lundin mining

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NEWS RELEASE
LUNDIN MINING THIRD QUARTER RESULTS

Toronto, October 30, 2013 (TSX: LUN; OMX: LUMI) Lundin Mining Corporation ("Lundin Mining" or the "Company") today reported net earnings of $27.9 million ($0.05 per share) for the quarter ended September 30, 2013. Cash flows of $27.4 million were generated from operations, not including the Company's attributable cash flows of $42.2 million from Tenke Fungurume.

Paul Conibear, President and CEO commented, "Our European operations continued to perform generally in-line with expectations and as we enter into the fourth quarter we are pleased to be able to modestly increase production guidance for copper, zinc and nickel.

Tenke experienced another excellent quarter, despite power interruptions in September, which highlights the excellent operating performance of the asset. Year-to-date cash distributions received from Tenke now total over $110 million.

At Eagle, construction has ramped up very well, with commissioning expected in the fourth quarter of 2014. We look forward to ending the year with a strong operating performance, well positioned for the future with our conservative balance sheet further improved by capital cost constraint measures and the recent completion of a flexible, low cost debt financing package."

Summary financial results for the quarter and year-to-date:

	Three months ended September 30		**Nine months ended September 30**	
US$ Millions (except per share amounts)	**2013**	2012	**2013**	2012
Sales	**176.4**	159.6	**540.9**	544.6
Operating earnings[1]	**58.9**	71.1	**176.1**	256.9
Net earnings	**27.9**	37.9	**94.6**	140.3
Basic earnings per share	**0.05**	0.07	**0.16**	0.24
Cash flow from operations	**27.4**	(25.7)	**99.7**	144.6
Ending cash position	**137.1**	255.9	**137.1**	255.9

[1] Operating earnings is a non-GAAP measure defined as sales, less operating costs (excluding depreciation) and general and administrative costs.

Operational Highlights

Wholly-owned operations: Copper, zinc, and lead production were largely in-line with expectations for the quarter, with total zinc production at its highest levels in years. Production costs at Neves-Corvo were higher than planned. At Zinkgruvan, excellent cash costs in the quarter brought year-to-date results back in line with expectations. At Aguablanca, both metal production and costs continued to be better than expectations. As a result, production guidance has been updated to increase nickel and copper production at Aguablanca. As well, guidance for copper production at Zinkgruvan and zinc production at Neves-Corvo have also been increased. Cash cost guidance for Neves-Corvo has been increased to $1.90/lb[1] of copper (from $1.80/lb) and for Aguablanca, it has been reduced to $4.50/lb of nickel (from $5.00/lb).

- Neves-Corvo produced 12,629 tonnes of copper and a record 14,723 tonnes of zinc in the third quarter of 2013. While operational improvements continue to drive high throughput levels, copper cash costs of $2.23/lb for the quarter were higher than guidance of $1.80/lb. The increase is a result of lower copper grades and recoveries, costs associated with the increased production of zinc, a higher number of contractors, shaft and mill maintenance costs in the quarter related to the annual shutdown, and the continued low zinc price significantly affecting by-product credits.

- At Zinkgruvan, zinc production for the quarter improved to 18,743 tonnes with better head grades and recoveries when compared to the prior quarter. Cash costs for zinc were $0.06/lb, well below guidance of $0.30/lb and the lowest since 2007, primarily as a result of higher by-product credits.

- Aguablanca continued to have strong production results in the third quarter, as ore milled, grades and plant recoveries for both nickel and copper continued to exceed expectations. Year-to-date, 5,461 tonnes of nickel and 4,557 tonnes of copper in concentrate have been produced. Cash costs of $3.67/lb nickel for the quarter were lower than guidance of $5.00/lb.

Tenke: Tenke continued to perform well, achieving the second best quarter on record for milling volumes, despite experiencing power interruptions in September which impacted operating rates. While the situation has improved, Freeport-McMoRan Copper & Gold Inc. ("Freeport") is working closely with its power provider and DRC authorities to address the situation.

- Third quarter production included 49,541 tonnes of copper cathode and 3,659 tonnes of cobalt in hydroxide. Tenke sold 53,104 tonnes of copper at an average realized price of $3.19/lb and 2,803 tonnes of cobalt were sold at an average realized price of $8.57/lb.

- Attributable operating cash flow from Tenke for the third quarter of 2013 was $42.2 million ($118.3 million year-to-date). Cash distributions of $38.4 million were received by Lundin Mining in the third quarter of 2013 ($110.7 million year-to-date).

- Operating cash costs for the third quarter of 2013 were $1.23/lb of copper sold, the same as reported in the prior year comparable quarter.

Total production from the Company's assets including attributable share of Tenke:

(tonnes)	**YTD 2013**	**Q3 2013**	Q2 2013	Q1 2013	FY 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Copper	**48,168**	**15,087**	16,065	17,016	63,878	14,224	15,573	16,936	17,145
Zinc	**91,952**	**33,466**	32,539	25,947	122,204	29,161	28,452	31,972	32,619
Lead	**26,402**	**9,119**	10,692	6,591	38,464	8,353	9,365	9,780	10,966
Nickel	**5,461**	**1,788**	1,876	1,797	2,398	1,705	693	-	-
Tenke attributable									
Copper	**38,191**	**11,890**	13,230	13,071	38,105	10,602	9,947	8,632	8,924

[1] Cash cost/lb of copper are non-GAAP measures defined as all cash costs directly attributable to mining operating, less royalties and by-product credits.

Financial Highlights

Financial Performance

- Operating earnings for the third quarter of 2013 were $58.9 million, a decrease of $12.2 million from the $71.1 million reported in the comparable quarter of 2012. The decrease was largely attributable to lower realized metal prices ($11.8 million), higher per unit production costs ($8.5 million), and unfavourable exchange rates ($3.7 million), partially offset by higher operating earnings at Aguablanca ($9.4 million).

  On a year-to-date basis, operating earnings of $176.1 million were lower than the $256.9 million reported for the first nine months of 2012. The decrease was mainly attributable to lower realized metal prices and prior period price adjustments ($47.5 million), higher per unit production costs ($24.8 million), lower sales volumes ($16.4 million), and a change in sales mix ($14.9 million), partially offset by higher operating earnings at Aguablanca ($27.7 million).

- For the quarter ended September 30, 2013, sales of $176.4 million increased $16.8 million over the prior year ($159.6 million) largely as a result of the restart of operations at Aguablanca ($14.7 million) and higher net sales volume ($12.9 million), partially offset by lower realized metal prices ($11.8 million).

  Sales of $540.9 million for the nine months ended September 30, 2013 were $3.7 million lower than the comparable period in 2012 ($544.6 million). Lower realized metal prices and prior period price adjustments ($47.5 million), a change in sales mix ($17.4 million), and lower net sales volume ($16.1 million) were largely offset by the restart of operations at Aguablanca ($77.3 million).

- Cash flow from operations for the current quarter was $27.4 million compared to cash outflow of $25.7 million for the same period in 2012. The increase in the cash flow of $53.1 million is mostly attributable to changes in non-cash working capital.

  For the nine months ended September 30, 2013, cash flow from operations was $99.7 million compared to $144.6 million for same period in 2012. Lower earnings and changes in non-cash working capital were the primary contributors to the decrease.

- Average metal prices for copper, zinc and nickel for the three and nine months ended September 30, 2013 were lower (1% - 15%) than the same periods in the prior year, while lead prices improved slightly over the prior comparable periods (6% - 7%).

- Operating costs (excluding depreciation) of $111.7 million in the current quarter were higher than the prior year comparative quarter of $82.3 million primarily as a result of increased zinc production at Neves-Corvo, the restart of operations at Aguablanca, and higher per unit production costs.

  On a year-to-date basis, operating costs (excluding depreciation) for the nine months ended September 30, 2013 of $347.8 million were $80.1 million higher than the $267.7 million reported for the same period in 2012 largely as a result of the restart of operations at Aguablanca, and higher per unit production costs at Neves-Corvo and Zinkgruvan.

- Net earnings of $27.9 million ($0.05 per share) in the current quarter were $10.0 million lower than the $37.9 million ($0.07 per share) reported in 2012. Net earnings were impacted by:
  - lower operating earnings ($12.2 million); and
  - higher depreciation, depletion and amortization expense ($7.2 million); offset by
  - lower general exploration and business development expenditures ($9.7 million).

- Net earnings of $94.6 million ($0.16 per share) year-to-date were $45.7 million lower than the $140.3 million ($0.24 per share) reported in 2012. Earnings were impacted by:
  - lower operating earnings ($80.8 million); and
  - higher depreciation, depletion and amortization expense ($25.0 million); offset by
  - lower general exploration and business development expenditures ($17.9 million); and
  - lower tax expense of $40.0 million.

Corporate Highlights

- On September 10, 2013, the Company reported its Mineral Reserve and Resource estimates as at June 30, 2013, and filed an independent National Instrument 43-101 Technical Report for its Eagle nickel/copper project on SEDAR (www.sedar.com) on July 26, 2013. The Neves-Corvo and Zinkgruvan mines had increases in total reserves from prior year's estimates. The full press releases can be found on the Company's website at www.lundinmining.com.

- Subsequent to quarter-end, the Company completed amendments to its credit agreement to provide for a new term loan of $250 million and an extension on the maturity of the existing $350 million revolving credit facility to October 2017. This arrangement is expected to provide a very flexible, cost effective funding package to support completion of construction of the Eagle Project. See press releases entitled "Lundin Mining Secures Commitments for Eagle Project Funding", dated September 16, 2013 and "Lundin Mining Completes $600 Million Debt Facilities for Eagle Project Funding", dated October 7, 2013.

- The Company is pleased to welcome the appointment of Mr. Peter C. Jones to the Company's Board of Directors. Mr. Jones brings to the Company's Board a great depth of experience in operations at a senior management level gained through previous positions as Interim President and Chief Executive Officer of IAMGOLD Corp., President and Chief Operating Officer of Inco Ltd., and President and Chief Executive Officer of Hudson Bay Mining & Smelting Co.

Financial Position and Financing

- Net debt[1] position at September 30, 2013 was $71.2 million compared to net cash positions of $265.1 million at December 31, 2012 and $221.1 million at June 30, 2013.

- The $292.3 million decrease in net cash during the quarter was attributable to the acquisition of Eagle ($315.3 million) and investments in mineral properties, plant and equipment ($53.6 million), partially offset by operating cash flows of $27.4 million and distributions from Tenke of $38.4 million.

- The $336.3 million decrease in net cash during the first nine months of the year was primarily attributable to the acquisitions of Eagle and Freeport Cobalt (formerly “Kokkola”) for $315.3 million and $116.3 million, respectively, and investments in mineral properties, plant and equipment of $127.2 million. These uses of cash were offset by cash flow from operations of $99.7 million and distributions from Tenke of $110.7 million.

[1] Net debt is a non-GAAP measure defined as available unrestricted cash less long-term debt and finance leases.

Outlook

2013 Production and Cost Guidance

- Production and cash costs guidance for 2013 for the Company's wholly-owned operations have been adjusted to reflect continuing outperformance and improved outlook at Aguablanca. As well, guidance for copper production at Zinkgruvan and zinc production at Neves-Corvo have also been increased. Cash cost guidance for Neves-Corvo has been increased to $1.90/lb of copper (from $1.80/lb) and for Aguablanca, it has been reduced to $4.50/lb of nickel (from $5.00/lb).

- Guidance on Tenke's production has been updated to reflect the most recent guidance provided by Freeport.

2013 Guidance (contained tonnes)		**Prior Guidance** Tonnes	C1 Cost	**Revised Guidance** Tonnes[a]	C1 Cost[b]
Copper	*Neves-Corvo*	*50,000 – 55,000*	*$ 1.80*	*50,000 – 55,000*	***$ 1.90***
	Zinkgruvan	*2,500 – 3,500*		***3,500 – 4,000***	
	Aguablanca	*5,000 – 5,500*		***5,500 – 6,000***	
	Wholly-owned	*57,500 – 64,000*		***59,000 – 65,000***	
	Tenke(@24%)[c]	*49,000*	*$ 1.24*	***50,000***	*$ 1.24*
	Total attributable	*106,500 – 113,000*		***109,000 – 115,000***	
Zinc	*Neves-Corvo*	*45,000 – 50,000*		***50,000 – 55,000***	
	Zinkgruvan	*73,000 – 78,000*	*$ 0.30*	*73,000 – 78,000*	*$ 0.30*
	Total	*118,000 – 128,000*		***123,000 – 133,000***	
Lead	*Zinkgruvan*	*33,000 – 36,000*		*33,000 – 36,000*	
Nickel	*Aguablanca*	*6,000 - 6,500*	*$ 5.00*	***6,500 – 7,000***	***$ 4.50***

a. Changes in estimated metal production from the prior guidance are explained as follows:
  - Neves-Corvo's revised zinc production guidance reflects improved throughput and recovery on Lombador ore.
  - Zinkgruvan copper production is expected to increase over prior guidance due to higher mill throughput.
  - Aguablanca nickel and copper production is expected to be higher than previously guided largely as a result of higher head grades and recoveries.

b. Cash costs remain dependent upon exchange rates (forecast at €/USD:1.30, USD/SEK:6.50) and metal prices (forecast at Cu: $3.30, Zn: $0.85, Pb: $0.95, Ni: $6.50, Co: $12.00).
  - Neves-Corvo's C1 cash cost per pound of copper has increased due to higher operational costs from use of more contractors and lower forecasted by-product metal prices.
  - Aguablanca's C1 cash cost per pound of nickel has been lowered largely as a result of higher expected nickel and copper production.

c. Freeport has provided 2013 sales and cash costs guidance. The sales guidance is assumed to approximate Tenke's production.

2013 Capital Expenditure Guidance

Capital expenditures for 2013, excluding Eagle, are expected to be $210 million, a $75 million reduction from original guidance. The Company and Freeport have implemented initiatives to reduce or defer capital investments until metal markets improve. Capital expenditures for the Eagle Project in 2013 are expected to be $110 million (from date of acquisition). Details of the total estimated capital expenditures of $320 million for 2013 are described below:

- **Sustaining capital in European operations** - $100 million (original guidance - $110 million), consisting of approximately $65 million for Neves-Corvo and $35 million for Zinkgruvan.

- **New investment capital in European operations -** $45 million (original guidance - $60 million), including approximately $25 million for Lombador Phase I and $5 million for an industrial water dam at Neves-Corvo. In addition, approximately $15 million will be invested in additional wall stability measures and pushbacks at Aguablanca to allow for future mining of ore rendered inaccessible by pit stability issues. This will enable on-going production to continue from Aguablanca until the first quarter of 2015. The capital investment in Zinkgruvan's ore dressing plant ($13 million) has been deferred.

