and Ireland. A fifth mine will start up production in the second half of 2007. The number of employees will be approximately 1,500.
- The combined annual production is estimated to be approximately 205,000 tonnes of contained zinc and 90,000 tonnes of contained copper. Lead and silver will be produced as by-products.

- Lundin Mining Corporation will have a solid financial position with USD 270 million in cash and short term investments, and USD 43 million in long-term debt.
- The management team will reflect the collective strength of both companies.
- Existing shareholders in EuroZinc and Lundin Mining will hold approximately 56.7% and 43.3% respectively in the merged company.
- The combined cash flow generation will provide for a continued focus on growth through profitable investments.

On behalf of the Board  
of Lundin Mining

Karl-Axel Waplan  
*President & CEO*

# The Transaction

## – Structure and Conditions

The transaction will be accomplished through a Court approved Plan of Arrangement under the Business Corporations Act (British Columbia). The merger is conditional upon 50.1% of Lundin Mining's shareholders and 66.7% of EuroZinc's shareholders approving the transaction and that the transaction receives regulatory approvals. Special shareholders' meetings for each company to vote on the transaction will be held on October 19, 2006. Following the shareholders' meetings, a court approval will conclude the transaction. The transaction is scheduled to close by late October, 2006.

At closing, all EuroZinc common shares will be automatically exchanged at a ratio of 0.0952 Lundin Mining common shares for each EuroZinc common share and CAD 0.0001 in cash for each EuroZinc share. In addition each outstanding option of EuroZinc will be exercisable to purchase 0.0952 Lundin Mining common shares for each EuroZinc common share that was issuable under such EuroZinc option. As at August 17, 2006, EuroZinc had options outstanding entitling the holders thereof to purchase an aggregate of 13,726,671 EuroZinc common shares with exercise prices ranging from CAD 0.10 to CAD 2.90 per each EuroZinc common share and expiry dates ranging from December 10, 2007 to August 9, 2011. As a result, Lundin Mining will be required to reserve a total of 1,306,779 Lundin Mining common shares for issuance in connection with the EuroZinc options. Lundin Mining shareholders will continue to hold their existing common shares. EuroZinc will become a wholly owned subsidiary of Lundin Mining and will subsequently be amalgamated with Lundin Mining.

Existing EuroZinc and Lundin Mining shareholders will own approximately 56.7% and 43.3% (56.9% and 43.1%, fully diluted), respectively, of the combined company. Lundin Mining

Corporation will have approximately 94.3 million basic common shares (96.1 million fully diluted common shares) outstanding at the completion of the merger.

The board of directors of Lundin Mining and EuroZinc recommend approval of the transaction by their respective shareholders. Lundin family interests, holders of approximately 19.9% of Lundin Mining, and Resource Capital Funds, holder of approximately 9.9% of EuroZinc, have each pledged their support of the merger.

The definitive agreement includes a commitment by each of Lundin Mining and EuroZinc not to solicit alternative transactions to the merger. Each company has agreed to pay a break fee to the other party of US\$40 million under certain circumstances. In addition, each company has granted the other party a right to match a competing offer.

Lundin Mining is currently listed on the Toronto Stock Exchange ("TSX") and on the Stockholm Stock Exchange ("SSE"). EuroZinc is listed on the TSX and on the American Stock Exchange ("AMEX"). The merged company, Lundin Mining

Corporation, will be listed on the TSX and the SSE. An application has been made for a listing on AMEX, with the objective that trading of Lundin Mining on AMEX should be possible at the time of the closing of the transaction.

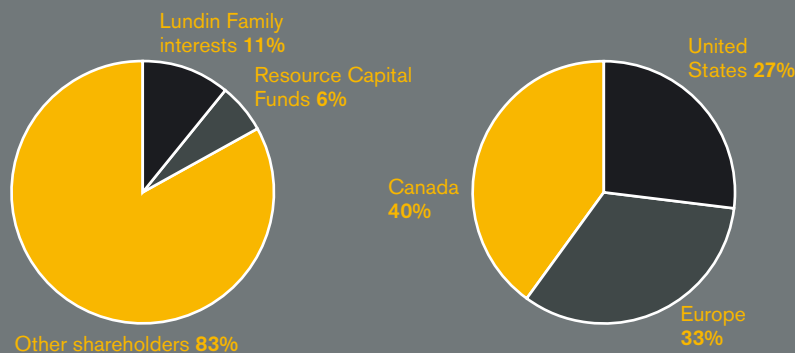
### Board of Directors and Management

Lundin Mining will, as today, have its head offices in Vancouver, Canada and its operational offices based in Stockholm, Sweden.

Lundin Mining and EuroZinc will be equally represented on the board, which will consist of ten members including the Chairman. Lukas Lundin who is the Chairman of Lundin Mining today will remain in that position in the merged company. Colin K. Benner, CEO and Vice chairman of EuroZinc will become a member of Lundin Mining's board.

Colin K. Benner will become Chief Executive Officer of Lundin Mining and remain based in Vancouver. Karl-Axel Waplan will become President and Chief Operating Officer of the company and remain based in Stockholm.

Ownership and geographic structure of the shares



# About Lundin Mining



Lundin Mining is an active explorer for minerals and a fast growing producer of base metals. The company owns three mines, two in Sweden, Zinkgruvan and Storliden, and one in Ireland, Galmoy. The exploration portfolio is extensive and it also includes interests in international ventures and development projects.

