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# 2008 First Quarter Results

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# Cautionary Statements

## Caution Regarding Forward Looking Statements

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

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This presentation uses the terms "Measured", "Indicated" and "Inferred" Resources. U.S. investors are advised that while such terms are recognized and required by Canadian regulations, the Securities and Exchange Commission does not recognize them. "Inferred Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred resource will ever be upgraded to a higher category. Under Canadian rules, estimated of Inferred Resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Resources will ever be converted into reserves.

# Presenter

**PHIL WRIGHT**

PRESIDENT & CEO

# Questions

**ANDERS HAKER**

VP & CFO

**JOAO CARRELO**

EXEC. VP & COO

**PAUL CONIBEAR**

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SR. VP EXPL. & BUS. DEV.

# Significant Highlights

- First quarter earnings up 51% compared to last year and 43% on Q4 2007
- Production in line with expectations and near record volumes continue
- Unit costs down at all operations except Neves-Corvo
- Updated mineral reserve and resource estimates showing significant increase over the previous year
- Encouraging near-mine exploration results

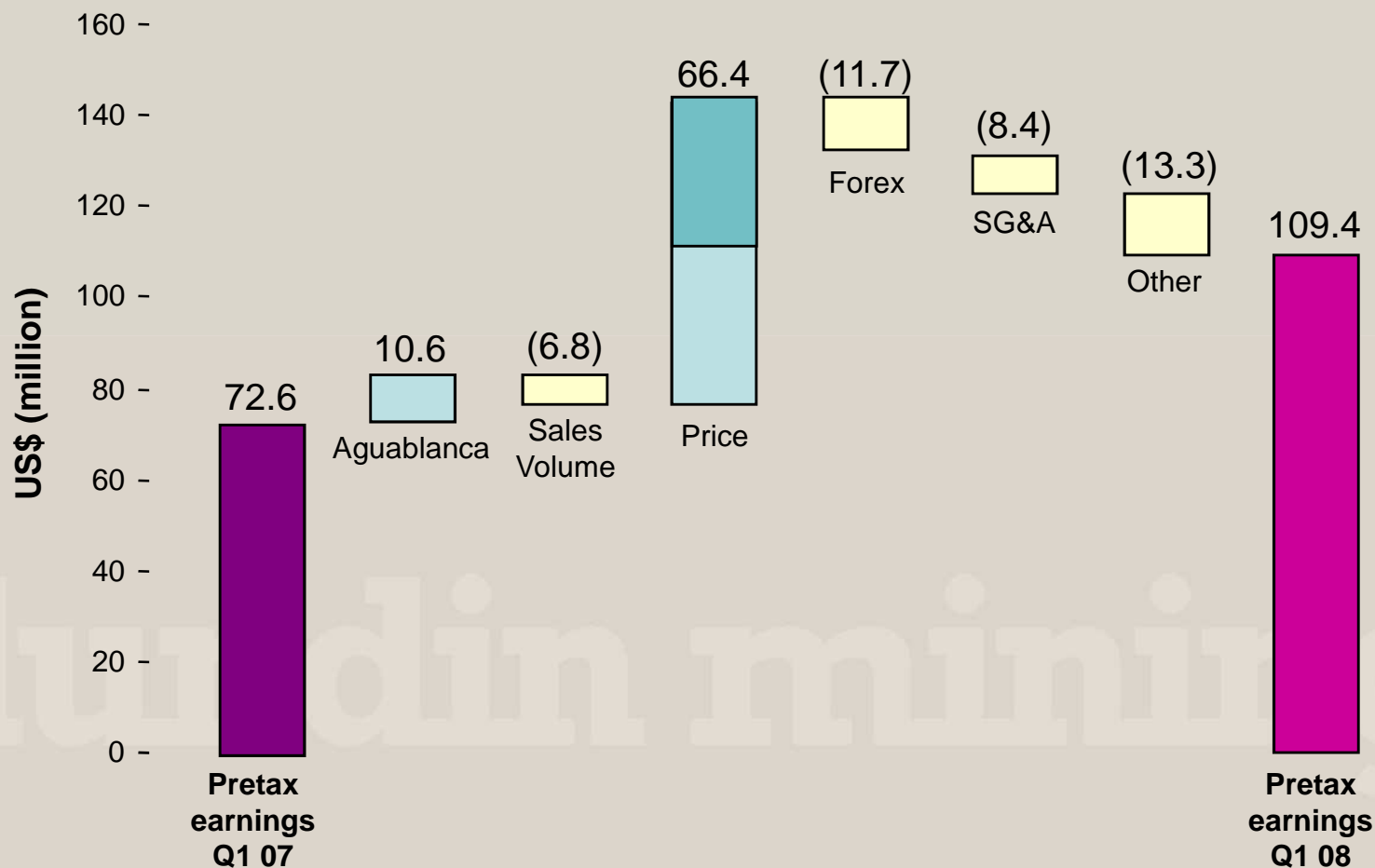
# First Quarter: Financial Results

\$ Millions	Q1'08	Q1'07
Sales	<u>306</u>	<u>194</u>
Operating Earnings	183	118
Add (deduct):		
General Exploration	(10)	(5)
Amortization	(53)	(35)
Derivatives	(4)	(6)
Forex	(6)	(3)
Interest and Other Items	<u>(1)</u>	<u>3</u>
Earnings Before Income Tax	<u>109</u>	<u>73</u>
<b>Net Earnings</b>	<b>79</b>	<b>52</b>

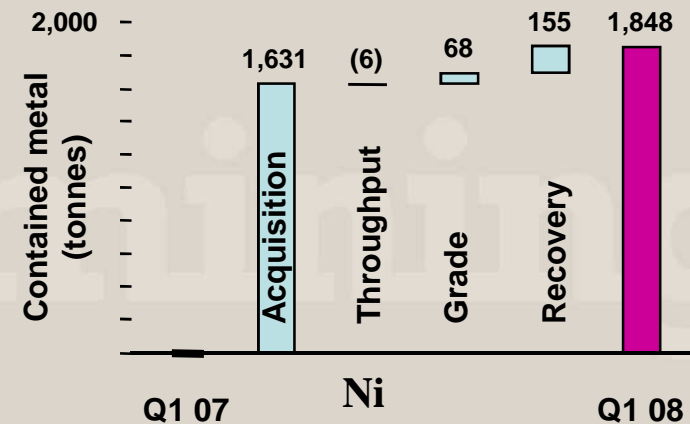
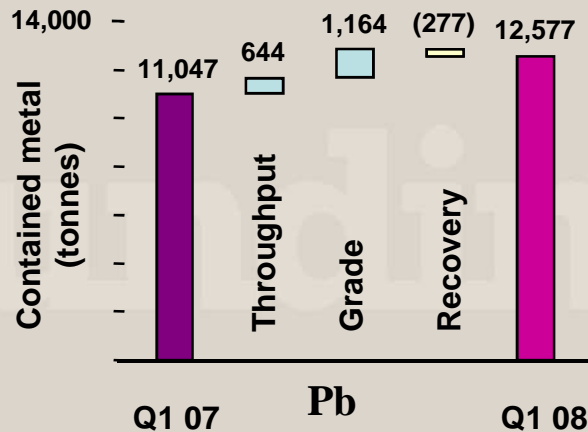
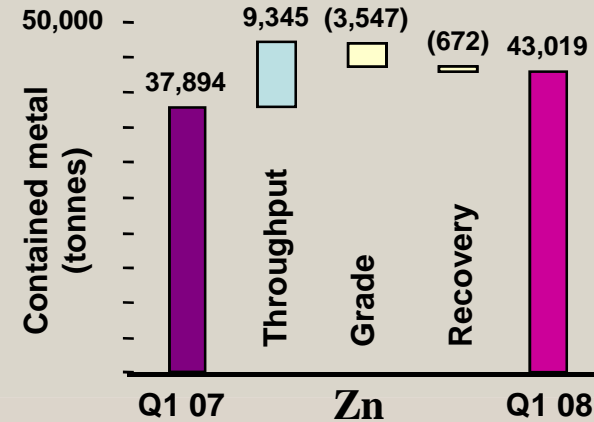
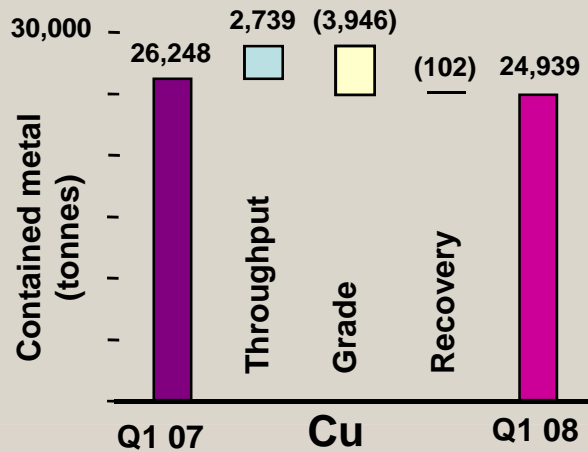
# First Quarter: Production & Metal Prices