- **New investment in Eagle Project** - $110 million (from date of acquisition), in support of engineering and major equipment additions in the year. Total capital cost of the project from the date of acquisition (excluding capitalized interest) is estimated at $400 million[1].
- **New investment in Tenke** - $65 million (original guidance - $115 million), estimated by the Company as its share of the remaining Phase II expansion costs, exploration and other expansion related initiatives and sustaining capital funding for 2013. All of the capital expenditures are expected to be self-funded by cash flow from Tenke operations. Assuming current metal prices and operating conditions prevail, the Company expects to continue to receive regular significant distributions from Tenke for the remainder of 2013.

2013 Exploration Guidance

Total exploration expenditures for 2013 (excluding Tenke) are estimated to be $33 million, including Eagle exploration expenditures of $3 million (original guidance, without Eagle - $38 million).

About Lundin Mining

Lundin Mining Corporation is a diversified Canadian base metals mining company with operations in Portugal, Sweden and Spain and an advanced development project in the US, producing copper, zinc, lead and nickel. In addition, Lundin Mining holds a 24% equity stake in the world-class Tenke Fungurume copper/cobalt mine in the Democratic Republic of Congo and in the Freeport Cobalt Oy business, which includes a cobalt refinery located in Kokkola, Finland.

On Behalf of the Board,

Paul Conibear
President and CEO

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Robert Eriksson, Investor Relations Sweden: +46 8 545 015 50

Forward Looking Statements

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. This document includes, but is not limited to, forward looking statements with respect to the Company's estimated full year metal production, C1 cash costs and capital expenditures. These estimates and other forward-looking statements are based on a number of assumptions and are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the estimated cash costs, the timing and amount of production from the Eagle Project, the cost estimates for the Eagle Project, foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the Company's Annual Information Form and in each management's discussion and analysis. Forward-looking information may also be based on other various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of copper, zinc, lead and nickel; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment where the Company operates will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Management's Discussion and Analysis
For the three and nine months ended September 30, 2013

This management's discussion and analysis ("MD&A") has been prepared as of October 30, 2013 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2013. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Company's presentation currency is United States ("US") dollars. Reference herein of $ is to United States dollars, C$ is to Canadian dollars, SEK is to Swedish krona and € refers to the Euro.

About Lundin Mining

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Cautionary Statement on Forward-Looking Information

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. This MD&A includes, but is not limited to, forward looking statements with respect to the Company's estimated full year metal production, C1 cash costs and capital expenditures, as noted in the Outlook section and elsewhere in this document. These estimates and other forward-looking statements are based on a number of assumptions and are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the estimated cash costs, the timing and amount of production from the Eagle Project, the cost estimates for the Eagle Project, foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the Company's Annual Information Form and in each management's discussion and analysis. Forward-looking information may also be based on other various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of copper, zinc, lead and nickel; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment where the Company operates will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

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Highlights

On July 17, 2013, the Company completed the acquisition of the high grade Eagle nickel/copper underground mine and associated Humboldt mill ("Eagle Project" or "Eagle") from Rio Tinto Nickel Company, a subsidiary of Rio Tinto plc ("Rio Tinto"). The Eagle Project is located in the Upper Peninsula of Michigan, USA. Total consideration paid was $315.3 million, consisting of a $250.0 million purchase amount plus project expenditures from January 1, 2013 until transaction closing of $65.3 million, subject to customary adjustments. The Company drew down $200.0 million on its revolving credit facility and utilized cash on hand to fund this acquisition.

Operational Performance

Wholly-owned operations: Copper, zinc, and lead production were largely in-line with expectations for the quarter, with total zinc production at its highest levels in years. Production costs at Neves-Corvo were higher than planned. At Zinkgruvan, excellent cash costs in the quarter brought year-to-date results back in line with expectations. At Aguablanca, both metal production and costs continued to be better than expectations. As a result, production guidance has been updated to increase nickel and copper production at Aguablanca. As well, guidance for copper production at Zinkgruvan and zinc production at Neves-Corvo have also been increased. Cash cost guidance for Neves-Corvo has been increased to $1.90/lb[1] of copper (from $1.80/lb) and for Aguablanca, it has been reduced to $4.50/lb of nickel (from $5.00/lb).

- Neves-Corvo produced 12,629 tonnes of copper and a record 14,723 tonnes of zinc in the third quarter of 2013. While operational improvements continue to drive high throughput levels, copper cash costs of $2.23/lb for the quarter were higher than guidance of $1.80/lb. The increase is a result of lower copper grades and recoveries, costs associated with the increased production of zinc, a higher number of contractors, shaft and mill maintenance costs in the quarter related to the annual shutdown, and the continued low zinc price significantly affecting by-product credits.

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- Operating cash costs for the third quarter of 2013 were $1.23/lb of copper sold, the same as reported in the prior year comparable quarter.

[1] Cash costs per pound is a non-GAAP measure – see page 32 of this MD&A for discussion of Non-GAAP measures.

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(tonnes)	**YTD 2013**	**Q3 2013**	Q2 2013	Q1 2013	FY 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
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Nickel	**5,461**	**1,788**	1,876	1,797	2,398	1,705	693	-	-
Tenke attributable									
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Financial Performance

- Operating earnings[1] for the third quarter of 2013 were $58.9 million, a decrease of $12.2 million from the $71.1 million reported in the comparable quarter of 2012. The decrease was largely attributable to lower realized metal prices ($11.8 million), higher per unit production costs ($8.5 million), and unfavourable exchange rates ($3.7 million), partially offset by higher operating earnings at Aguablanca ($9.4 million).

  On a year-to-date basis, operating earnings of $176.1 million were lower than the $256.9 million reported for the first nine months of 2012. The decrease was mainly attributable to lower realized metal prices and prior period price adjustments ($47.5 million), higher per unit production costs ($24.8 million), lower sales volumes ($16.4 million), and a change in sales mix ($14.9 million), partially offset by higher operating earnings at Aguablanca ($27.7 million).

- For the quarter ended September 30, 2013, sales of $176.4 million increased $16.8 million over the prior year ($159.6 million) largely as a result of the restart of operations at Aguablanca ($14.7 million) and higher net sales volume ($12.9 million), partially offset by lower realized metal prices ($11.8 million).

  Sales of $540.9 million for the nine months ended September 30, 2013 were $3.7 million lower than the comparable period in 2012 ($544.6 million). Lower realized metal prices and prior period price adjustments ($47.5 million), a change in sales mix ($17.4 million), and lower net sales volume ($16.1 million) were largely offset by the restart of operations at Aguablanca ($77.3 million).

- Cash flow from operations for the current quarter was $27.4 million compared to cash outflow of $25.7 million for the same period in 2012. The increase in the cash flow of $53.1 million is mostly attributable to changes in non-cash working capital.

  For the nine months ended September 30, 2013, cash flow from operations was $99.7 million compared to $144.6 million for same period in 2012. Lower earnings and changes in non-cash working capital were the primary contributors to the decrease.

- Average metal prices for copper, zinc and nickel for the three and nine months ended September 30, 2013 were lower (1% - 15%) than the same periods in the prior year, while lead prices improved slightly over the prior comparable periods (6% - 7%).

[1] Operating earnings is a non-GAAP measure defined as sales, less operating costs (excluding depreciation) and general and administrative costs. See page 32 of this MD&A for discussion of Non-GAAP measures.

- Operating costs (excluding depreciation) of $111.7 million in the current quarter were higher than the prior year comparative quarter of $82.3 million primarily as a result of increased zinc production at Neves-Corvo, the restart of operations at Aguablanca, and higher per unit production costs.

  On a year-to-date basis, operating costs (excluding depreciation) for the nine months ended September 30, 2013 of $347.8 million were $80.1 million higher than the $267.7 million reported for the same period in 2012 largely as a result of the restart of operations at Aguablanca, and higher per unit production costs at Neves-Corvo and Zinkgruvan.

- Net earnings of $27.9 million ($0.05 per share) in the current quarter were $10.0 million lower than the $37.9 million ($0.07 per share) reported in 2012. Net earnings were impacted by:
  - lower operating earnings ($12.2 million); and
  - higher depreciation, depletion and amortization expense ($7.2 million); offset by
  - lower general exploration and business development expenditures ($9.7 million).

- Net earnings of $94.6 million ($0.16 per share) year-to-date were $45.7 million lower than the $140.3 million ($0.24 per share) reported in 2012. Earnings were impacted by:
  - lower operating earnings ($80.8 million); and
  - higher depreciation, depletion and amortization expense ($25.0 million); offset by
  - lower general exploration and business development expenditures ($17.9 million); and
  - lower tax expense of $40.0 million.

Corporate Highlights

- On September 10, 2013, the Company reported its Mineral Reserve and Resource estimates as at June 30, 2013, and filed an independent National Instrument 43-101 Technical Report for its Eagle nickel/copper project on SEDAR (www.sedar.com) on July 26, 2013. The Neves-Corvo and Zinkgruvan mines had increases in total reserves from prior year's estimates. The full press releases can be found on the Company's website at www.lundinmining.com.

- Subsequent to quarter-end, the Company completed amendments to its credit agreement to provide for a new term loan of $250 million and an extension on the maturity of the existing $350 million revolving credit facility to October 2017. This arrangement is expected to provide a very flexible, cost effective funding package to support completion of construction of the Eagle Project. See press releases entitled "Lundin Mining Secures Commitments for Eagle Project Funding", dated September 16, 2013 and "Lundin Mining Completes $600 Million Debt Facilities for Eagle Project Funding", dated October 7, 2013.

- The Company is pleased to welcome the appointment of Mr. Peter C. Jones to the Company's Board of Directors. Mr. Jones brings to the Company's Board a great depth of experience in operations at a senior management level gained through previous positions as Interim President and Chief Executive Officer of IAMGOLD Corp., President and Chief Operating Officer of Inco Ltd., and President and Chief Executive Officer of Hudson Bay Mining & Smelting Co.

Financial Position and Financing

- Net debt[1] position at September 30, 2013 was $71.2 million compared to net cash positions of $265.1 million at December 31, 2012 and $221.1 million at June 30, 2013.

- The $292.3 million decrease in net cash during the quarter was attributable to the acquisition of Eagle ($315.3 million) and investments in mineral properties, plant and equipment ($53.6 million), partially offset by operating cash flows of $27.4 million and distributions from Tenke of $38.4 million.

- The $336.3 million decrease in net cash during the first nine months of the year was primarily attributable to the acquisitions of Eagle and Freeport Cobalt (formerly "Kokkola") for $315.3 million and $116.3 million, respectively, and investments in mineral properties, plant and equipment of $127.2 million. These uses of cash were offset by cash flow from operations of $99.7 million and distributions from Tenke of $110.7 million.

[1] Net cash/debt is a non-GAAP measure defined as available unrestricted cash less long-term debt and finance leases.

Outlook

2013 Production and Cost Guidance

- Production and cash costs guidance for 2013 for the Company's wholly-owned operations have been adjusted to reflect continuing outperformance and improved outlook at Aguablanca. As well, guidance for copper production at Zinkgruvan and zinc production at Neves-Corvo have also been increased. Cash cost guidance for Neves-Corvo has been increased to $1.90/lb of copper (from $1.80/lb) and for Aguablanca, it has been reduced to $4.50/lb of nickel (from $5.00/lb).
- Guidance on Tenke's production has been updated to reflect the most recent guidance provided by Freeport.

2013 Guidance (contained tonnes)		**Prior Guidance Tonnes**	**C1 Cost**	**Revised Guidance Tonnes**[a]	**C1 Cost**[b]
Copper	*Neves-Corvo*	*50,000 – 55,000*	*$ 1.80*	*50,000 – 55,000*	***$ 1.90***
	Zinkgruvan	*2,500 – 3,500*		***3,500 – 4,000***	
	Aguablanca	*5,000 – 5,500*		***5,500 – 6,000***	
	Wholly-owned	*57,500 – 64,000*		***59,000 – 65,000***	
	Tenke(@24%)[c]	*49,000*	*$ 1.24*	***50,000***	*$ 1.24*
	Total attributable	*106,500 – 113,000*		***109,000 – 115,000***	
Zinc	*Neves-Corvo*	*45,000 – 50,000*		***50,000 – 55,000***	
	Zinkgruvan	*73,000 – 78,000*	*$ 0.30*	*73,000 – 78,000*	*$ 0.30*
	Total	*118,000 – 128,000*		***123,000 – 133,000***	
Lead	*Zinkgruvan*	*33,000 – 36,000*		*33,000 – 36,000*	
Nickel	*Aguablanca*	*6,000 - 6,500*	*$ 5.00*	***6,500 – 7,000***	***$ 4.50***

a. Changes in estimated metal production from the prior guidance are explained as follows:
   - Neves-Corvo's revised zinc production guidance reflects improved throughput and recovery on Lombador ore.
   - Zinkgruvan copper production is expected to increase over prior guidance due to higher mill throughput.
   - Aguablanca nickel and copper production is expected to be higher than previously guided largely as a result of higher head grades and recoveries.

b. Cash costs remain dependent upon exchange rates (forecast at €/USD:1.30, USD/SEK:6.50) and metal prices (forecast at Cu: $3.30, Zn: $0.85, Pb: $0.95, Ni: $6.50, Co: $12.00).
   - Neves-Corvo's C1 cash cost per pound of copper has increased due to higher operational costs from use of more contractors and lower forecasted by-product metal prices.
   - Aguablanca's C1 cash cost per pound of nickel has been lowered largely as a result of higher expected nickel and copper production.

c. Freeport has provided 2013 sales and cash costs guidance. The sales guidance is assumed to approximate Tenke's production.

2013 Capital Expenditure Guidance

Capital expenditures for 2013, excluding Eagle, are expected to be $210 million, a $75 million reduction from original guidance. The Company and Freeport have implemented initiatives to reduce or defer capital investments until metal markets improve. Capital expenditures for the Eagle Project in 2013 are expected to be $110 million (from date of acquisition). Details of the total estimated capital expenditures of $320 million for 2013 are described below:

- **Sustaining capital in European operations** - $100 million (original guidance - $110 million), consisting of approximately $65 million for Neves-Corvo and $35 million for Zinkgruvan.
- **New investment capital in European operations -** $45 million (original guidance - $60 million), including approximately $25 million for Lombador Phase I and $5 million for an industrial water dam at Neves-Corvo. In addition, approximately $15 million will be invested in additional wall stability measures and pushbacks at Aguablanca to allow for future mining of ore rendered inaccessible by pit stability issues. This will enable on-

- going production to continue from Aguablanca until the first quarter of 2015. The capital investment in Zinkgruvan's ore dressing plant ($13 million) has been deferred.
- **New investment in Eagle Project** - $110 million (from date of acquisition), in support of engineering and major equipment additions in the year. Total capital cost of the project from the date of acquisition (excluding capitalized interest) is estimated at $400 million[1].
- **New investment in Tenke** - $65 million (original guidance - $115 million), estimated by the Company as its share of the remaining Phase II expansion costs, exploration and other expansion related initiatives and sustaining capital funding for 2013. All of the capital expenditures are expected to be self-funded by cash flow from Tenke operations. Assuming current metal prices and operating conditions prevail, the Company expects to continue to receive regular significant distributions from Tenke for the remainder of 2013.