Lundin Mining is a young company. Up until 2004, the only major asset in the company consisted of a 37% holding in the listed exploration company North Atlantic Natural Resources ("NAN"). In June 2004, Lundin Mining acquired (at the time under the name of South Atlantic Ventures) Zinkgruvan from Rio Tinto. Since, Lundin Mining has acquired all outstanding shares in NAN, which apart from a significant portfolio of exploration projects also owns the Storliden mine in Sweden. During the spring of 2005, the Irish Galmoy mine was acquired. In parallel with developing its operational assets, Lundin Mining has invested in several promising exploration projects. In June 2006, the company signed a letter-of-intent to acquire a 49% interest in Ozernoe which is a significant zinc-lead-silver project in Russia (the remaining 51% is owned by Russian IFC Metropol). The final agreement is expected to be signed in September, 2006.

## Lundin Mining consolidated balance sheets in summary

| USD Thousands                                 | June 30, 2006  | 2005           | 2004*          |
|---|----------------|----------------|----------------|
| Cash  | 131,482        | 74,409         | 86,680         |
| Inventories                                   | 8,523          | 9,609          | 4,605          |
| Other current assets                          | 48,886         | 21,571         | 40,421         |
| Properties, plant & equipment                 | 289,058        | 288,217        | 187,184        |
| Other long term assets                        | 29,773         | 13,008         | 8,284          |
| <b>Assets</b>                                 | <b>507,722</b> | <b>406,814</b> | <b>327,174</b> |
| Current liabilities                           | 62,421         | 41,765         | 23,181         |
| Long term debt                                | –              | –              | –              |
| Long term liabilities                         | 128,101        | 119,906        | 131,872        |
| Non-controlling interest                      | –              | 627            | 5,773          |
| Shareholders' equity                          | 317,200        | 244,516        | 166,348        |
| <b>Liabilities &amp; Shareholders' equity</b> | <b>507,722</b> | <b>406,814</b> | <b>327,174</b> |

\* Restated. Effective April 1 2005 the reporting currency of Lundin Mining was changed from Canadian to US dollars.

## Lundin Mining consolidated income statements in summary

| USD Thousands   | Jan-June 2006 | 2005     | 2004*   |
|---|---------------|----------|---------|
| Sales   | 112,918       | 192,073  | 39,922  |
| Cost of sales   | -51,730       | -150,709 | -28,671 |
| Income before income taxes and non-controlling interest | 51,150        | 44,065   | 5,947   |
| Net income  | 37,161        | 29,963   | 4,764   |

## Lundin Mining key financial ratios in summary

|                                       |            |            |            |
|---------------------------------------|------------|------------|------------|
| EPS, USD                              | 0.91       | 0.78       | 0.21       |
| EPS, fully diluted, USD               | 0.90       | 0.78       | 0.21       |
| Basic weighted average no of shares   | 40,740,712 | 38,416,486 | 22,160,451 |
| Diluted weighted average no of shares | 41,160,672 | 38,658,521 | 22,432,326 |

\* Restated. Effective April 1 2005 the reporting currency of Lundin Mining was changed from Canadian to US dollars.

# About EuroZinc



EuroZinc Mining Corporation is a Canadian based, mid-tier base metal producer with significant reserves in copper, lead, zinc and silver. The company owns two mines. Neves-Corvo in southern Portugal produces copper and, from the second half of 2006, also zinc. The Aljustrel zinc-lead-silver mine, located 40 kilometres from Neves-Corvo, has not been in production since 1993. The plan is to re-start production in 2007. The Neves-Corvo and Aljustrel mines are located within the western sector of the Iberian Pyrite Belt (IPB) that extends from Seville in Spain to south of Lisbon in Portugal. The 250 kilometres long by 60 kilometres wide belt of rocks is host to some of the largest volcanogenic hosted massive sulphide (VHMS) deposits in the world.

EuroZinc has been active in Portugal since 1994. Negotiations to acquire Aljustrel were commenced with the Portuguese authorities during the latter part of the 90's. In 2001, EuroZinc acquired 75% of the shares in Pirites Alentejanas, SA ("PA"), the company that has title to the Aljustrel Mining Assets. In November 2002, following a financial restructuring of PA, EuroZinc increased its ownership to 99% of PA.

In June 2004, EuroZinc was the successful bidder for the Neves-Corvo copper mine. The mine was purchased from Rio Tinto and the Portuguese State, and has been in production since 1989. EuroZinc also controls significant exploration licenses in pyrite rich belts, covering 7% of the total area of Portugal.

## EuroZinc consolidated balance sheets in summary

| USD Thousands                                 | June 30, 2006  | 2005           | 2004*          |
|---|----------------|----------------|----------------|
| Cash  | 97,291         | 27,597         | 29,245         |
| Inventories                                   | 10,684         | 8,517          | 17,122         |
| Other current assets                          | 124,017        | 69,063         | 38,572         |
| Properties, plant & equipment                 | 327,350        | 301,380        | 279,189        |
| Other long term assets                        | 52,648         | 42,034         | 55,731         |
| <b>Assets</b>                                 | <b>611,990</b> | <b>448,591</b> | <b>419,859</b> |
| Current liabilities                           | 103,240        | 80,926         | 79,156         |
| Long term debt                                | 42,335         | 38,910         | 103,939        |
| Long term liabilities                         | 109,850        | 97,725         | 99,518         |
| Non-controlling interest                      | –              | –              | –              |
| Shareholders' equity                          | 356,565        | 231,030        | 137,246        |
| <b>Liabilities &amp; Shareholders' equity</b> | <b>611,990</b> | <b>448,591</b> | <b>419,859</b> |

\* Restated to reduce the income tax rate used in establishing future income taxes.