	Production (tonnes)		Prices (US \$/t, US \$/lb)	
	Q1'08	Q1'07	Q1'08	Q1'07
<b>Copper</b>	24,940	24,603	7,763 3.52	5,941 2.69
<b>Zinc</b>	43,019	37,894	2,426 1.10	3,460 1.57
<b>Lead</b>	12,577	11,047	2,891 1.31	1,787 0.81
<b>Nickel</b>	1,848	-	28,863 13.09	41,448 18.80

# First Quarter: What Changed



# First Quarter: Changes in Metal Produced



# Improving The Value Of Existing Assets

## Neves-Corvo Copper Tails Project

- \$17.6 million investment to recover copper and zinc from tailings
- Produce 9,500 t payable copper and 29,000 t payable zinc over life of mine

## Neves-Corvo Lombador Zinc Project

- Evaluation of development options underway
- Ongoing drilling for infrastructure location and resource assessments
- Production from Lombador expected in late 2011 or early 2012

## Zinkgruvan Copper Project

- Incline ramp and underground drifting on schedule
- Long delivery equipment on order
- Targeting 2010 for first copper
- Project improves zinc mining flexibility

# Tenke Copper Project : 2009 Start-up

## (24.75% Equity Interest)



- Freeport advise capital cost estimate increased from \$1.0bn to \$1.9bn and that approx. \$235 million is related to future expansion (beyond initial production of 115,000 tonnes of copper and 8,000 tonnes cobalt)
- Construction progress improving: critical site activities now performed on a 24 hour basis
- At quarter-end Freeport advised:
  - 80% of design engineering and 90% of equipment purchases completed
  - Pre-strip mining activities ahead of schedule
  - First production expected 2<sup>nd</sup> half 2009
- Discussions on-going with DRC Government re contract review

# Ozernoe Zinc Project: Slow Going

(49% Equity Interest)



- Feasibility study progressed and associated activities are advancing slowly
- Certain project deadlines and governing agreements need to be re-negotiated
- New Russian legislation on strategic resources being reviewed

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# Growing Our Reserves and Resources

Exploration Expenditure - \$millions	Q1/08	Q1/07	2008 est.	2007
	10.1	5.2	38.9	35.4

Approximately two-thirds is near-mine and one-third is regional exploration

## Highlights

- Significant increase in mineral reserves and resources announced (March 28 release)
- Encouraging results emerging since March release:
  - Neves-Corvo: zinc and copper, step out and infill
  - Aljustrel: copper
  - Aguablanca: copper/nickel step out

# Current Priorities

- Relocation to new offices:
  - Strategic Office: Toronto (Sunlife Building);
  - Operational Office: Haywards Heath, UK (Near Gatwick Airport)
- Strengthening senior team
- Focused on:
  - substantially improved operational performance - December 2009
  - Growth of resources and reserves

# What to Expect for 2008

- Contained metal production outlook unchanged: 92,000 tonnes copper, 202,000 tonnes zinc, 47,000 tonnes of lead and 6,800 tonnes nickel
- Aljustrel is the main risk to forecast as we ramp-up zinc production. Working to offset this elsewhere
- Capital expenditure still expected to be \$350 to \$400 million in 2008 despite allowing an expected increase of \$30 million for Tenke Project this year.
- Balance sheet remains strong: cash flow weak in Q1 but expected to strengthen over the year.

# Questions

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