2013 Exploration Guidance

Total exploration expenditures for 2013 (excluding Tenke) are estimated to be $33 million, including Eagle exploration expenditures of $3 million (original guidance, without Eagle - $38 million).

[1] This estimate is based on reviews undertaken during due diligence prior to acquisition, as well as post acquisition evaluation of project budgets, and is supported by independent technical reports.

Selected Quarterly Financial Information

($ millions, except per share amounts)	Three months ended September 30 2013	Three months ended September 30 2012	Nine months ended September 30 2013	Nine months ended September 30 2012
Sales	**176.4**	159.6	**540.9**	544.6
Operating costs	**(111.7)**	(82.3)	**(347.8)**	(267.7)
General and administrative expenses	**(5.8)**	(6.2)	**(17.0)**	(20.0)
Operating earnings	**58.9**	71.1	**176.1**	256.9
Depreciation, depletion and amortization	**(34.8)**	(27.6)	**(111.1)**	(86.1)
General exploration and business development	**(11.0)**	(20.8)	**(34.3)**	(52.2)
Income from equity investment in associates	**23.0**	25.1	**71.6**	75.7
Finance income and costs, net	**(3.7)**	0.8	**(9.8)**	(8.9)
Other income and expenses, net	**(0.3)**	(7.2)	**5.8**	(1.3)
Earnings before income taxes	**32.1**	41.4	**98.3**	184.1
Income tax expense	**(4.2)**	(3.5)	**(3.7)**	(43.8)
Net earnings	**27.9**	37.9	**94.6**	140.3
Shareholders' equity[1]	**3,597.3**	3,458.5	**3,597.3**	3,458.5
Cash flow from operations	**27.4**	(25.7)	**99.7**	144.6
Capital expenditures (including advances to Tenke)	**53.6**	52.3	**127.2**	145.4
Total assets	**4,322.8**	4,021.8	**4,322.8**	4,021.8
Net cash / (debt)	**(71.2)**	245.0	**(71.2)**	245.0
Key Financial Data:				
Shareholders' equity per share[2]	**6.16**	5.93	**6.16**	5.93
Basic earnings per share	**0.05**	0.07	**0.16**	0.24
Diluted earnings per share	**0.05**	0.06	**0.16**	0.24
Dividends	**-**	-	**-**	-
Equity ratio[3]	**83%**	86%	**83%**	86%
Shares outstanding:				
Basic weighted average	**584,286,073**	582,944,893	**584,222,082**	582,716,888
Diluted weighted average	**584,856,352**	583,761,868	**584,887,589**	583,636,073
End of period	**584,433,062**	583,237,511	**584,433,062**	583,237,511

($ millions, except per share data)	Q3-13	Q2-13	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11[4,5]
Sales	**176.4**	176.3	188.2	176.4	159.6	172.3	212.8	242.1
Operating earnings	**58.9**	49.2	68.1	51.8	71.1	80.4	105.4	124.3
Net earnings (loss)	**27.9**	16.6	50.1	(17.1)	37.9	44.1	58.3	36.1
Earnings (loss) per share, basic[6]	**0.05**	0.03	0.09	(0.03)	0.07	0.08	0.10	0.06
Earnings (loss) per share, diluted[6]	**0.05**	0.03	0.09	(0.03)	0.06	0.08	0.10	0.06
Cash flow from operations	**27.4**	26.6	45.8	49.4	(25.7)	119.0	51.3	113.9
Capital expenditures (incl. Tenke)	**53.6**	37.0	36.6	29.0	52.3	47.6	45.5	84.3
Net cash / (debt)	**(71.2)**	221.1	199.4	265.1	245.0	312.7	242.3	236.1

1. Adoption of IAS 19, *Employee benefits*, effective January 1, 2013, resulted in cessation of use of the corridor method for provision of pension obligations. Accordingly, the Company revised all applicable comparative figures.
2. Shareholders' equity per share is a non-GAAP measure defined as shareholders' equity divided by total shares outstanding at the end of the period.
3. Equity ratio is a non-GAAP measure defined as shareholders' equity divided by total assets at the end of the period.
4. Certain transaction costs related to corporate development activity in prior years have been reclassified from general and administrative expenses to general exploration and business development.
5. Adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine,* in the fourth quarter of 2011 allowed for the capitalization of certain stripping costs, which had previously been expensed, at the Aguablanca mine.
6. Earnings per share is determined for each quarter. As a result of using different weighted average number of shares outstanding, the sum of the quarterly amounts may differ from the year-to-date amount.

Sales Overview

Sales Volumes by Payable Metal

	YTD 2013	Q3 2013	Q2 2013	Q1 2013	Total 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Copper (tonnes)									
Neves-Corvo	**39,197**	**11,469**	14,102	13,626	56,497	13,024	11,200	15,869	16,404
Zinkgruvan	**2,379**	**892**	693	794	2,854	640	865	880	469
Aguablanca	**2,148**	**615**	573	960	556	298	258	-	-
	43,724	**12,976**	15,368	15,380	59,907	13,962	12,323	16,749	16,873
Zinc (tonnes)									
Neves-Corvo	**31,945**	**11,971**	12,981	6,993	25,591	9,488	4,617	5,542	5,944
Zinkgruvan	**44,270**	**14,763**	16,960	12,547	71,809	16,588	17,623	19,580	18,018
Galmoy[1]	**7,122**	**2,777**	3,513	832	11,474	1,283	3,768	3,827	2,596
	83,337	**29,511**	33,454	20,372	108,874	27,359	26,008	28,949	26,558
Lead (tonnes)									
Neves-Corvo	**441**	**304**	99	38	31	-	31	-	-
Zinkgruvan	**23,347**	**10,397**	8,113	4,837	36,128	10,080	7,637	8,176	10,235
Galmoy[1]	**2,411**	**1,002**	1,285	124	3,023	806	1,099	587	531
	26,199	**11,703**	9,497	4,999	39,182	10,886	8,767	8,763	10,766
Nickel (tonnes)									
Aguablanca	**4,126**	**1,180**	1,157	1,789	915	508	407	-	-

1. 50% of metal is attributable to Galmoy on sale of ore to third party processing facility (see MD&A page 21).

Sales Analysis

($ thousands)	Three months ended September 30 2013 $	%	2012 $	%	Change $	Nine months ended September 30 2013 $	%	2012 $	%	Change $
by Mine										
Neves-Corvo	**96,076**	54	92,640	58	3,436	**308,490**	57	357,825	66	(49,335)
Zinkgruvan	**49,288**	28	48,699	31	589	**129,961**	24	156,675	29	(26,714)
Aguablanca	**25,278**	14	10,585	7	14,693	**87,865**	16	10,585	2	77,280
Galmoy	**5,773**	4	7,663	4	(1,890)	**14,545**	3	19,562	3	(5,017)
	176,415		159,587		16,828	**540,861**		544,647		(3,786)
by Metal										
Copper	**89,804**	51	94,857	59	(5,053)	**293,415**	54	352,402	65	(58,987)
Zinc	**40,717**	23	37,189	23	3,528	**116,096**	21	123,100	23	(7,004)
Lead	**21,161**	12	15,736	10	5,425	**47,541**	9	49,816	9	(2,275)
Nickel	**16,676**	9	7,436	5	9,240	**59,312**	11	7,436	1	51,876
Other	**8,057**	5	4,369	3	3,688	**24,497**	5	11,893	2	12,604
	176,415		159,587		16,828	**540,861**		544,647		(3,786)

Sales for the quarter were $16.8 million higher compared to the comparable period in the prior year. In the current year quarter, Aguablanca was operational for the entire period while it was only operational for part of third quarter in 2012; this accounted for a $14.7 million increase in sales. In addition, increase in net sales volume at the other mines ($12.9 million), was partially offset by lower realized metal prices ($11.8 million).

Year-to-date sales were $3.8 million lower than the comparable period in 2012. Lower realized metal prices and prior period price adjustments ($47.5 million), a change in sales mix ($17.4 million), and lower net sales volume ($16.1 million) were largely offset by the restart of operations at Aguablanca ($77.3 million).

Sales are recorded using the metal price received for sales that settle during the reporting period. For sales that have not been settled, an estimate is used based on the expected month of settlement and the forward price of the metal at the end of the reporting period. The difference between the estimate and the final price received is recognized by adjusting gross sales in the period in which the sale (finalization adjustment) is settled. The finalization adjustment recorded for these sales depends on the actual price when the sale settles. Settlement dates are typically one to four months after shipment.

Quarterly Reconciliation of Realized Prices

2013	Quarter ended September 30, 2013				
($ thousands, except per pound amounts)	Copper	Zinc	Lead	Nickel	Total
Current period sales[1]	94,272	55,310	23,949	16,353	189,884
Prior period price adjustments	2,752	108	445	323	3,628
Sales before other metals and TC/RC	97,024	55,418	24,394	16,676	193,512
Other metal sales					8,057
Less: TC/RC					(25,154)
Total Sales					**176,415**
Payable Metal (tonnes)	**12,976**	**29,511**	**11,703**	**1,180**	
Current period sales ($/lb)[1]	$ 3.30	$ 0.85	$ 0.93	$ 6.29	
Prior period price adjustments ($/lb)	0.09	-	0.02	0.12	
Realized prices ($/lb)	**$ 3.39**	**$ 0.85**	**$ 0.95**	**$ 6.41**	

2012	Quarter ended September 30, 2012				
($ thousands, except per pound amounts)	Copper	Zinc	Lead	Nickel	Total
Current period sales[1]	100,274	49,637	18,559	7,450	175,920
Prior period price adjustments	824	(1,369)	(362)	-	(907)
Sales before other metals and TC/RC	101,098	48,268	18,197	7,450	175,013
Other metal sales					4,369
Less: TC/RC					(19,795)
Total Sales					**159,587**
Payable Metal (tonnes)	**12,323**	**26,008**	**8,767**	**407**	
Current period sales ($/lb)[1]	$ 3.69	$ 0.87	$ 0.96	8.30	
Prior period price adjustments ($/lb)	0.03	(0.03)	(0.02)	-	
Realized prices ($/lb)	$ **3.72**	**$ 0.84**	**$ 0.94**	**8.30**	

1. Includes provisional price adjustments on current period sales.

Year to Date Reconciliation of Realized Prices

2013		Nine months ended September 30, 2013							
($ thousands, except per pound amounts)		**Copper**		**Zinc**		**Lead**		**Nickel**	**Total**
Current period sales[1]		325,873		157,553		55,341		58,831	597,598
Prior period price adjustments		(8,709)		(1,558)		(276)		525	(10,018)
Sales before other metals and TC/RC		317,164		155,995		55,065		59,356	587,580
Other metal sales									24,497
Less: TC/RC									(71,216)
Total Sales									**540,861**
Payable Metal (tonnes)		**43,724**		**83,337**		**26,199**		**4,126**	
Current period sales ($/lb)[1]	$	3.38	$	0.86	$	0.96	$	6.47	
Prior period price adjustments ($/lb)		(0.09)		(0.01)		(0.01)		0.06	
Realized prices ($/lb)	**$**	**3.29**	**$**	**0.85**	**$**	**0.95**	**$**	**6.53**	

2012		Nine months ended September 30, 2012							
($ thousands, except per pound amounts)		**Copper**		**Zinc**		**Lead**		**Nickel**	**Total**
Current period sales[1]		371,503		157,869		57,367		7,450	594,189
Prior period price adjustments		3,026		456		471		-	3,953
Sales before other metals and TC/RC		374,529		158,325		57,838		7,450	598,142
Other metal sales									11,893
Less: TC/RC									(65,388)
Total Sales									**544,647**
Payable Metal (tonnes)		**45,945**		**81,515**		**28,296**		**407**	
Current period sales ($/lb)[1]	$	3.67	$	0.88	$	0.92		8.30	
Prior period price adjustments ($/lb)		0.03		-		0.01		-	
Realized prices ($/lb)	$	**3.70**	**$**	**0.88**	**$**	**0.93**		**8.30**	

1. Includes provisional price adjustments on current period sales.

Provisionally valued sales as of September 30, 2013

Metal	**Tonnes Payable**	**Valued at $ per lb**	**Valued at $ per tonne**
Copper	9,409	3.30	7,280
Zinc	14,695	0.85	1,883
Lead	5,312	0.95	2,099
Nickel	1,608	6.32	13,932

Financial Results

Operating Costs

Operating costs of $111.7 million for the three months ended September 30, 2013 were $29.4 million higher than the three months ended September 30, 2012. Total costs increased primarily as a result of increased production volume at Neves-Corvo ($12.2 million), the restart of operations at Aguablanca ($9.2 million), and higher per unit production costs ($8.5 million).

For the nine months ended September 30, 2013, operating costs of $347.8 million were $80.1 million higher than the same period in the prior year. Restart of operations at Aguablanca ($52.4 million) was the primary contributor to the increase in total costs, but costs were also impacted by higher per unit production costs ($24.8 million).

Depreciation, Depletion and Amortization

Increase in depreciation, depletion and amortization expense was attributable to an increase in ore mined at Neves-Corvo and the restart of production at Aguablanca.

Depreciation by operation	**Three months ended September 30**			**Nine months ended September 30**		
($ thousands)	**2013**	2012	Change	**2013**	2012	Change
Neves-Corvo	**24,053**	18,889	5,164	**74,618**	61,992	12,626
Zinkgruvan	**6,376**	6,644	(268)	**19,783**	21,428	(1,645)
Aguablanca	**3,839**	1,920	1,919	**15,971**	2,303	13,668
Other	**543**	127	416	**739**	375	364
	34,811	27,580	7,231	**111,111**	86,098	25,013

General Exploration and Business Development

General exploration and business development costs decreased from $20.8 million in the third quarter of 2012 to $11.0 million for the three months ended September 30, 2013. The decrease is primarily attributable to reduced surface exploration at Neves-Corvo and curtailment of the Clare project in Ireland ($4.4 million), lower project development expenditures ($2.9 million), and lower corporate development expenditures ($2.5 million).