## EuroZinc consolidated income statements in summary

| USD Thousands                | Jan-June 2006 | 2005     | 2004*   |
|------------------------------|---------------|----------|---------|
| Sales                        | 257,398       | 314,934  | 123,181 |
| Operating costs              | -59,164       | -112,975 | -49,684 |
| Earnings before income taxes | 111,046       | 118,993  | 19,822  |
| Net earnings                 | 89,065        | 88,337   | 15,682  |

## EuroZinc key financial ratios in summary

|                                       |         |         |         |
|---------------------------------------|---------|---------|---------|
| EPS, USD                              | 0.18    | 0.17    | 0.04    |
| EPS, fully diluted, USD               | 0.18    | 0.17    | 0.04    |
| Basic weighted average no of shares   | 549,642 | 523,613 | 394,911 |
| Diluted weighted average no of shares | 553,595 | 533,233 | 412,949 |

\* Restated to reduce the income tax rate used in establishing future income taxes.

# Description of Operations



## ZINKGRUVAN MINE

Lundin Mining acquired Zinkgruvan in 2004 and the mine constitutes one of the company's principal assets. Located in southern Sweden, Zinkgruvan has been in production continuously since 1857. The main metal is zinc, with lead and silver as by-products. The mine, which is the largest underground zinc mine in Sweden, is ranked in the lowest cash cost quartile among global zinc mines. The estimated reserve life is 11 years. Additional resources may support mining for another 7 to 8 years.

Lundin Mining is conducting a review of the mine with the objective to increase ore production and to reduce dilution and ore losses. New planning tools and software have been developed to better optimise production and to facilitate long term planning, and is gradually being implemented. The review also includes a study of the possibility to develop a zone of copper mineralisation. The mineralisation has been found difficult to mine at this stage due to rock mechanical issues caused by location on hanging walls of the currently mined zinc-orebody. The viability of the copper-orebody will be evaluated in light of current metal price predictions.

## Agreement with Silver Wheaton

In 2004, Lundin Mining entered an agreement with Silver Wheaton Corp., in which Zinkgruvan sold forward all of its silver production. Lundin Mining has committed itself to deliver a minimum of 40 million ounces of silver over a period of 25 years. In return, Lundin Mining obtained a combination of USD 50 million as immediate cash payment plus shares and warrants as well as USD 3.90 per ounce delivered metal.

## Operations in 1H 2006

During the first six months of 2006, ore production in Zinkgruvan amounted to 373,467 tonnes, lower than the corresponding period in 2005 when the mine produced 423,887 tonnes of ore. Production of zinc metal amounted to 40,785 tonnes in the first six months of 2006, an increase of 2,508 tonnes compared with the corresponding period in 2005. The lead metal production amounted to 15,824 tonnes compared with 21,469 tonnes in the previous year. Zinc grades were higher during the first half of 2006 compared with the corresponding period in 2005. The average zinc grade was 11.6% and lead 4.8%. The mine's zinc cash cost was US\$ 49/lb, net of by-products.

## Zinkgruvan

**Location** Sweden  
**Ownership** 100%  
**Reserves** 8.2 MT (9.7% Zn, 4.7% Pb)  
**Resources (M&I)\*** 10.0 MT (9.5% Zn, 4.3% Pb)  
**Inferred\*** 8.5 MT (10.5% Zn, 4.4% Pb)  
**2006E Production\*\*** 70,000 t Zn, 31,000 t Pb, ~2 m oz silver  
**Estimated Mine Life** 17+ years  
\* Resources are inclusive of reserves  
\*\* Source: Company forecasts



## GALMOY MINE

The Galmoy mine was consolidated into Lundin Mining following the formal merger with ARCON in May 2005. The mine was constructed during the years 1995–1997, and started production in 1997. Its main metal is zinc, with lead obtained as a by-product. The Galmoy mine has an expected life of 5 years. In 2002, the mine reserves increased due to the discovery of the R-Zone.

When the acquisition was completed Lundin Mining initiated a programme to improve the efficiency of the operations through better utilisation of production processes with increased metal recoveries and enhanced quality of concentrates. The concentrator will be upgraded from original design to enable processing of larger tonnages and a new lead circuit will be installed during the fourth quarter of 2006. With an increased flotation volume in the lead circuit, the mill will be able to increase recoveries of both lead and zinc. A major overhaul in the

SAG mill was also performed during a one week shut down in June. As a result of the mechanical projects in the mill, the number of unplanned stops is expected to gradually decrease which will increase the stability of the process in the future.

### Operations in 1H 2006

Ore extracted at Galmoy amounted to 301,881 tonnes in the first six months of 2006 and was lower than during the corresponding period in 2005. Average zinc grades decreased to 12.0% from 13.2%. Lead grades in the first six months of 2006 were 3.6% compared to 4.3% in the corresponding period in 2005. Production of zinc metal amounted to 29,832 tonnes in the first six months of 2006, a decrease of 5,802 tonnes compared with January–June 2005. Lead metal production amounted to 7,081 tonnes compared with 9,196 tonnes in the previous year. Average zinc cash cost in January–June 2006 was US\$ 77/lb.

## STORLIDEN MINE

The Storliden underground deposit, located in the Skellefte District, was discovered by NAN in 1998 and became operational in 2002. The time between discovery and actual production was extremely short. Following Lundin Mining's acquisition of NAN in the spring of 2005, Storliden was fully consolidated into Lundin Mining. The deposit consists of copper and zinc, and is estimated to have ore reserves to sustain a maximum of 18 months more of production. The mine's cash cost is very competitive due to the high content of copper in the ore. With the ambition of replacing the deposit, exploration drilling in the area is ongoing. The Storliden mine is, through an agreement, operated by Boliden, who also processes the extracted ore into metal concentrate at the Boliden Area Operations, some 90 kilometres from the mine.

### Operations in 1H 2006

Production in the Storliden mine amounted to 161,808 tonnes in the first six months of 2006, a decrease of 11,015 tonnes compared to the corresponding period in 2005 when production amounted to 172,823 tonnes. Produced zinc metal amounted to 13,876 tonnes compared to 18,258 tonnes in the corresponding period in 2005 and copper metal to 5,453 tonnes compared to 5,571 tonnes. Zinc grades were lower in the first six months of 2006 compared with the same period in 2005 at 9.4%. Copper grades were 3.8%. Zinc cash costs were less than zero, as the income from the mine's by-product copper was higher than costs from production and smelting charges.

### Galmoy

**Location** Ireland  
**Ownership** 100%  
**Reserves** 3.6 MT (14.7% Zn, 4.1% Pb)  
**Resources (M&I)\*** 5.2 MT (11.3% Zn, 3.5% Pb)  
**Inferred\*** None  
**2006E Production\*\***  
70,000 t Zn, 19,000 t Pb  
**Estimated Mine Life** 5+ years  
\* Resources are inclusive of reserves  
\*\* Source: Company forecasts



### Storliden

**Location** Sweden  
**Ownership** 100%  
**Reserves** 0.527 MT (3.1% Cu, 8.5% Zn)  
**Resources (M&I)\*** 0.850 MT (2.8% Cu, 6.8% Zn)  
**Inferred\*** 0.026 MT (2.3% Cu, 2.0% Zn)  
**2006E Production\*\***  
12,000 t Cu, 32,000 t Zn  
**Estimated Mine Life**  
Expect closure in H2-07  
\* Resources are inclusive of reserves  
\*\* Source: Company forecasts



## NEVES-CORVO MINE

Neves-Corvo is an underground mine that has been a significant producer of copper since its opening in 1989. Since the start of production, the mine has produced a total of 1.9 million tonnes of copper metal and in the year 2005 produced approximately 89,500 tonnes of copper metal. Further, the mine has produced tin since 1989, although continuous tin production ceased in 2003 due to the exhaustion of the tin ore. In addition to copper, Neves-Corvo has significant zinc reserves. Production of zinc concentrates started in July 2006 at an initial rate of 12,500 tonnes of contained metal a year. The capacity of the copper mill is approximately 2.2 million tonnes of ore per annum, while the zinc plant has a capacity of 0.35 million tonnes.

### Operations in 1H 2006

Ore milled in the Neves-Corvo mine amounted to 1,010,000 tonnes in the first six months of 2006, compared with the 1,011,000 tonnes in the corresponding period in 2005. Average copper head grades were 4.6%, which can compare to the head grades of 5.06% for the first six months of 2005. The planned head grades for 2006 were lower than 2005 as higher metal prices supported mining and processing employing a lower cut off grade in mine planning.

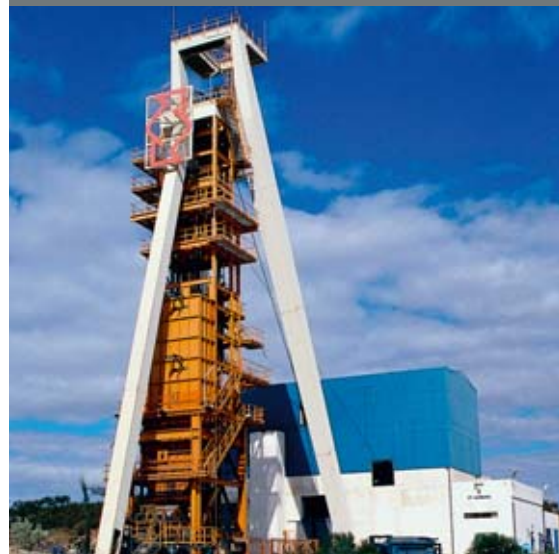
Copper sold in the first six months 2006 was 39,000 tonnes, compared with 47,000 tonnes during the first six months 2005.

## ALJUSTREL PROJECT

Aljustrel is planned to be restarted in the second half of 2007 after having been mothballed in 1993. When Aljustrel is in full production, by the second half of 2008, the mine will be producing approximately 75,000 tonnes of contained zinc, 17,000 tonnes of contained lead and 1.25 million ounces of silver annually.

### Neves-Corvo

**Location** Portugal  
**Ownership** 100%  
**Reserves** 16.8 MT (5.4% Cu),  
10.6 MT (7.96% Zn)  
**Resources (M&I)\*** 18.7 MT (5.97% Cu),  
26.2 MT (6.40% Zn)  
**Inferred\*** 7.4 MT (3.96% Cu),  
24.2 MT (5.55% Zn)  
**2006E Production\*\*** 88,400 t Cu,  
12,500 t Zn  
**Estimated Mine Life** 16+ years  
\* Resources are inclusive of reserves  
\*\* Source: Company forecasts



### Aljustrel

**Location** Portugal  
**Ownership** 99.9%  
**Reserves** 14.4 MT (5.49% Zn)  
**Resources (M&I)\*** 19.8 MT (5.72% Zn)  
**Inferred\*** 5.0 MT (5.68% Zn)  
**Estimated annual production\*\***  
75,000 t Zn, 17,000 t Pb, 1.25 m oz silver  
**Estimated Mine Life** 10+ years  
\* Resources are inclusive of reserves  
\*\* Source: Company forecasts

## EXPLORATION

Successful exploration is essential for Lundin Mining to increase reserves, secure future cash flow and ensure continued growth. A team of approximately 20 internationally experienced geoscientists and technicians continuously evaluate greenfield and near-mine projects. The team also actively identifies and evaluates new opportunities and investments in a broad, international perspective. In 2006, Lundin Mining will invest approximately USD 10 million in exploration.

### Sweden and Ireland

Lundin Mining focuses on both near-mine exploration (brownfield) and greenfield exploration. In 2006, Lundin Mining's main exploration efforts are being pursued in Sweden and Ireland. Near-mine exploration is conducted in Storliden, Zinkgruvan and Galmoy. During 2006,

promising drilling results have been reported in both Zinkgruvan and Galmoy.