For the nine months ended September 30, 2013, costs incurred of $34.3 million were $17.9 million lower than the same period in the prior year ($52.2 million) primarily as a result of reduced comparative exploration activities in the current year ($14.0 million) and lower corporate development expenditures ($6.4 million).

Income from Equity Investment in Associates

Income from equity investments includes earnings from a 24% interest in each of Tenke Fungurume and Freeport Cobalt. For Tenke, equity earnings of $24.2 million were recognized in the three months ended September 30, 2013 (Q3 2012 - $25.1 million) and $75.3 million on a year-to-date basis (2012 - $75.7 million). Due to lower metal prices, earnings from Tenke in the current year were lower than the comparable prior period, despite higher production generated from Phase II expansion.

Other Income and Expense

Net other income and expense is comprised mainly of foreign exchange gains and losses. In addition, insurance proceeds from the Aguablanca ramp failure ($15.1 million) which occurred in late-2010 were received in the first quarter of 2013.

A foreign exchange loss of $0.8 million in the current quarter and $7.5 million year-to-date relates to US denominated cash and trade receivables that were held in the European group entities. Period end exchange rates at September 30, 2013 were $1.35:€1.00 (June 30, 2013 - $1.31:€1.00; December 31, 2012 – $1.32:€1.00) and $1.00:SEK6.43 (June 30, 2013 - $1.00:SEK6.71; December 31, 2012 – $1.00:SEK6.52).

Current and Deferred Taxes

Current tax expense	**Three months ended September 30**			**Nine months ended September 30**		
($ thousands)	**2013**	2012	Change	**2013**	2012	Change
Neves-Corvo	**190**	4,543	(4,353)	**14,009**	35,871	(21,862)
Zinkgruvan	**3,941**	4,576	(635)	**6,367**	16,312	(9,945)
Aguablanca	**-**	-	-	**(28)**	6,104	(6,132)
Other	**(4)**	(50)	46	**(2,095)**	(1,739)	(356)
	4,127	9,069	(4,942)	**18,253**	56,548	(38,295)

Current income tax expense for the three and nine months ended September 30, 2013 of $4.1 million and $18.3 million, respectively, reflects lower taxable earnings when compared to the same period in 2012. In addition, Neves-Corvo received tax credits of $1.8 million in the current quarter, and $3.5 million year-to-date.

Deferred tax recovery	**Three months ended September 30**			**Nine months ended September 30**		
($ thousands)	**2013**	2012	Change	**2013**	2012	Change
Neves-Corvo	**(2,361)**	(3,151)	790	**(11,683)**	(8,436)	(3,247)
Zinkgruvan	**(157)**	(187)	30	**(556)**	(1,178)	622
Aguablanca	**2,261**	(3,530)	5,791	**(2,126)**	(4,356)	2,230
Other	**252**	1,269	(1,017)	**(114)**	1,174	(1,288)
	(5)	(5,599)	5,594	**(14,479)**	(12,796)	(1,683)

Deferred income tax recovery decreased by $5.6 million for the three months ended September 30, 2013 compared to the comparative quarter of 2012. The decreased recovery mainly reflects Aguablanca using its prior tax losses to offset income in the current quarter. On a year-to-date basis, deferred income tax recovery of $14.5 million was $1.7 million higher than the prior year due to prior period tax adjustments made in the current year at Neves-Corvo and reversal of Aguablanca's valuation allowance.

Mining Operations

Production Overview

	YTD 2013	Q3 2013	Q2 2013	Q1 2013	Total 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Copper (tonnes)									
Neves-Corvo	**41,045**	**12,629**	14,102	14,314	58,559	11,988	14,012	15,950	16,609
Zinkgruvan	**2,566**	**973**	447	1,146	3,059	673	864	986	536
Aguablanca	**4,557**	**1,485**	1,516	1,556	2,260	1,563	697	-	-
	48,168	**15,087**	16,065	17,016	63,878	14,224	15,573	16,936	17,145
Zinc (tonnes)									
Neves-Corvo	**38,926**	**14,723**	13,940	10,263	30,006	9,533	5,834	7,619	7,020
Zinkgruvan	**53,026**	**18,743**	18,599	15,684	83,209	18,703	20,053	24,022	20,431
Galmoy[1]	**-**	**-**	-	-	8,989	925	2,565	331	5,168
	91,952	**33,466**	32,539	25,947	122,204	29,161	28,452	31,972	32,619
Lead (tonnes)									
Neves-Corvo	**647**	**416**	231	-	87	39	48	-	-
Zinkgruvan	**25,755**	**8,703**	10,461	6,591	37,246	8,198	8,953	9,747	10,348
Galmoy[1]	**-**	**-**	-	-	1,131	116	364	33	618
	26,402	**9,119**	10,692	6,591	38,464	8,353	9,365	9,780	10,966
Nickel (tonnes)									
Aguablanca	**5,461**	**1,788**	1,876	1,797	2,398	1,705	693	-	-

1. represents 50% of contained metal attributable to Galmoy on delivery of ore to a third party processing facility (Galmoy - see MD&A page 21)

Cash Cost Overview

	Three months ended September 30			
	2013	2012	**2013**	2012
	Cash cost/lb (US dollars)		**Cash cost/lb (local currency)**	
Neves-Corvo (Local in €)				
Gross cost	**2.92**	2.15	**2.20**	1.71
By-product[1]	**(0.69)**	(0.28)	**(0.52)**	(0.22)
Net Cost - cost/lb Cu	**2.23**	1.87	**1.68**	1.49
Zinkgruvan (Local in SEK)				
Gross cost	**0.94**	0.69	**6.11**	4.63
By-product[1]	**(0.88)**	(0.61)	**(5.71)**	(4.08)
Net Cost - cost/lb Zn	**0.06**	0.08	**0.40**	0.55
Aguablanca (Local in €)				
Gross cost	**6.98**	n/a	**5.27**	n/a
By-product[1]	**(3.31)**	n/a	**(2.49)**	n/a
Net Cost - cost/lb Ni	**3.67**	n/a	**2.78**	n/a

	Nine months ended September 30			
	2013	2012	**2013**	2012
Neves-Corvo (Local in €)				
Gross cost	**2.50**	1.95	**1.89**	1.52
By-product[1]	**(0.54)**	(0.27)	**(0.41)**	(0.21)
Net Cost - cost/lb Cu	**1.96**	1.68	**1.48**	1.31
Zinkgruvan (Local in SEK)				
Gross cost	**0.99**	0.73	**6.41**	4.97
By-product[1]	**(0.68)**	(0.59)	**(4.42)**	(4.02)
Net Cost - cost/lb Zn	**0.31**	0.14	**1.99**	0.95
Aguablanca (Local in €)				
Gross cost	**7.19**	n/a	**5.46**	n/a
By-product[1]	**(3.14)**	n/a	**(2.38)**	n/a
Net Cost - cost/lb Ni	**4.05**	n/a	**3.08**	n/a

1. By-product is after related TC/RC

Commentary on production and cash costs is included under individual mine operational discussion.

Neves-Corvo Mine

Neves-Corvo is an underground mine, located 100 km north of Faro, Portugal, in the western part of the Iberian Pyrite Belt. The mine has been a significant producer of copper since 1989 and in 2006 commenced treating zinc ores. The facilities include a shaft with a total hoisting capacity of up to 4.5 mtpa, a copper plant with 2.5 mtpa processing capacity and a newly expanded zinc plant with 1.0 mtpa processing capacity. The zinc plant has the flexibility to process zinc or copper ores.

Operating Statistics

	Total 2013	Q3 2013	Q2 2013	Q1 2013	Total 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Ore mined, copper (000 tonnes)	**1,861**	**618**	648	595	2,507	648	577	638	644
Ore mined, zinc (000 tonnes)	**732**	**255**	266	211	530	178	107	132	113
Ore milled, copper (000 tonnes)	**1,861**	**628**	654	579	2,512	648	597	634	633
Ore milled, zinc (000 tonnes)	**742**	**265**	264	213	543	181	104	135	123
Grade per tonne									
Copper (%)	**2.5**	**2.4**	2.5	2.7	2.6	2.2	2.7	2.8	2.9
Zinc (%)	**6.7**	**7.3**	6.6	6.2	7.3	7.1	7.2	7.2	7.6
Recovery									
Copper (%)	**86.1**	**81.1**	86.0	90.8	88.2	85.6	86.0	90.0	91.1
Zinc (%)	**74.2**	**73.2**	76.1	73.2	71.0	70.5	78.2	78.5	74.6
Concentrate grade									
Copper (%)	**23.6**	**23.7**	23.5	23.6	23.9	23.6	24.2	23.9	24.0
Zinc (%)	**48.0**	**48.0**	48.5	47.5	47.3	47.0	46.6	48.1	47.3
Production (contained metal)									
Copper (tonnes)	**41,045**	**12,629**	14,102	14,314	58,559	11,988	14,012	15,950	16,609
Zinc (tonnes)	**38,926**	**14,723**	13,940	10,263	30,006	9,533	5,834	7,619	7,020
Lead (tonnes)	**647**	**416**	231	-	87	39	48	-	-
Silver (000 oz)	**904**	**263**	314	327	961	282	178	240	261
Sales ($000)	**308,490**	**96,076**	104,407	108,007	466,174	108,349	92,640	112,274	152,911
Operating earnings ($000)	**112,410**	**29,214**	35,338	47,858	218,564	33,705	45,602	52,467	86,790
Cash cost (€ per pound)	**1.48**	**1.68**	1.41	1.39	1.39	1.67	1.49	1.26	1.23
Cash cost ($ per pound)	**1.96**	**2.23**	1.85	1.83	1.79	2.17	1.87	1.61	1.63

Operating Earnings

Operating earnings of $29.2 million for the three months ended September 30, 2013 were $16.4 million lower than 2012. The decrease is largely attributable to lower metal prices and price adjustments from prior period sales ($9.8 million), higher per unit costs ($4.7 million), and unfavourable foreign exchange ($2.8 million).

Operating earnings of $112.4 million for the nine months ended September 30, 2013 were $72.4 million lower than 2012. The decrease is mainly attributable to lower metal prices and prior period price adjustments ($40.4 million), change in sales mix ($14.9 million) as a higher proportion of lower margin zinc was sold during the year, and higher per unit costs ($9.2 million).

Production

Copper production for the current quarter was lower than the comparable period in 2012 by 1,383 tonnes (or 10%), due to lower head grades and recoveries. Head grades were lower as fewer high-grade bench stopes were available and recoveries were impacted by the treatment of ore with higher levels of impurities.

Zinc production in the current quarter was significantly higher than the prior year as higher grades were available from the commencement of mining in Lombador. Throughput levels were more than double those achieved in the same period in 2012, as plant expansion was still in ramp up in the prior year. Total zinc metal production was a new quarterly record.

Cash Costs

Copper cash costs of $2.23/lb for the quarter ended September 30, 2013 were higher than guidance of $1.80/lb and that of the corresponding period in 2012 of $1.87/lb. The increase over the prior period was a result of lower copper grades and recoveries, costs associated with the increased production of zinc, shaft and mill maintenance costs in the quarter related to the annual shutdown, and the use of more contractors ($0.57/lb), as well as unfavourable foreign exchanges rates ($0.15/lb), which were partially offset by higher zinc by-product credits net of treatment charges ($0.40/lb).

On a year-to-date basis, copper cash costs of $1.96/lb for the nine months ended September 30, 2013 were $0.28/lb higher than that reported in the same period last year. The increase over the prior period was a result of higher unit costs largely associated with the production of zinc and use of more contractors ($0.44/lb), as well as unfavourable foreign exchange rates ($0.06/lb) which more than offset the benefit of higher zinc by-product credits net of treatment charges ($0.27/lb).

Projects

Extraction and paste backfilling of the first zinc stope in upper Lombador was completed during the quarter as part of the Lombador Zinc/Copper Phase 1 Project. The stope contained high grade zinc ore. Recoveries of zinc were very good, and unplanned production of a lead concentrate was also achieved. Stope production in the area will now be ongoing with a total of six high grade stopes to be extracted in 2013. Periodic sales of a lead concentrate are expected from Lombador stope zinc mining.

Development of the underground access ramps to the Semblana deposit has been deferred for cost saving measures and pending a formal decision to proceed with the project.

A significant, staged expansion of the mine paste backfill system commenced with the first stage being an upgrade of the tailings pumping capacity to the paste plant. The project will almost double the mine's paste backfilling capacity, displacing, to a large extent, the more expensive hydraulic sand fill. Further expansion stages will extend into 2014.

Preliminary investigations into options for expanding the existing Santa Barbara shaft capacity defined a series of staged expansions with incremental capital investments. The results appear attractive and demonstrate the potential to expand the shaft capacity to meet potential future mine and mill expansions. Further conceptual level study is advancing to determine what other underground infrastructure could be debottlenecked to ensure an expanded shaft capacity could be practically utilized in a cost effective manner in conjunction with a zinc plant expansion and additional zinc and copper feed from deeper Lombador (Phase 2) mineralization.

Zinkgruvan Mine

The Zinkgruvan mine is located approximately 250 km south-west of Stockholm, Sweden. Zinkgruvan has been producing zinc, lead and silver on a continuous basis since 1857. The operation consists of an underground mine, processing facilities and associated infrastructure with a nominal production capacity of 1.3 million tonnes of ore.

Operating Statistics

	Total 2013	Q3 2013	Q2 2013	Q1 2013	Total 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Ore mined, zinc (000 tonnes)	**695**	**230**	222	243	954	251	189	251	263
Ore mined, copper (000 tonnes)	**153**	**58**	43	52	157	40	46	44	27
Ore milled, zinc (000 tonnes)	**707**	**229**	248	230	998	254	216	241	287
Ore milled, copper (000 tonnes)	**163**	**58**	49	56	145	29	48	49	19
Grade per tonne									
Zinc (%)	**8.3**	**9.0**	8.5	7.5	9.1	8.2	10.1	10.7	7.7
Lead (%)	**4.3**	**4.5**	4.9	3.4	4.4	3.8	4.7	4.8	4.3
Copper (%)	**1.8**	**1.9**	1.1	2.2	2.3	2.5	2.0	2.2	3.0
Recovery									
Zinc (%)	**90.0**	**90.9**	88.5	90.6	91.7	89.2	91.9	93.5	91.8
Lead (%)	**85.1**	**84.5**	85.5	85.2	85.4	84.8	88.0	85.3	83.8
Copper (%)	**89.2**	**88.2**	82.6	92.9	91.8	92.6	90.6	91.6	93.4
Concentrate grade									
Zinc (%)	**53.3**	**53.3**	53.1	53.7	54.1	54.5	54.6	54.5	53.0
Lead (%)	**72.9**	**73.5**	74.1	70.4	74.7	73.4	74.0	76.2	74.9
Copper (%)	**25.1**	**24.7**	23.8	26.1	25.1	24.7	24.3	25.9	25.7
Production (contained metal)									
Zinc (tonnes)	**53,026**	**18,743**	18,599	15,684	83,209	18,703	20,053	24,022	20,431
Lead (tonnes)	**25,755**	**8,703**	10,461	6,591	37,246	8,198	8,953	9,747	10,348
Copper (tonnes)	**2,566**	**973**	447	1,146	3,059	673	864	986	536
Silver (000 oz)	**1,910**	**668**	728	514	2,496	560	621	673	642
Sales ($000)	**129,961**	**49,288**	44,811	35,862	209,621	52,946	48,699	52,934	55,042
Operating earnings ($000)	**53,668**	**25,634**	13,664	14,370	116,143	27,564	28,706	31,616	28,257
Cash cost (SEK per pound)	**1.99**	**0.40**	2.83	2.72	0.92	0.80	0.55	0.82	1.50
Cash cost ($ per pound)	**0.31**	**0.06**	0.43	0.42	0.13	0.12	0.08	0.12	0.22

Operating Earnings

Operating earnings of $25.6 million were $3.1 million lower than the $28.7 million reported in the third quarter of 2012. The decrease in earnings is largely attributable to lower realized metal prices.

For the nine months ended September 30, 2013, operating earnings of $53.7 million were $34.9 million lower than the comparable period in 2012. Higher per unit costs ($15.0 million), lower net sales volume ($10.6 million), lower price and price adjustments from prior period sales ($6.2 million) and an unfavourable exchange rate ($3.1 million) resulted in the decrease.

Production

In general, production was strong in the third quarter of 2013. However, zinc and lead production were lower than the same period in 2012 primarily due to lower head grades, and partly due to recoveries. Underground mining sequences have been re-established and mine head grades for both zinc and lead were at planned levels. Increased throughput resulted in higher copper production in the quarter compared to prior year.

On a year-to-date basis, zinc and lead production remains lower than 2012 recorded levels as earlier delays in paste backfilling and ground control issues resulted in unfavourable stope sequencing and lower resulting head grades. Full year zinc production is expected to be at the lower end of the guidance range.

Cash Costs

Cash costs for zinc in the current quarter were \$0.06/lb, which were the lowest they have been since 2007. Compared to last year, third quarter 2013 cash costs decreased by \$0.02/lb as a result of higher by-product credits, net of treatment charges, mainly from lead sales (\$0.27/lb), partially offset by higher production costs (\$0.18/lb) and unfavourable foreign exchange rates (\$0.04/lb).

On a year-to-date basis, cash costs for zinc were \$0.31/lb, compared to \$0.14/lb for the same period in 2012. The increase is primarily due to higher production costs (\$0.20/lb) and unfavourable foreign exchange rates (\$0.04/lb) which were only partially offset by higher by-product credits, net of treatment charges (\$0.09/lb).

Projects

Given the continued low zinc prices and the fact that recent modifications have improved performance related to ore handling, dust and noise levels, the capital investment in the overall modernization of the front-end of the plant has been deferred indefinitely.

Progressive investments continue to be made in the paste backfilling system to improve system availability and flexibility in order to alleviate constraints on stope backfilling and production dependencies.

Aguablanca Mine

The Aguablanca nickel-copper mine is located in the province of Badajoz, 80 km by road to Seville, Spain, and 140 km from a major seaport at Huelva. The operations consist of an open pit mine and an on-site processing facility (milling and flotation) with a production capacity of 1.9 million tonnes per annum. Production activities were suspended in December 2010 following a pit-slope failure. Operations restarted during the third quarter of 2011 in the pit to reinstate the main ore haulage ramp and concentrate production recommenced in August 2012.

Operating Statistics

	Total 2013	**Q3 2013**	Q2 2013	Q1 2013	Total 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Ore mined (000s tonnes)	**1,326**	**539**	409	378	755	368	198	148	41
Ore milled (000s tonnes)	**1,168**	**378**	387	403	577	368	209	-	-
Grade per tonne									
Nickel (%)	**0.6**	**0.6**	0.6	0.5	0.5	0.5	0.4	-	-
Copper (%)	**0.4**	**0.4**	0.4	0.4	0.4	0.5	0.4	-	-
Recovery									
Nickel (%)	**83.2**	**82.6**	83.8	82.4	81.3	82.8	78.1	-	-
Copper (%)	**93.7**	**94.2**	93.9	93.2	91.4	92.9	87.7	-	-
Concentrate grade									
Nickel (%)	**6.8**	**6.7**	6.9	6.8	6.8	6.8	6.7	-	-
Copper (%)	**5.7**	**5.6**	5.6	6.0	6.4	6.3	6.8	-	-
Production (contained metal)									
Nickel (tonnes)	**5,461**	**1,788**	1,876	1,797	2,398	1,705	693	-	-
Copper (tonnes)	**4,557**	**1,485**	1,516	1,556	2,260	1,563	697	-	-
Sales ($000)	**87,865**	**25,278**	19,787	42,800	22,167	11,582	10,585	-	-
Operating earnings ($000)	**20,030**	**6,397**	787	12,846	(10,879)	(3,163)	(2,988)	(2,505)	(2,223)
Cash cost (€ per pound)	**3.08**	**2.78**	2.69	3.53	5.34	4.85	5.94	-	-
Cash cost ($ per pound)	**4.05**	**3.67**	3.50	4.66	6.76	6.19	7.47	-	-

Operating Earnings

Operating earnings for the quarter ended September 30, 2013 were $6.4 million compared to a loss of $3.0 million for the comparable quarter in 2012. On a year-to-date basis, operating earnings for 2013 were $20.0 million compared to a loss of $7.7 million in 2012. Operations were restarted in the third quarter of 2012, meaning that it was not a full period of production. In addition, part of the production from the fourth quarter of 2012 was sold in January 2013.

During the year, insurance proceeds of $15.1 million were recorded for claims made in relation to the December 2010 pit slope failure. These proceeds were in addition to the $7.9 million received in 2012 and have been recorded in “other income” in the statement of earnings; they do not form part of operating earnings.

Production

In the current quarter, 1,788 tonnes of nickel and 1,485 tonnes of copper concentrate were produced, exceeding expectations. Year-to-date, 5,461 tonnes of nickel and 4,557 tonnes of copper in concentrate were produced, achieving pre-shutdown production levels.

Open pit mining continued to operate well during the third quarter and significant slope stability measures continue to be employed. Two dewatering tunnels have been initiated. A significant stockpile of ore is now available ahead of the processing plant as the rainy season approaches. Open pit mining is planned to continue until the first quarter of 2015 when the pit will reach the 186 metre level.

Cash Costs

Nickel cash costs of $3.67/lb for the quarter ended September 30, 2013 and $4.05/lb year-to-date were lower than 2013 full year guidance benefiting from higher nickel production and higher by-product copper sales.

Galmoy Mine

The Galmoy underground zinc mine is located in south-central Ireland in County Kilkenny. The mine has been closed and execution of the approved mine closure plan is currently underway. Mining of remnant high grade ore continued until October 2012. All mined ore was transported to an adjacent mine and stockpiled for treatment during 2013. Ore sold represents 100% of material treated by a neighboring mine of which 50% of the resulting metal production is attributable to Lundin Mining.

Operating Statistics

	Total 2013	**Q3 2013**	Q2 2013	Q1 2013	Total 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Ore sold (000 tonnes)	**103**	**30**	53	20	188	19	61	69	39
Sales ($000)	**14,545**	**5,773**	7,268	1,504	23,144	3,582	7,663	7,057	4,842
Operating earnings ($000)	**9,092**	**4,220**	4,449	423	15,022	1,914	6,607	5,692	809

Operating Earnings

Treatment of stockpiled ore for processing by a third party yielded operating earnings of $4.2 million in the third quarter of 2013 and $9.1 million on a year-to-date basis, lower than the $6.6 million reported in the comparable quarter of 2012 and $13.1 million year-to-date in 2012. Lower tonnage milled and higher per unit costs contributed to the reduction in operating earnings compared to the prior year.

An amount of $2.6 million is reported as deferred revenue at September 30, 2013, representing cash received for ore delivered but not yet processed. As at September 30, 2013, approximately 28,000 dmt of ore were held in inventory at the processing facility, for which final revenue settlement will be recognized as it is milled.

Production

Mining of remnant high grade ore was fully completed in October 2012 and all ore has now been transported to a neighboring mine for processing during 2013.

Closure Activity

Execution of the approved mine closure plan is currently underway. Costs of $0.7 million ($3.9 million year-to-date) were incurred during the third quarter of 2013 for mine closure and rehabilitation work. This included expenditures on land and tailings rehabilitation, electrical power, professional fees and personnel costs.

Tenke Fungurume

Tenke Fungurume ("Tenke") is a copper-cobalt mine located in the southern part of Katanga Province, Democratic Republic of Congo ("DRC"). Lundin Mining holds a 24% equity interest in the mine. Freeport is the operating partner and holds a 56% interest in the mine. La Générale des Carrières et des Mines ("Gécamines"), the Congolese state mining company, holds a 20% carried interest in the mine. With the completion of the Phase II expansion, Tenke now has a nameplate annual production capacity of 195,000 tonnes of copper cathode and 15,000 tonnes of cobalt hydroxide.

Operating Statistics

100% Basis	YTD 2013	Q3 2013	Q2 2013	Q1 2013	Total 2012	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Ore mined (000 tonnes)	**9,492**	**3,347**	2,763	3,382	12,806	3,909	3,170	2,641	3,086
Ore milled (000 tonnes)	**4,019**	**1,338**	1,364	1,317	4,748	1,222	1,248	1,172	1,106
Grade per tonne									
Copper (%)	**4.3**	**3.9**	4.6	4.4	3.6	3.8	3.6	3.5	3.6
Recovery									
Copper (%)	**91.7**	**91.6**	89.9	93.7	92.4	94.8	92.9	90.6	91.2
Production (contained metal)									
Copper (tonnes)	**159,129**	**49,541**	55,126	54,462	157,671	44,130	41,446	35,965	36,130
Cobalt (tonnes)	**8,504**	**3,659**	2,305	2,540	11,669	2,718	3,356	2,868	2,727
Income from equity investment ($000)[1]	**75,344**	**24,185**	19,276	31,883	101,516	25,785	25,060	25,111	25,560
Attributable share of operating cash flow ($000)	**118,294**	**42,219**	32,436	43,639	145,899	39,156	26,069	49,652	31,022
Cash cost ($ per pound)[2]	**1.23**	**1.23**	1.23	1.23	1.23	1.24	1.23	1.22	1.25

1. The company recognized a 24.75% interest in the earnings of Tenke up to March 25, 2012 and 24% thereafter. Lundin Mining's share of equity earnings includes adjustments for GAAP harmonization differences and purchase price allocations.
2. Cash cost is calculated and reported by Freeport. Unit costs attributable to Lundin Mining's share of production may vary slightly from time to time due to marginal differences in the basis of calculation.

Income from Equity Investment

Income of $24.2 million in the current quarter was $0.9 million lower than the third quarter of last year. Higher copper sales volumes were more than offset by lower average realized price on copper sales. Volume of copper cathode sold during the quarter, on a 100% basis, was 53,104 tonnes compared to 39,790 tonnes in the comparable period last year.

Year-to-date, equity income of $75.3 million was in-line with the $75.7 million reported in the same period in 2012.

The average price realized for copper sales during the quarter was $3.19/lb, compared to $3.55/lb in the third quarter of 2012. Average realized price for cobalt sold during the third quarter of 2013 was $8.57/lb (Q3 2012: $8.24/lb).

Production

Milling facilities at Tenke continue to perform very well with throughput averaging 14,500 metric tonnes of ore per day during the third quarter of 2013, exceeding the 14,000 metric tonnes of ore per day expanded design capacity. Average throughput for the third quarter was approximately 900 metric tonnes of ore per day higher than the comparable quarter from the previous year.

Tenke's copper production for the three months ended September 30, 2013 was 49,541 tonnes, an increase of 8,095 tonnes when compared to the third quarter of 2012, however a decrease of 5,585 tonnes when compared to the second quarter of 2013. Tenke experienced power interruptions in September which impacted operating rates. While the situation has improved, Freeport is working closely with its power provider and DRC authorities to address the situation.

Freeport has increased copper sales volume guidance for 2013 to 209,000 tonnes, from the previously guided 204,000 tonnes reported in the second quarter of 2013. For cobalt, sales volume guidance remains unchanged at 10,900 tonnes.

Cash Costs

Cash costs for copper, including cobalt by-product credits, were $1.23/lb for the quarter and year-to-date. This is largely consistent with cash costs in the prior year and with annual cash cost guidance. Annual cash cost guidance remains unchanged at $1.24/lb of copper.

Future Expansion Studies

The Phase II expansion has now been completed. The addition of a second sulphuric acid plant is expected to be completed in 2016.

Freeport continues to engage in exploration activities and metallurgical testing to evaluate the full potential of the highly prospective minerals district at Tenke. These analyses are being incorporated in the evaluation of opportunities for potential future expansion phases.

Tenke Cash Flow

Lundin's attributable share of operating cash flow at Tenke for the third quarter of 2013 was $42.2 million, higher than the $26.1 million recognized in the same period in 2012, with the increase largely attributable to increased volumes from Phase II expansion.

Year-to-date, Lundin's attributable share of operating cash flow was $118.3 million, $11.6 million higher than the $106.7 million generated in the same period in 2012.

Lundin Mining's estimated share of 2013 capital investment for Tenke has been assumed to be $65 million, $50 million lower than the original estimate of $115 million. This is to fund remaining Phase II expansion costs, exploration drilling, testwork and studies for potential future phased expansions, a tailings dam expansion and other sustaining capital items. During the quarter and nine months ended September 30, 2013, $15.2 million and $46.7 million, respectively, were spent on our attributable share of capital investments which was funded by cash flow from operations.

The Company received cash distributions of $38.4 million during the current quarter and $110.7 million year-to-date.

Eagle Project

The Eagle Project consists of the Eagle underground mine, located approximately 55 km northwest of Marquette, Michigan, U.S.A. and the Humboldt mill, located 45 km west of Marquette in Champion, Michigan. The mine and mill are currently under development and construction is expected to be completed in the fourth quarter of 2014. Once in operation, the mine is expected to produce an average of 17ktpa of nickel and 17ktpa of copper over the current mine life of 8 years at an average cash cost of $2.50 per pound of nickel. The Eagle Project was acquired from Rio Tinto in July 2013.