Greenfield exploration is conducted in the Skellefte District and the Bergslagen District in Sweden, and within the Keel Properties in Ireland, with ongoing drilling programmes. During 2006, Lundin Mining has reported updated mineral resources in Norrliiden and also updates on the drilling programmes in Copperstone and in the Eva deposit. These projects are located in the Skellefte District.

### Spain

Lundin Mining announced this summer that it had acquired the Toral zinc-lead-silver property, located in northwest Spain. The company plans for exploration drilling over the next six months to evaluate if there is economic viability in the project.

### Portugal

EuroZinc has commenced a major exploration program in Portugal and committed USD 10 million for mine-site and regional exploration work in 2006. The program will be carried out on the largest exploration land package (2,683 square kilometres) amassed by any single company in the history of exploration in the Iberian Pyrite Belt (IPB) of Portugal. To complete this work, an experienced geological team has been assembled and exploration drill rigs and crews are on ground. The Iberian Pyrite Belt has historically been under explored and combines low risk with excellent infrastructure.



## OTHER INVESTMENTS

Investments in projects in co-operation with partners or as joint ventures are part of Lundin Mining's strategy. With a global view the company actively seeks promising base metals projects at early to advanced stages.

### The Ozernoe Project

Lundin Mining has agreed to acquire a 49% interest in the Russian Ozernoe project, located in the Republic of Buryatia, east of Lake Baikal. As part of the transaction, which is expected to be finally signed in September, 2006, Lundin Mining will establish a joint venture with its partner, the Russian investment company IFC Metropol. The Ozernoe project consists of a major deposit, with estimated mineral resources of 157 million tonnes, with grades of 5.2% zinc and 1.0% lead. The deposit also contains silver. The plan is to construct an open pit mine and a mill at site. The concentrates will be directed to smelters in Russia, China, Japan and Korea. Lundin Mining's initial investment for the 49% interest will be USD 115 million.

### Sunridge Gold Corp.

Lundin Mining has acquired approximately 17% of the shares in the Canadian exploration company Sunridge Gold Corp. for an investment of USD 10.5 million. Sunridge controls several advanced copper-zinc-gold exploration projects in Eritrea in north-eastern Africa. An aggressive drilling programme is underway. Lundin Mining is entitled to two seats on the Board of Sunridge Gold Corp.

### Union Resources Limited

In August 2005, Lundin Mining acquired a 19.9% holding in the Australian exploration company Union Resources Limited for a total investment of USD 3.5 million. Union Resources owns 38% of the world's largest known undeveloped resources of zinc-lead-silver, the Mehdiabad project in central Iran. Lundin Mining has obtained two seats on the Board of Union Resources. Feasibility studies are expected to be completed in the second half of 2006 and the project is moving into financing stage. The project enjoys the support of the Iranian government.

# Risks and Taxes

## Risks

The merged company's properties and operations will be subject to certain risks including but not limited to government regulations relating to mining, metal prices and currency rate fluctuations, competition, receipts of permits and approval from government authorities, operating hazards and other risks inherent to the exploration, development and operation of a mine.

Cash flow and financial results are highly dependent on fluctuations in metals prices and currencies. The most

important metals will be zinc and copper, but the company will also be affected by price changes in lead and to some extent silver. The price of the company's metals is primarily determined by changes in supply and demand from the industrial sector.

Through its international operations, Lundin Mining Corporation will be exposed to currency risks including both transaction and translation exposure. The company's revenues will be in USD, whereas costs mainly occur in SEK and EUR.

## Taxes

There will be no significant tax consequences for Swedish holders of SDRs following the transaction. For more detailed information on tax consequences, see the Circular, dated September 22, 2006.

# Pro Forma Consolidated Balance Sheets

As at June 30, 2006

(Unaudited – in USD thousands)

|   | Lundin Mining     | EuroZinc          | Note 3            | Pro forma Adjustments            | Pro forma Lundin Mining |
|---|-------------------|-------------------|-------------------|----------------------------------|-------------------------|
| <b>ASSETS</b>                                       |                   |                   |                   |                                  |                         |
| <b>Current</b>                                      |                   |                   |                   |                                  |                         |
| Cash and cash equivalents                           | \$ 131,482        | \$ 97,291         | (c)<br>(a)        | \$ 14,542<br>(58)                | \$ 243,257              |
| Restricted investments                              | –                 | 41,481            |                   | –                                | 41,481                  |
| Accounts receivables                                | 47,575            | 80,331            |                   | –                                | 127,906                 |
| Inventories   | 8,523             | 10,684            | (b)               | 15,555                           | 34,762                  |
| Prepays and others                                  | 1,311             | 2,205             |                   | –                                | 3,516                   |
|   | <b>188,891</b>    | <b>231,992</b>    |                   | <b>30,039</b>                    | <b>450,922</b>          |
| Reclamation fund                                    | –                 | 23,315            | (e)               | (23,315)                         | –                       |
| Investments   | 17,565            | –                 |                   | –                                | 17,565                  |
| Property, plant and equipment                       | 289,058           | 327,350           |                   |                                  | 616,408                 |
| Future income tax asset                             | 3,190             | 27,652            |                   |                                  | 30,842                  |
| Deferred financing and other assets                 | 9,018             | 1,681             | (b)<br>(e)        | (1,322)<br>23,315                | 32,692                  |
| Unallocated purchase price                          | –                 | –                 | (b)               | 1,295,276                        | 1,295,276               |
| <b>Total Assets</b>                                 | <b>\$ 507,722</b> | <b>\$ 611,990</b> |                   | <b>\$ 1,323,993</b>              | <b>\$ 2,443,705</b>     |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>         |                   |                   |                   |                                  |                         |
| <b>Current</b>                                      |                   |                   |                   |                                  |                         |
| Accounts payable and accrued liabilities            | \$ 36,151         | \$ 57,103         | (d)<br>(b)        | \$ 5,720<br>7,700                | \$ 106,674              |
| Taxes payable                                       | 23,523            | 30,398            |                   | –                                | 53,921                  |
| Current portion of long-term liabilities            | 2,747             | 15,739            |                   | –                                | 18,486                  |
|   | <b>62,421</b>     | <b>103,240</b>    |                   | <b>13,420</b>                    | <b>179,081</b>          |
| Long-term debt                                      | 1,139             | 42,335            |                   | –                                | 43,474                  |
| Deferred revenue                                    | 59,394            | –                 |                   | –                                | 59,394                  |
| Net derivative instruments                          | –                 | 44,393            |                   | –                                | 44,393                  |
| Future income tax liabilities                       | 36,040            | –                 |                   | –                                | 36,040                  |
| Asset retirement and other mine closure obligations | 31,528            | 65,457            |                   | –                                | 96,985                  |
|   | <b>190,522</b>    | <b>255,425</b>    |                   | <b>13,420</b>                    | <b>459,367</b>          |
| <b>Shareholders' equity</b>                         |                   |                   |                   |                                  |                         |
| Share capital                                       | 244,109           | 166,094           | (a)<br>(c)<br>(b) | 1,667,138<br>14,542<br>(180,636) | 1,911,247               |
| Options and warrants                                | 1,660             | 2,714             | (b)               | (2,714)                          | 1,660                   |
| Currency translation adjustment                     | (12,444)          | 15,905            | (b)               | (15,905)                         | (12,444)                |
| Retained earnings                                   | 83,875            | 171,852           | (b)               | (171,852)                        | 83,875                  |
|   | <b>317,200</b>    | <b>356,565</b>    |                   | <b>1,310,573</b>                 | <b>1,984,338</b>        |
| <b>Total liabilities and shareholders' equity</b>   | <b>\$ 507,722</b> | <b>\$ 611,990</b> |                   | <b>\$ 1,323,993</b>              | <b>\$ 2,443,705</b>     |