In July 2013, an independent National Instrument 43-101 Technical Report for the Eagle nickel/copper project was published. The full 43-101 report is available under Lundin Mining's profile on SEDAR (www.sedar.com).

Project Development

Since the completion of the acquisition on July 17, 2013, all development activities have been accelerated and the project is on schedule to be completed in the fourth quarter of 2014. There are approximately 470 people working at the mine and mill, including contractors. Most of the major equipment will be delivered by the end of the year.

Eagle is on track to ship first saleable concentrates of copper and nickel by the end of 2014. After a six month ramp up, ore is expected to be processed at a rate of 2,000 tonnes/day.

The total capital cost of the project is estimated at $400 million from the date of acquisition, with $22.2 million spent since acquisition.

As at September 30, 2013, capital commitments for the Eagle Project are $149.8 million.

Mine

Engineering at the mine has been completed. The mine access ramp is well advanced, more than half way down the ore body, and mine surface facilities commissioning is targeted for completion by the second quarter of 2014. The Company is currently reviewing bids for the underground mining contract and mine development is expected to recommence in early 2014.

Mill

Mill construction activities are on track to support mill commissioning targeted for the fourth quarter of 2014. Enclosure of the concentrator building is well advanced; this is the largest facility and contains the majority of the interior work to be completed. There are three other buildings which are planned to be enclosed by the end of December 2013. The enclosures of these buildings will allow the interior work to be advanced through the winter period.

Transportation

State road upgrades are progressing well for both the mine and mill access roads.

Exploration

Total exploration expenditures for 2013 (excluding Tenke) are estimated to be $33 million, including Eagle exploration expenditures of $3 million (original guidance, without Eagle - $38 million).

Portugal - Neves-Corvo Resource Exploration (Copper, Zinc)
The 2013 revised surface exploration program will see a total of 45,000 metres of drilling by year end. Drilling has been focused on delineating additional copper resources in the Monte Branco area, located approximately 1.2 kilometres to the south of the Semblana copper deposit, as well as investigating higher potential areas between Semblana and Monte Branco, and between Zambujal and Monte Branco.

The 2013 program will continue in the Monte Branco area with drilling focused on massive sulphide intersections recently discovered in the northeast of Monte Branco.

Romania (Copper, Gold)
Rozalia is located within the northern extension of the same metal-rich belt of rocks which host the Bor and Majdanpek copper-gold deposits in Serbia. A total of six holes have been completed on the Rozalia project in western Romania. The presence of porphyry copper-gold mineralization has been confirmed, however the system appears to have been too deeply eroded. The potential of the general area is considered to be good.

Chile Llahuin Exploration (Copper, Gold)
In late 2012, Lundin Mining completed a farm-in type option agreement with Southern Hemisphere Mining ("SHM") on the Llahuin Copper-Gold project located 56 kilometres from the coast near the town of Combarbala in Chile's Region IV. An update was announced by SHM in July 2013 indicating modestly increased resources at Llahuin, but no improvement in grade; exploration is now focused on other surrounding regional targets.

Eagle Exploration, USA, (Nickel, Copper)
Exploration at Eagle during the quarter consisted of a ramp up of surface and underground drilling, an airborne geophysical survey, and a review of geophysical methods and targeting strategies. Underground drilling at Eagle began in September and consists of both exploratory drilling to trace the Eagle feeder dike, and ore delineation drilling. To date, 610 metres have been drilled since acquisition.

Ireland (Copper, Zinc, Lead, Silver)
As part of an overview of exploration program expenditures, the Ireland program has been curtailed pending a strategic review.

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

The average metal prices for copper and nickel for the third quarter of 2013 were lower than the average prices for the second quarter of the year, with copper and nickel decreasing by 1% and 7%, respectively. The average metal prices for zinc and lead for the quarter were higher than the average prices for the second quarter of the year, with zinc and lead increasing by 1% and 2%, respectively. There was minimal activity in the metal markets during July and August due to the seasonal lull caused by summer vacations. This was followed by a period of uncertainty and nervousness in September caused by concerns over the US Federal Reserve ending its quantitative easing purchases of US bonds, combined with concerns over the possibility of war in the Middle East.

		Three months ended September 30			**Nine months ended September 30**		
(Average LME Price)		**2013**	2012	Change	**2013**	2012	Change
Copper	US$/pound	3.21	3.50	-8%	3.35	3.61	-7%
	US$/tonne	7,073	7,706		7,379	7,964	
Zinc	US$/pound	0.84	0.86	-1%	0.87	0.88	-2%
	US$/tonne	1,859	1,885		1,910	1,946	
Lead	US$/pound	0.95	0.90	6%	0.98	0.91	7%
	US$/tonne	2,102	1,975		2,151	2,015	
Nickel	US$/pound	6.31	7.40	-15%	6.97	8.04	-13%
	US$/tonne	13,916	16,317		15,374	17,716	

LME inventory for lead and nickel increased in the third quarter of 2013 and ended the quarter 21% higher, for both metals, than the closing levels from the second quarter of 2013. However, LME inventories for copper and zinc decreased during the quarter with copper and zinc closing balances lower by 19% and 9%, respectively, compared to the previous quarter.

The treatment charges ("TC") and refining charges ("RC") in the spot market for copper concentrates increased during the third quarter of 2013. In July, the spot TC was $60 per dmt of concentrate and the spot RC was $0.06 per lb of payable copper, while in September the spot TC had increased to $95 per dmt of concentrate with a spot RC of $0.095 per payable lb of copper contained. The increase in TC and RC is a result of the anticipated additional supply of copper concentrates coming from new mines and expansions at existing mines, coupled with closures and technical issues at smelters in Asia.

The zinc concentrates spot market has remained soft with low activity, and monthly exports of zinc concentrates to China have declined compared to June. The spot TC has remained stable at $135 per dmt, flat, during the third quarter of 2013, consistent with the second quarter.

The spot market for lead concentrates remained very slow in the third quarter of 2013 and the spot TC has been traded in the range of $130-$140 per dmt, flat, in the quarter. The negative arbitrage between the lead price of the SHFE (Shanghai Futures Exchange) and the LME continues to impact exports of lead concentrates to China. The export of lead concentrates to China for the nine months ended September 30, 2013 have decreased approximately 20% compared with the same period for 2012.

The Company's nickel concentrate production from the Aguablanca mine is sold under a long-term contract at terms which are in line with recent market conditions. The contract provides for regular monthly delivery and pricing of the concentrates which ensures that nickel realizations correlate more closely with LME averages over the year.

Liquidity and Financial Condition

Cash Reserves

Cash and cash equivalents were $137.1 million as at September 30, 2013, a decrease of $138.0 million from $275.1 million at December 31, 2012 and a decrease of $92.9 million from $230.0 million at June 30, 2013.

Cash inflows for the three months ended September 30, 2013 included operating cash flows of $27.4 million, receipt of distributions from Tenke of $38.4 million, and proceeds from the revolving credit facility of $200.0 million to finance the acquisition of Eagle. Use of cash was primarily directed towards the acquisition of Eagle ($315.3 million) and investments in mineral properties, plant and equipment ($53.6 million).

For the nine months ended September 30, 2013 cash inflows included operating cash flows of $99.7 million, proceeds from the revolving credit facility of $285.0 million, and receipt of distributions from Tenke of $110.7 million. Use of cash was primarily directed towards the acquisition of Eagle ($315.3 million), investments in mineral properties, plant and equipment ($127.2 million), the acquisition of Freeport Cobalt ($116.3 million), and debt repayments ($86.5 million).

Working Capital

Working capital of $156.6 million as at September 30, 2013 is well below the $315.7 million at December 31, 2012 and $282.1 million as at June 30, 2013. The decrease compared to prior periods is primarily the result of lower cash balances.

Long-Term Debt

As at September 30, 2013, the Company had a $350 million facility, expiring in December 2015. Subsequently, the Company completed amendments to this credit agreement to provide for a new term loan of $250 million and an extension on the maturity of the existing $350 million revolving credit facility to October 2017.

$200.0 million was drawn on this facility as at September 30, 2013. A letter of credit issued in the amount of SEK 80 million ($12.4 million) remains outstanding.

Commitments

Largely as a result of the acquisition of the Eagle Project and related construction activities, capital commitments as at September 30, 2013 have increased significantly from that presented in the Company's MD&A for the year ended December 31, 2012.

The company has the following capital commitments as at September 30, 2013:

2013	$	106,556
2014		74,780
Total	**$**	**181,336**

Included in the above are capital commitments of the Eagle Project of $149.8 million (2013 - $78.9 million, 2014 - $70.9 million)

Shareholders' Equity

Shareholders' equity was $3,597.3 million at September 30, 2013, compared to $3,473.1 million at December 31, 2012. Shareholders' equity increased primarily as a result of net earnings of $94.6 million, and partly as a result of foreign currency translation adjustments of $30.0 million in other comprehensive income, minimally offset by revaluation on marketable securities of $7.3 million in other comprehensive income.

Sensitivities

Net earnings and earnings per share are affected by certain external factors including fluctuations in metal prices and changes in exchange rates between the Euro, the SEK and the US dollar.

The following table illustrates the sensitivity of the Company's risk on final settlement of its provisionally priced trade receivables:

Metal	Provisional price on September 30, 2013 ($US/tonne)	Change	Effect on pre-tax earnings ($millions)
Copper	7,280	+/-10%	+/-$6.9
Zinc	1,883	+/-10%	+/-$2.8
Lead	2,099	+/-10%	+/-$1.1
Nickel	13,932	+/-10%	+/-$2.2

Financial Instruments

Summary of financial instruments:

	Fair value at September 30, 2013 ($000s)	Basis of measurement	Associated risks
Cash and cash equivalents	137,075	Carrying value	Interest/Credit/Exchange
Trade and other receivables	46,758	Carrying value	Credit/Market/Exchange
Restricted funds	37,161	Carrying value	Interest/Credit
Trade receivables	70,710	Fair value through profit and loss	Credit/Market/Exchange
Marketable securities and restricted funds	25,271	Fair value through profit and loss	Market/Liquidity
Marketable securities	9,718	Fair value through OCI	Market/Liquidity
Trade and other payables	124,417	Amortized cost	Interest
Long-term debt and finance leases	208,322	Amortized cost	Interest
Other long-term liabilities	3,510	Amortized cost	Interest

Carrying value – Cash and cash equivalents, certain trade and other receivables, and restricted reclamation funds mature in the short-term and approximate their fair values.

Fair value through profit and loss (trade receivables) – The fair value of the embedded derivatives on provisional sales are valued using quoted market prices based on forward LME prices.

Fair value through profit and loss (“FVTPL” securities) – The fair value of investments in shares is determined based on quoted market price and the fair value of warrants is determined using a valuation model that incorporates such factors as the quoted market price, strike price and the volatility of the related shares of which the warrants can be exchanged for and the expiry date of the warrants.

Fair value through other comprehensive income (“OCI”) (Available-for-sale or “AFS” securities) – The fair value of investments in shares is determined based on quoted market price and the fair value of warrants is determined using a valuation model that incorporates such factors as the quoted market price, strike price and the volatility of the related shares and the expiry date of the warrants.

Amortized cost – Trade and other payables, long-term debt and finance leases and other long-term liabilities approximate their carrying values as the interest rates are comparable to current market rates.

During the quarter ended September 30, 2013, the Company recognized increased sales of $3.6 million (2012: reduced sales of $0.9 million) on final settlement of provisionally priced transactions from the prior period, a revaluation loss on FVTPL securities of $2.3 million (2012: gain of $1.8 million) and a revaluation gain on AFS securities of $1.0 million (2012: $Nil). In addition, a foreign exchange loss of $0.8 million (2012: $7.5 million) was realized in the quarter on US$-denominated cash and trade receivables that were held in the European group entities.

Over the nine months ended September 30, 2013, the Company recognized reduced sales of $10.0 million (2012: increased sales of $4.0 million) on final settlement of provisionally priced transactions from the prior year, a revaluation loss on FVTPL securities of $6.5 million (2012: $2.9 million) and a revaluation loss on AFS securities of $7.3 million (2012: $Nil). In addition, a foreign exchange loss of $7.8 million (2012: $1.6 million) was realized over the nine months on US$-denominated cash and trade receivables that were held in the European group entities.

Related Party Transactions

Tenke Fungurume

The Company enters into transactions related to its investment in Tenke Fungurume. These transactions are entered into in the normal course of business and on an arm's length basis.

During the three months ended September 30, 2013, the Company made no cash advances to fund its portion of Tenke expenditures and received $38.4 million in cash distributions. For the nine months ended September 30, 2013, no cash advances were made by the Company to Tenke and cash distributions of $110.7 million were received.

Freeport Cobalt

The Company enters into transactions related to its investment in Freeport Cobalt. These transactions are entered into in the normal course of business and on an arm's length basis.

The Company received $4.5 million in cash distributions during the three months ended September 30, 2013, and received $5.5 million year-to-date.

Key Management Personnel

The Company has identified its directors and certain senior officers as its key management personnel. The employee benefits for key management personnel are as follows:

($ thousands)	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Wages and salaries	**1,455**	1,494	**4,463**	4,649
Pension and benefits	**33**	32	**101**	72
Share-based compensation	**566**	588	**1,106**	2,086
	2,054	2,114	**5,670**	6,807

For the three and nine months ended September 30, 2013, the Company paid $Nil and $0.2 million, respectively, (Q3 2012 - $Nil; year-to-date 2012 - $0.2 million) for services provided by a company owned by the Chairman of the Company. The Company also paid $0.1 million for the three months ended September 30, 2013 and $0.5 million year-to-date (Q3 2012 - $Nil; year-to-date - $0.5 million) to a charitable foundation directed by members of the Company's key management personnel to carry out social programs on behalf of the Company.

Changes in Accounting Policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IAS 19 Employee benefits amendments effective January 1, 2013. The changes in this standard resulted in the cessation of the use of the "corridor method" where actuarial gains and losses within a specified threshold were previously unrecognized. In adopting this standard, the Company revised all applicable comparative figures. As at December 31, 2012, a $2.1 million increase to the provision for pension obligations and a reduction to accumulated other comprehensive income were recorded. There were no impacts to the current period. The effects of this standard had an immaterial effect on the opening balance sheet at January 1, 2012.

IFRS 10, *Consolidated Financial Statements*, replaces the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation – Special Purpose Entities*. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS 11, *Joint Arrangements*, supersedes IAS 31, *Interests in Joint Ventures*, and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28, *Investments in Associates and Joint Ventures (amended in 2011)*. The other amendments to IAS 28 did not affect the Company. The Company has classified its joint arrangements and concluded that the adoption of IFRS 11 did not result in any changes in the accounting for its joint arrangements.

IFRS 13, *Fair value measurement*, provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

The Company has adopted the amendments to IAS 1, *Presentation of Financial Statements*, effective January 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

IAS 36, *Impairment of Assets,* was amended to limit the scope of required disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied retrospectively. Earlier application is permitted. The Company has early adopted these amendments.

New Accounting Pronouncements

IFRIC 21, *Accounting for levies imposed by governments,* clarifies that obligating event giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy. This standard is effective for annual periods beginning on or after January 1, 2014 and is not expected to have a significant impact on the Company.

Critical Accounting Estimates and Judgments

The application of certain accounting policies requires the Company to make estimates and judgments based on assumptions. For a complete discussion of accounting estimates and judgments deemed most critical by the Company, refer to the Company's annual 2012 Management's Discussion and Analysis.

Managing Risks

Risks and Uncertainties

The operations of Lundin Mining involve certain significant risks, including but not limited to credit risk, foreign exchange risk and derivative risk. For a complete discussion of the risks, refer to the Company's 2012 Annual Information Form, available on the SEDAR website, www.sedar.com.

Outstanding Share Data

As at October 30, 2013, the Company had 584,433,062 common shares issued and outstanding and 10,539,113 stock options outstanding under its incentive stock option plans.

Non-GAAP Performance Measures

The Company uses certain performance measures in its analysis. These performance measures have no meaning within generally accepted accounting principles under IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following are non-GAAP measures that the Company uses as key performance indicators.

- **Operating earnings**

  "Operating earnings" is a performance measure used by the Company to assess the contribution by mining operations to the Company's net earnings or loss. Operating earnings is defined as sales, less operating costs (excluding depreciation) and general and administration expenses.

- **Cash cost per pound**

  Copper, zinc and nickel cash costs per pound are key performance measures that management uses to monitor performance. Management uses these statistics to assess how well the Company's producing mines are performing compared to plan and to assess overall efficiency and effectiveness of the mining operations.

  Lundin provides cash cost information as it is a key performance indicator required by users of the Company's financial information in order to assess the Company's profit potential and performance relative to its peers. The cash cost figure represents the total of all cash costs directly attributable to the related mining operations after the deduction of credits in respect of by-product sales and royalties. Cash cost is not an IFRS measure and, although it is calculated according to accepted industry practice, the Company's disclosed cash costs may not be directly comparable to other base metal producers. By-product credits are an important factor in determining the cash costs. The cost per pound experienced by the Company will be positively affected by rising prices for by-products and adversely affected when prices for these metals are falling.

Reconciliation of unit cash costs of payable copper, zinc and nickel metal sold to the consolidated statements of earnings

Cash costs can be reconciled to the Company's operating costs as follows:

	Three months ended September 30, 2013				Three months ended September 30, 2012			
	Total Tonnes Sold	Pounds (000s)	Cash Costs $/lb	Operating Costs ($000s)	Total Tonnes Sold	Pounds (000s)	Cash Costs $/lb	Operating Costs ($000s)
Operation								
Neves-Corvo (Cu)	11,469	25,285	2.23	56,386	11,200	24,692	1.87	46,174
Zinkgruvan (Zn)	14,763	32,547	0.06	1,953	17,623	38,852	0.08	3,108
Aguablanca (Ni) [1]	1,180	2,601	3.67	9,546				6,288
Galmoy (Zn) [2]				771				703
				68,656				56,273
Add: By-product credits				56,427				35,917
Treatment costs				(15,171)				(14,446)
Royalties and other				1,792				4,580
Total Operating Costs				**111,704**				**82,324**

	Nine months ended September 30, 2013				Nine months ended September 30, 2012			
	Total Tonnes Sold	Pounds (000s)	Cash Costs $/lb	Operating Costs ($000s)	Total Tonnes Sold	Pounds (000s)	Cash Costs $/lb	Operating Costs ($000s)
Operation								
Neves-Corvo (Cu)	39,197	86,415	1.96	169,373	43,473	95,842	1.68	161,015
Zinkgruvan (Zn)	44,270	97,599	0.31	30,256	55,221	121,741	0.14	17,044
Aguablanca (Ni) [1]	4,126	9,096	4.05	36,475				11,016
Galmoy (Zn) [2]				3,829				6,207
				239,933				195,282
Add: By-product credits				145,685				104,452
Treatment costs				(46,042)				(47,995)
Royalties and other				8,210				15,953
Total Operating Costs				**347,786**				**267,692**

1. 2013 cash costs includes an adjustment to account for the write-down of concentrate inventory to net realizable value in 2012.

2. Operating costs for Galmoy include shipment and processing of ore by an adjacent mine.

Management's Report on Internal Controls

Disclosure controls and procedures

Disclosure controls and procedures ("DCP") have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of disclosure controls and procedures.

Internal control over financial reporting

The Company's internal control over financial reporting ("ICFR") is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud.

Control Framework

Management has used the framework from the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') in order to assess the effectiveness of the Company's internal control over financial reporting.

Limitations on scope of design

During the year, the Company acquired the Eagle Project and an equity interest in Freeport Cobalt, however the Company has not had sufficient time to fully assess the design of DCP and ICFR inherent in these organizations and accordingly has limited the scope of the above assessment on the design of DCP and ICFR to exclude the Eagle Project and Freeport Cobalt.

Changes in internal control over financial reporting

There have been no changes in the Company's internal control over financial reporting during the three month period ended September 30, 2013, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Other Information

Additional information regarding the Company is included in the Company's Annual Information Form ("AIF") which is filed with the Canadian securities regulators. A copy of the Company's AIF can be obtained from the Canadian Securities Administrators' website at www.sedar.com.

Other Supplementary Information

1. ***List of directors and officers at October 30, 2013:***

   (a) **Directors:**

   Donald K. Charter
   Paul K. Conibear
   John H. Craig
   Brian D. Edgar
   Peter C. Jones
   Lukas H. Lundin
   Dale C. Peniuk
   William A. Rand

   (b) **Officers:**

   Lukas H. Lundin, *Chairman*
   Paul K. Conibear*, President and Chief Executive Officer*
   Marie Inkster, *Senior Vice President and Chief Financial Officer*
   Julie A. Lee Harrs, *Senior Vice President, Corporate Development*
   Paul M. McRae, *Senior Vice President, Projects*
   Neil P. M. O'Brien, *Senior Vice President, Exploration and New Business Development*
   Stephen T. Gatley, *Vice President, Technical Services*
   Susan J. Boxall, *Vice President, Human Resources*
   Jinhee Magie, *Vice President, Finance*
   J. Mikael Schauman, *Vice President, Marketing*
   James A. Ingram, *Corporate Secretary*

2. **Financial Information**

   The report for the year ending December 31, 2013 is expected to be published by February 28, 2014.

3. **Other information**

   Address (Corporate head office):
   Lundin Mining Corporation
   Suite 1500, 150 King Street West
   P.O. Box 38
   Toronto, Ontario M5H 1J9
   Canada
   Telephone: +1-416-342-5560
   Fax: +1-416-348-0303
   Website: www.lundinmining.com

   Address (UK office):
   Lundin Mining UK Limited
   Hayworthe House, Market Place
   Haywards Heath, West Sussex
   RH16 1DB
   United Kingdom
   Telephone: +44-1-444-411-900
   Fax: +44-1-444-456-901

   The Canadian federal corporation number for the Company is 443736-5.

   For further information, please contact:

   Sophia Shane, Investor Relations, North America, +1-604-689-7842, sophias@namdo.com
   Robert Eriksson, Investor Relations, Sweden: +46-8-545-015-50, robert.eriksson@vostoknafta.com
   John Miniotis, Senior Business Analyst: +1-416-342-5560, john.miniotis@lundinmining.com

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

September 30, 2013
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands of US dollars)		**September 30, 2013**		December 31, 2012
ASSETS				
Current				
Cash and cash equivalents (Note 4)	**$**	**137,075**	$	275,104
Trade and other receivables		**117,468**		110,808
Income taxes receivable		**18,020**		6,494
Inventories (Note 5)		**33,489**		48,740
		306,052		441,146
Non-Current				
Restricted funds		**54,797**		51,617
Marketable securities and other assets (Note 6)		**20,218**		39,052
Mineral properties, plant and equipment (Note 7)		**1,675,772**		1,270,813
Investment in associates (Note 8)		**2,074,722**		2,003,053
Deferred tax assets		**21,499**		18,893
Goodwill		**169,788**		165,877
		4,016,796		3,549,305
	$	**4,322,848**	$	3,990,451
LIABILITIES				
Current				
Trade and other payables (Note 10)	**$**	**147,218**	$	119,714
Income taxes payable		**2,242**		5,726
Current portion of deferred revenue (Note 11)		**7,744**		17,683
Current portion of long-term debt and finance leases (Note 12)		**4,006**		3,037
Current portion of reclamation and other closure provisions (Note 14)		**4,566**		6,486
		165,776		152,646
Non-Current				
Deferred revenue (Note 11)		**57,077**		59,979
Long-term debt and finance leases (Note 12)		**204,316**		6,985
Reclamation and other closure provisions (Note 14)		**135,014**		124,244
Other long-term liabilities		**3,510**		3,625
Provision for pension obligations (Note 2)		**20,857**		21,216
Deferred tax liabilities		**139,007**		148,677
		559,781		364,726
		725,557		517,372
SHAREHOLDERS' EQUITY				
Share capital		**3,507,947**		3,505,398
Contributed surplus		**38,530**		34,140
Accumulated other comprehensive loss (Note 2)		**(54,493)**		(77,213)
Retained earnings		**105,307**		10,754
		3,597,291		3,473,079
	$	**4,322,848**	$	3,990,451

Commitments (Note 20)

Subsequent event (Note 25)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

APPROVED BY THE BOARD

(Signed) Lukas H. Lundin
Director

(Signed) Dale C. Peniuk
Director

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited - in thousands of US dollars, except for shares and per share amounts)

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Sales	**$ 176,415**	$ 159,587	**$ 540,861**	$ 544,647
Operating costs (Note 15)	**(111,704)**	(82,324)	**(347,786)**	(267,692)
Depreciation, depletion and amortization (Note 7)	**(34,811)**	(27,580)	**(111,111)**	(86,098)
General and administrative expenses	**(5,808)**	(6,124)	**(16,948)**	(20,066)
General exploration and business development (Note 17)	**(11,034)**	(20,773)	**(34,255)**	(52,195)
Income from equity investment in associates (Note 8)	**22,973**	25,060	**71,633**	75,731
Finance income (Note 18)	**217**	2,219	**1,179**	2,121
Finance costs (Note 18)	**(3,905)**	(1,385)	**(11,001)**	(10,982)
Other income (Note 19)	**518**	609	**16,448**	1,755
Other expenses (Note 19)	**(805)**	(7,914)	**(10,693)**	(3,149)
Earnings before income taxes	**32,056**	41,375	**98,327**	184,072
Current tax expense (Note 9)	**(4,127)**	(9,069)	**(18,253)**	(56,548)
Deferred tax recovery	**5**	5,599	**14,479**	12,796
Net earnings	**$ 27,934**	$ 37,905	**$ 94,553**	$ 140,320

Basic earnings per share	**$ 0.05**	$ 0.07	**$ 0.16**	$ 0.24
Diluted earnings per share	**$ 0.05**	$ 0.06	**$ 0.16**	$ 0.24
Weighted average number of shares outstanding				
Basic	**584,286,073**	582,944,893	**584,222,082**	582,716,888
Diluted (Note 13)	**584,856,352**	583,761,868	**584,887,589**	583,636,073

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited - in thousands of US dollars)

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Net earnings	**$ 27,934**	$ 37,905	**$ 94,553**	$ 140,320
Other comprehensive income, net of taxes				
Items that may be reclassified subsequently to net earnings:				
Revaluation income (loss) on marketable securities	**957**	-	**(7,284)**	-
Effects of foreign exchange	**38,355**	44,286	**30,004**	12,876
Comprehensive income	**$ 67,246**	$ 82,191	**$ 117,273**	$ 153,196

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited - in thousands of US dollars, except for shares)

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings (deficit)	Total
Balance, December 31, 2012	584,005,006	$ 3,505,398	$ 34,140	$ (77,213)	$ 10,754	$ 3,473,079
Net earnings	-	-	-	-	94,553	94,553
Other comprehensive income	-	-	-	22,720	-	22,720
Total comprehensive income	-	-	-	22,720	94,553	117,273
Exercise of stock options	378,056	2,288	(768)	-	-	1,520
Share issuance	50,000	261	-	-	-	261
Share-based compensation	-	-	5,158	-	-	5,158
Balance, September 30, 2013	**584,433,062**	**$ 3,507,947**	**$ 38,530**	**$ (54,493)**	**$ 105,307**	**$ 3,597,291**
Balance, December 31, 2011	582,475,287	$ 3,497,006	$ 29,450	$ (116,504)	$ (112,426)	$ 3,297,526
Net earnings	-	-	-	-	140,320	140,320
Other comprehensive income	-	-	-	12,876	-	12,876
Total comprehensive income	-	-	-	12,876	140,320	153,196
Exercise of stock options	762,224	3,768	(1,153)	-	-	2,615
Share-based compensation	-	-	5,163	-	-	5,163
Balance, September 30, 2012	583,237,511	$ 3,500,774	$ 33,460	$ (103,628)	$ 27,894	$ 3,458,500

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW
(Unaudited - in thousands of US dollars)

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Cash provided by (used in)				
Operating activities				
Net earnings	**$ 27,934**	$ 37,905	**$ 94,553**	$ $ 140,320
Items not involving cash				
Depreciation, depletion and amortization	**34,811**	27,580	**111,111**	86,098
Share-based compensation	**1,758**	1,730	**4,848**	5,598
Income from investment in associates	**(22,973)**	(25,060)	**(71,633)**	(75,731)
Foreign exchange loss (gain)	**511**	2,104	**1,954**	(2,155)
Deferred tax recovery	**(5)**	(5,599)	**(14,479)**	(12,796)
Recognition of deferred revenue (Note 11)	**(4,157)**	(6,454)	**(13,166)**	(18,731)
Reclamation and closure provisions	**113**	4,233	**1,337**	4,233
Finance income and costs	**3,469**	(1,029)	**8,871**	4,568
Other	**32**	38	**775**	2,599
Reclamation payments	**(1,726)**	(386)	**(5,137)**	(1,208)
Pension payments	**(458)**	(318)	**(1,279)**	(913)
Prepayments received (Note 11)	**-**	1,211	**-**	11,819
Changes in non-cash working capital items (Note 24)	**(11,949)**	(61,663)	**(18,035)**	927
	27,360	(25,708)	**99,720**	144,628
Investing activities				
Investment in mineral properties, plant and equipment	**(53,598)**	(37,303)	**(127,228)**	(130,439)
Acquisition of Eagle Project (Note 3)	**(315,823)**	-	**(318,402)**	-
Acquisition of Freeport Cobalt (Note 8)	**-**	-	**(116,253)**	-
Investment in associates (Note 8)	**-**	(15,000)	**-**	(15,000)
Distributions from associates (Note 8)	**42,900**	-	**116,217**	-
Restricted funds withdrawn (contribution), net	**4,730**	900	**(1,989)**	7,127
Proceeds from sale (acquisition of) marketable securities, net	**-**	-	**1,178**	(2,504)
Other	**67**	145	**162**	73
	(321,724)	(51,258)	**(446,315)**	(140,743)
Financing activities				
Common shares issued	**783**	1,457	**1,520**	2,616
Proceeds from revolving credit facility	**200,000**	-	**285,000**	-
Long-term debt repayments	**(485)**	(569)	**(86,468)**	(21,159)
Other	**(189)**	-	**(312)**	(214)
	200,109	888	**199,740**	(18,757)
Effect of foreign exchange on cash balances	**1,364**	8,459	**8,826**	5,421
Decrease in cash and cash equivalents during the period	**(92,891)**	(67,619)	**(138,029)**	(9,451)
Cash and cash equivalents, beginning of period	**229,966**	323,568	**275,104**	265,400
Cash and cash equivalents, end of period	**$ 137,075**	$ 255,949	**$ 137,075**	$ 255,949

Supplemental cash flow information (Note 24)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

Lundin Mining Corporation (the "Company") is a diversified Canadian base metals mining company. The Company's wholly-owned operating assets include the Neves-Corvo copper/zinc mine located in Portugal, the Zinkgruvan zinc/lead mine located in Sweden, the Aguablanca nickel/copper mine located in Spain. The Company also owns the Eagle high grade nickel/copper project in the United States ("US"), a 24% equity accounted interest in the Tenke Fungurume copper/cobalt mine located in the Democratic Republic of Congo ("DRC") and in the Freeport Cobalt Oy business, which includes a cobalt refinery located in Kokkola, Finland.