See accompanying notes to pro forma consolidated financial statements

# Pro Forma Consolidated Statements of Earnings

For the 12 months ended December 31, 2005

(Unaudited – in USD thousands, except per share)

|   | Lundin Mining    | EuroZinc         | Note 3 | Pro forma Adjustments | Pro forma Lundin Mining |
|---|------------------|------------------|--------|-----------------------|-------------------------|
| Revenue .....   | \$ 192,073       | \$ 314,934       |        | \$ –                  | \$ 507,007              |
| Cost of sales .....   | 150,709          | 103,789          | (e)    | 35,405                | 289,903                 |
| Royalties .....   | –                | 9,186            | (e)    | (9,186)               | –                       |
| Accretion of asset retirement obligations .....                     | –                | 2,995            | (e)    | (2,995)               | –                       |
| Depreciation and amortization .....                                 | –                | 23,224           | (e)    | (23,224)              | –                       |
| <b>Operating profit .....</b>                                       | <b>41,364</b>    | <b>175,740</b>   |        | <b>–</b>              | <b>217,104</b>          |
| <i>Expenses (income)</i>  |                  |                  |        |                       |                         |
| General and administration .....                                    | 9,033            | 8,880            |        | –                     | 17,913                  |
| Exploration and business development .....                          | 8,976            | 526              |        | –                     | 9,502                   |
| Interest and other .....  | (4,995)          | 8,549            |        | –                     | 3,554                   |
| Gain on settlement of debt .....                                    | –                | (1,303)          |        | –                     | (1,303)                 |
| Gain on sale of investments .....                                   | (17,810)         | –                |        | –                     | (17,810)                |
| Realized and unrealized loss<br>on derivative instruments .....     | 2,095            | 40,095           |        | –                     | 42,190                  |
|   | <b>(2,701)</b>   | <b>56,747</b>    |        | <b>–</b>              | <b>54,046</b>           |
| <b>Earnings before taxes and<br/>non-controlling interest .....</b> | <b>44,065</b>    | <b>118,993</b>   |        | <b>–</b>              | <b>163,058</b>          |
| Current income tax expense .....                                    | 13,291           | 27,776           | (e)    | 769                   | 41,836                  |
| Future income tax (recovery) .....                                  | –                | 2,880            | (e)    | (769)                 | 2,111                   |
| Non-controlling interest .....                                      | 811              | –                |        | –                     | 811                     |
| <b>Net earnings for the year .....</b>                              | <b>\$ 29,963</b> | <b>\$ 88,337</b> |        | <b>\$ –</b>           | <b>\$ 118,300</b>       |
| Basic and diluted earnings per share .....                          | \$ 0.78          |                  |        |                       | \$ 1.27                 |
| Weighted average shares outstanding (000's)                         |                  |                  |        |                       |                         |
| Basic .....   | 38,416           |                  |        |                       | 93,093                  |
| Diluted .....   | 38,659           |                  |        |                       | 93,336                  |

See accompanying notes to pro forma consolidated financial statements

# Pro Forma Consolidated Statements of Earnings

For the six months ended June 30, 2006

(Unaudited – in USD thousands, except per share)

|   | Lundin Mining    | EuroZinc         | Note 3 | Pro forma Adjustments | Pro forma Lundin Mining |
|---|------------------|------------------|--------|-----------------------|-------------------------|
| Revenue .....   | \$ 204,716       | \$ 257,398       |        | \$ –                  | \$ 462,114              |
| Cost of sales .....   | 101,605          | 49,453           | (e)    | 24,429                | 175,487                 |
| Royalties .....   | –                | 9,711            | (e)    | (9,711)               | –                       |
| Accretion of asset retirement obligations .....                     | –                | 1,423            | (e)    | (1,423)               | –                       |
| Depreciation and amortization .....                                 | –                | 13,295           | (e)    | (13,295)              | –                       |
| <b>Operating profit .....</b>                                       | <b>103,111</b>   | <b>183,516</b>   |        | <b>–</b>              | <b>286,627</b>          |
| <i>Expenses (income)</i>  |                  |                  |        |                       |                         |
| General and administration .....                                    | 7,608            | 4,305            |        | –                     | 11,913                  |
| Exploration and business development .....                          | 3,652            | 1,453            |        | –                     | 5,105                   |
| Interest and other .....  | 1,325            | 5,614            |        | –                     | 6,939                   |
| Gain on settlement of debt .....                                    | –                | (8,541)          |        | –                     | (8,541)                 |
| Realized and unrealized loss<br>on derivative instruments .....     | 9,901            | 69,639           |        | –                     | 79,540                  |
|   | <b>22,486</b>    | <b>72,470</b>    |        | <b>–</b>              | <b>94,956</b>           |
| <b>Earnings before taxes<br/>and non-controlling interest .....</b> | <b>80,625</b>    | <b>111,046</b>   |        | <b>–</b>              | <b>191,671</b>          |
| Current income tax expense .....                                    | 21,830           | 27,392           | (e)    | 291                   | 49,513                  |
| Future income tax (recovery) .....                                  | –                | (5,411)          | (e)    | (291)                 | (5,702)                 |
| Non-controlling interest .....                                      | 173              | –                |        | –                     | 173                     |
| <b>Net earnings for the period .....</b>                            | <b>\$ 58,622</b> | <b>\$ 89,065</b> |        | <b>\$ –</b>           | <b>\$ 147,687</b>       |
| Earnings per share  |                  |                  |        |                       |                         |
| Basic .....   | \$ 1.44          |                  |        |                       | \$ 1.55                 |
| Diluted .....   | \$ 1.43          |                  |        |                       | \$ 1.54                 |
| Weighted average shares outstanding (000's)                         |                  |                  |        |                       |                         |
| Basic .....   | 40,717           |                  |        |                       | 95,394                  |
| Diluted .....   | 41,094           |                  |        |                       | 95,771                  |

See accompanying notes to pro forma consolidated financial statements

# Notes to the Unaudited Consolidated Statements

## 1. Basis of presentation

These unaudited pro forma consolidated financial statements ("pro forma financial statements") of Lundin Mining Corporation (the "Company" or "Lundin Mining") reflect the proposed combination between Lundin Mining Corporation and EuroZinc Mining Corporation and have been prepared in accordance with generally accepted accounting principles in Canada. These pro forma financial statements do not contain all the information required for annual financial statements. Accordingly, they should be read in conjunction with the most recent annual and interim financial statements of the Company and the most recent annual and interim financial statements of EuroZinc Mining Corporation ("EuroZinc").

These pro forma financial statements have been prepared on the basis that Lundin Mining is the acquirer and assuming that the arrangement between Lundin Mining and EuroZinc (the "Arrangement") had been completed on January 1, 2005 for the unaudited pro forma consolidated statements of operations and on June 30, 2006 for the unaudited pro forma consolidated balance sheet.

These pro forma financial statements are not intended to reflect the financial position which would have resulted had the Arrangement actually been affected on June 30, 2006 or the results of operations had the transaction been effected on January 1, 2005. Further, the pro forma results of operations may not be indicative of future results.

## 2. Significant accounting policies

Accounting policies used in the preparation of these pro forma financial statements are disclosed in Lundin Mining's audited consolidated financial statements for the year ended December 31, 2005.

## 3. Pro forma adjustments

The Arrangement is accounted for using the purchase method whereby the Company's assets and liabilities are not revalued while EuroZinc's assets and liabilities are measured at their individual fair values on the date of the Arrangement and any difference between these fair values and the consideration paid for EuroZinc shares is recorded on the balance sheet as an unallocated purchase price.

The measurement of the purchase consideration in the pro forma financial statements is based on Lundin Mining's stock price of Cdn\$34.07, which was the weighted average closing share price two days before, the day of and two days after the day the Arrangement was announced on August 21, 2006.

The allocation of the purchase price to the assets and liabilities of EuroZinc as presented in these pro forma financial statements is preliminary and subject to change. In arriving at the fair values of assets and liabilities the Company has made assumptions, estimates and assessments which are based on available public information. The actual fair value of the assets and liabilities will be determined as of the date of the Arrangement and may differ materially from the amounts disclosed in the purchase price allocation set out in (b) below due to changes in the estimates of the fair values of the assets and liabilities as more information is available for assessment. Once the allocation of the excess purchase price, along with the related potential tax effect, to the individual fair values of each asset and liabilities has been made, any remaining unallocated purchase price is allocated to goodwill and will be subject to an annual impairment test at a future date as determined by management.

### Pro forma adjustments to consolidated balance sheet

The following pro forma adjustments have been made to the pro forma consolidated balance sheet as at June 30, 2006:

|   |              |
|---|--------------|
| (a) To record the purchase of EuroZinc shares                       |              |
| Issued 54,677,439 Lundin shares in exchange for EuroZinc shares     | \$ 1,667,138 |
| Cash consideration (\$0.01 per share per every 100 EuroZinc shares) | 58           |
| Estimated transaction fees and expenses                             | 5,720        |
| Total purchase price  | \$ 1,672,916 |

The number of Lundin Mining shares issued to EuroZinc shareholders assumes that all in-the-money EuroZinc stock options were exercised prior to the Arrangement.

(b) The following allocates the purchase price based on management's preliminary estimate of fair values after giving effect to (a) above:

|                               | EuroZinc<br>Book Value | Proceeds from<br>options exercised | Fair Value<br>Adjustments* | EuroZinc<br>Fair Value |
|-------------------------------|------------------------|------------------------------------|----------------------------|------------------------|
| Current assets                | \$ 231,992             | \$ 14,542                          | \$ 15,555                  | \$ 262,089             |
| Property, plant and equipment | 327,350                | -                                  | -                          | 327,350                |
| Other non-current assets      | 52,648                 | -                                  | (1,322)                    | 51,326                 |
| Unallocated purchase price    | -                      | -                                  | 1,295,276                  | 1,295,276              |
| <b>Total assets</b>           | <b>\$ 611,990</b>      | <b>\$ 14,542</b>                   | <b>\$ 1,309,509</b>        | <b>\$ 1,936,041</b>    |
| Current liabilities           | \$ 103,240             | \$ -                               | \$ 7,700                   | \$ 110,940             |
| Other non-current liabilities | 152,185                | -                                  | -                          | 152,185                |
| <b>Total liabilities</b>      | <b>255,425</b>         | <b>-</b>                           | <b>7,700</b>               | <b>263,125</b>         |
| <b>Net assets purchased</b>   | <b>\$ 356,565</b>      | <b>\$ 14,542</b>                   | <b>\$ 1,301,809</b>        | <b>\$ 1,672,916</b>    |

\* The adjustments relate to the fair value of concentrate inventory, write-off of deferred financing costs and an accrual for EuroZinc's transaction costs relating to the Arrangement.

(c) Proceeds from the assumed exercise of in-the-money EuroZinc stock options.

(d) To accrue \$5,720 of estimated transaction and other completion costs.

The unaudited pro forma consolidated financial statements reflect the following adjustment as if the Arrangement had occurred on January 1, 2005.

(e) Reclassifications have been made to mine closure fund on the pro forma consolidated balance sheets and to cost of sales, royalties, accretion of asset retirement obligations, depreciation, loss on derivative instruments and income taxes to the pro forma consolidated statement of operations to conform to the current presentation by each company.

## 4. Unallocated purchase price and other items not adjusted

The adjustments made to the pro forma consolidated statements of operations reflect only those items which recur and do not include charges to income which are expected to occur immediately following the transaction. In addition, these statements do not give effect to operating efficiencies and cost savings that may result from the Arrangement.

Upon closing of the transaction the Company is required to fair value all of the assets and liabilities acquired. The final values allocated to the acquired assets will depend on the Company's view of, amongst other things, long term metal prices, exchange rates and reserves and resources at the date of the Arrangement. It is likely that the final purchase price will result in a significant increase in the carrying value of property, plant and equipment and related future tax liability, which will result in an increase in depreciation charged over each asset's estimated useful life from that shown in the pro forma consolidated financial statements. For every \$100 million allocated to the operating assets of Neves-Corvo, it is estimated that there would be a corresponding depreciation charge of \$5.1 million (\$4.0 million after tax) for the year ended December 31, 2005 and \$2.4 million (\$1.9 million after tax) for the six months ended June 30, 2006 and a reduction of \$0.04 and \$0.02 on the pro forma earnings per share for the respective periods.

Any excess of the purchase price paid over the amount allocated to the assets and liabilities acquired will be classified as goodwill, which, under Canadian generally accepted accounting principles, will not be amortized but which the Company is required to allocate to its reporting units and test for impairment on an annual basis. The first impairment test will be performed at a future date as determined by management and there can be no assurances that an impairment and write down of goodwill will not occur.

These pro forma financial statements do not include an agreement reached with IFC Metropol, a Russian financial institution to acquire a 49% interest in the Ozernoe project, a zinc and lead deposit located in the Republic of Buryatia in the Russian Federation for \$125 million, of which \$2 million has

ben paid to secure exclusivity of the project until September 29, 2006. \$113 million is payable upon closing, of which a portion (approximately \$10 million) will be used to take the project to a bankable feasibility study. The remaining \$10 million is payable when the project goes into commercial production. This agreement is expected to be signed in September, 2006.

*(a) pro forma earnings per share*

The earnings per share are calculated using the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated using the treasury stock method whereby all "in-the-money" stock options are assumed to have

been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average price during the period.

The basic and diluted average shares outstanding used in the calculation of the pro forma earnings per share for the six months ended June 30, 2006 and the year ended December 31, 2005 are calculated by adding the number of common shares issued to the EuroZinc shareholders as though the Arrangement had been consummated on January 1, 2005 to the weighted average shares outstanding as reported in the consolidated statements of operations for the respective periods.

**5. Differences between Canadian Generally Accepted Accounting Principles ("Canadian GAAP") and International Financial Reporting Standards ("IFRS")/International Accounting Standards ("IAS").**

The shares of Lundin Mining trade on the Toronto Stock Exchange and the Stockholm Stock Exchange ("SSE"). Most companies that trade on the SSE are required to report according to IFRS/IAS. However, as a Canadian company, Lundin Mining is required to report according to Canadian GAAP. Also, as a Canadian company EuroZinc reports according to Canadian GAAP. The above pro forma statements have been calculated according to Canadian GAAP. Significant differences in the presented pro forma balance sheet when reported according to IFRS and not Canada GAAP can be found on [www.lundin.mining.com](http://www.lundin.mining.com).

**Additional information**

The purpose of this information is to give holders of SDRs in Lundin Mining a brief description of the proposed merger between Lundin Mining Corporation ("Lundin Mining") and EuroZinc Mining Corporation ("EuroZinc"). Please note that this information is not complete, nor is it a formal prospectus. Additional information on the proposed transaction including, among others, conditions for the transaction and more extensive financial information is available in the Management Information Circular that has been prepared as a basis for the shareholders' decision on the Special Shareholders' Meeting on October 19, 2006. This information brochure is distributed to holders of SDRs outside of the US and Canada and is available on [www.lundinmining.com](http://www.lundinmining.com).

Shareholders who have questions regarding the transaction are welcome to mail those to [info@lundinmining.com](mailto:info@lundinmining.com).