The Company's common shares are listed on the Toronto Stock Exchange and its Swedish Depository Receipts are listed on the Nasdaq OMX (Stockholm) Exchange. The Company is incorporated under the Canada Business Corporations Act. The Company is domiciled in Canada and its registered address is 150 King Street West, Toronto, Ontario, Canada.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of presentation and measurement

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of Canadian Institute of Chartered Accountants including IAS 34 *Interim financial reporting*. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2012.

The Company's presentation currency is US dollars. Reference herein of $ is to US dollars. Reference of C$ is to Canadian dollars, reference of SEK is to Swedish Krona and € refers to the Euro.

These condensed interim consolidated financial statements were approved by the board of directors for issue on October 30, 2013.

(ii) Critical accounting estimates and judgments

Areas of judgment that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2012.

(iii) Accounting principles

The accounting policies followed in these condensed interim financial statements are consistent with those disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2012, except as described below.

Changes in Accounting Policies
The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IAS 19 Employee benefits amendments effective January 1, 2013. The changes in this standard resulted in the cessation of the use of the "corridor method" where actuarial gains and losses within a specified threshold were previously unrecognized. In adopting this standard, the Company revised all applicable comparative figures. As at December 31, 2012, a $2.1 million increase to the provision for pension obligations and a reduction to accumulated other comprehensive income were recorded. There were no impacts to the current period. The effects of this standard had an immaterial effect on the opening balance sheet at January 1, 2012.

IFRS 10, *Consolidated Financial Statements*, replaces the guidance on control and consolidation in IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation – Special Purpose Entities*. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries and investees.

IFRS 11, *Joint Arrangements*, supersedes IAS 31, *Interests in Joint Ventures*, and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28, *Investments in Associates and Joint Ventures (amended in 2011)*. The other amendments to IAS 28 did not affect the Company. The Company has classified its joint arrangements and concluded that the adoption of IFRS 11 did not result in any changes in the accounting for its joint arrangements.

IFRS 13, *Fair Value Measurement*, provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

The Company has adopted the amendments to IAS 1, *Presentation of Financial Statements*, effective January 1, 2013. These amendments required the Company to group other comprehensive income items by those that will be reclassified subsequently to profit or loss and those that will not be reclassified. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

IAS 36, *Impairment of Assets,* was amended to limit the scope of required disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014 and will be applied retrospectively. Earlier application is permitted. The Company has early adopted these amendments.

(iv) **New accounting pronouncements**

IFRIC 21, *Accounting for Levies Imposed by Governments,* clarifies that obligating event giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy. This standard is effective for annual periods beginning on or after January 1, 2014 and is not expected to have a significant impact on the Company.

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

3. ACQUISITION OF EAGLE

During the three months ended September 30, 2013, the Company acquired 100% of Eagle Mine LLC, which owns a nickel/copper underground mine and an associated mill that are under development (“Eagle Project” or “Eagle”) located in the Upper Peninsula of Michigan, USA. Total cash consideration paid was $315.3 million, including project expenditures from January 1, 2013 until transaction closing, July 17, 2013 of $65.3 million, subject to customary adjustments. The Company drew down $200 million on its revolving credit facility to fund a portion of the acquisition price of the Eagle Project (Note 12). The remaining amounts were funded using cash on hand.

Based on management's judgment, this project does not meet the definition of a business as key processes and infrastructure were not present nor readily obtainable at the date of acquisition. Accordingly, the Company has accounted for the Eagle Project as an asset acquisition. The identifiable assets were measured at cost and then assigned a carrying amount based on their relative fair values.

The preliminary purchase price is as follows:

Cash consideration	$	315,282
Acquisition costs		3,120
Total purchase price	$	**318,402**

Assets acquired and liabilities assumed:

Mineral properties, plant and equipment	$	342,276
Inventory		30
Trade and other payables		(16,946)
Reclamation and other provisions		(6,958)
	$	**318,402**

The preliminary purchase price allocation will be finalized in the fourth quarter.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

		September 30, 2013		December 31, 2012
Cash	**$**	**137,039**	$	243,069
Short-term deposits		**36**		32,035
	$	**137,075**	$	275,104

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

5. INVENTORIES

Inventories are comprised of the following:

		September 30, 2013		December 31, 2012
Ore stockpiles	**$**	**8,957**	$	10,933
Concentrate stockpiles		**7,733**		18,954
Materials and supplies		**16,799**		18,853
	$	**33,489**	$	48,740

6. MARKETABLE SECURITIES AND OTHER ASSETS

Marketable securities and other assets comprise the following:

		September 30, 2013		December 31, 2012
Marketable securities (a)	**$**	**17,353**	$	34,330
Other assets		**2,865**		4,722
	$	**20,218**	$	39,052

a) Marketable securities

Marketable securities include fair value through profit and loss ("FVTPL") and available for sale ("AFS") investments.

The changes in marketable securities are as follows:

		FVTPL Investments		AFS Investments		Total
As at December 31, 2011	$	15,067	$	-	$	15,067
Additions		4,304		-		4,304
Disposals		(2,571)		-		(2,571)
Revaluation		(2,948)		-		(2,948)
Effects of foreign exchange		321		-		321
As at September 30, 2012		14,173		-		14,173
Additions		-		15,875		15,875
Revaluation		627		3,952		4,579
Effects of foreign exchange		(187)		(110)		(297)
As at December 31, 2012		14,613		19,717		34,330
Additions		-		1,272		1,272
Disposals		(2,449)		-		(2,449)
Revaluation		(4,176)		(9,599)		(13,775)
Effects of foreign exchange		(353)		(1,672)		(2,025)
As at September 30, 2013	**$**	**7,635**	**$**	**9,718**	**$**	**17,353**

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Mineral properties, plant and equipment are comprised of the following:

Cost	Mineral properties	Plant and equipment	Exploration properties	Assets under construction	Total
As at December 31, 2011	$ 1,504,273	$ 617,288	$ 59,746	$ 12,127	$ 2,193,434
Additions	88,561	508	-	39,102	128,171
Disposals and transfers	491	6,358	-	(6,621)	228
Effects of foreign exchange	25,187	8,917	721	1,068	35,893
As at September 30, 2012	1,618,512	633,071	60,467	45,676	2,357,726
Additions	26,998	14,458	-	4,837	46,293
Grants recognized	-	(18,828)	-	-	(18,828)
Impairment	(27,977)	(9,356)		(1,835)	(39,168)
Disposals and transfers	2,312	23,891	-	(28,683)	(2,480)
Effects of foreign exchange	26,586	11,642	123	425	38,776
As at December 31, 2012	1,646,431	654,878	60,590	20,420	2,382,319
Acquisition of Eagle Project	10,369	15,397	-	316,510	342,276
Additions	44,373	10,526	501	91,952	147,352
Disposals and transfers	7,373	13,382	(721)	(25,518)	(5,484)
Effects of foreign exchange	35,399	16,131	1,567	1,171	54,268
As at September 30, 2013	**$ 1,743,945**	**$ 710,314**	$ **61,937**	**$ 404,535**	**$ 2,920,731**

Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Exploration properties	Assets under construction	Total
As at December 31, 2011	$ 723,500	$ 227,808	$ -	$ -	$ 951,308
Depreciation	54,516	31,582	-	-	86,098
Disposals and transfers	286	1,146	-	-	1,432
Effects of foreign exchange	17,121	3,635	-	-	20,756
As at September 30, 2012	795,423	264,171	-	-	1,059,594
Depreciation	24,633	11,648	-	-	36,281
Disposals and transfers	-	(2,485)	-	-	(2,485)
Effects of foreign exchange	11,638	6,478	-	-	18,116
As at December 31, 2012	831,694	279,812	-	-	1,111,506
Depreciation	78,528	32,583	-	-	111,111
Disposals and transfers	-	(4,678)	-	-	(4,678)
Effects of foreign exchange	18,769	8,251	-	-	27,020
As at September 30, 2013	**$ 928,991**	**$ 315,968**	**$ -**	**$ -**	**$ 1,244,959**

Net book value	Mineral properties	Plant and equipment	Exploration properties	Assets under construction	Total
As at December 31, 2012	$ 814,737	$ 375,066	$ 60,590	$ 20,420	$ 1,270,813
As at September 30, 2013	**$ 814,954**	**$ 394,346**	**$ 61,937**	**$ 404,535**	**$ 1,675,772**

During the three months ended September 30, 2013, the Company capitalized $1.2 million of borrowing costs related to the $200 million drawn on the revolving credit facility (Note 12).

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

Depreciation, depletion and amortization is comprised of:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Operating costs	**$ 34,730**	$ 27,475	**$ 110,871**	$ 85,801
General and administrative expenses	**81**	105	**240**	297
Depreciation, depletion and amortization	**$ 34,811**	$ 27,580	**$ 111,111**	$ 86,098

8. INVESTMENT IN ASSOCIATES

	Tenke Fungurume	**Freeport Cobalt**	**Total**
As at December 31,2011	$ 1,886,537	$ -	$ 1,886,537
Advances	15,000	-	15,000
Share of equity income	75,731	-	75,731
As at September 30, 2012	1,977,268	-	1,977,268
Share of equity income	25,785	-	25,785
As at December 31, 2012	2,003,053	-	2,003,053
Acquisition	-	116,253	116,253
Distributions	(110,700)	(5,517)	(116,217)
Share of equity income (loss)	75,344	(3,711)	71,633
As at September 30, 2013	**$ 1,967,697**	**$ 107,025**	**$ 2,074,722**

The Company holds a 30% interest in TF Holdings Limited ("TFH"), which in turn holds an 80% interest in Tenke Fungurume mine. The following is a summary of the financial information of TFH on a 100% basis:

	September 30, 2013	December 31, 2012
Total current assets	**$ 631,310**	$ 626,781
Total non-current assets	**$ 2,914,187**	$ 2,832,808
Total current liabilities	**$ 104,039**	$ 116,068
Total non-current liabilities	**$ 632,569**	$ 888,862

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Total sales	**$ 428,102**	$ 373,801	**$ 1,245,350**	$ 1,012,327
Total earnings	**$ 105,666**	$ 99,489	**$ 306,706**	$ 279,146

9. INCOME TAXES

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

10. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

		September 30, 2013		December 31, 2012
Trade payables	**$**	**96,574**	$	71,572
Unbilled goods and services		**22,069**		12,844
Payroll obligations		**22,822**		24,947
Royalty payable		**5,753**		10,351
	$	**147,218**	$	119,714

11. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2011	$	81,037
Prepayments received		11,819
Recognition of revenue		(18,731)
Effects of foreign exchange		2,607
As at September 30, 2012		76,732
Prepayments received		2,695
Recognition of revenue		(3,289)
Effects of foreign exchange		1,524
As at December 31, 2012		77,662
Recognition of revenue		(13,166)
Effects of foreign exchange		325
		64,821
Less: current portion		7,744
As at September 30, 2013	**$**	**57,077**

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

12. LONG-TERM DEBT AND FINANCE LEASES

Long-term debt and finance leases are comprised of the following:

		September 30, 2013		December 31, 2012
Revolving credit facility	**$**	**198,433**	$	-
Finance lease obligations		**6,136**		6,375
Rio Narcea debt		**3,753**		3,647
		208,322		10,022
Less: current portion		**4,006**		3,037
	$	**204,316**	$	6,985

The changes in long-term debt and finance leases are as follows:

As at December 31, 2011	$	29,346
Payments		(20,781)
Revaluations		43
Effects of foreign exchange		2,348
As at September 30, 2012		10,956
Additions		1,443
Payments		(863)
Revaluations		117
Effects of foreign exchange		(1,631)
As at December 31, 2012		10,022
Additions		286,154
Payments		(86,438)
Revaluations		(1,552)
Effects of foreign exchange		136
As at September 30, 2013	**$**	**208,322**

For the nine months ended September 30, 2013, the Company drew down $285 million on the revolving credit facility. The Company drew down $85 million for the acquisition of Freeport Cobalt in the first quarter of 2013 which was subsequently repaid in the following quarter. In addition, during the three months ended September 30, 2013, the Company drew down $200 million on the revolving credit facility for acquisition of the Eagle Project. The amount drawn on the facility bears interest at a rate of LIBOR+2.5%. As at September 30, 2013, the effective interest rate was 2.8%.

13. DILUTED WEIGHTED AVERAGE NUMBER OF SHARES

The total incremental shares added to the basic weighted average number of common shares outstanding to arrive at the fully diluted number of shares is comprised of 570,279 shares for the three months ended September 30, 2013 (2012 - 816,975 shares) and 665,507 shares for the nine months ended September 30, 2013 (2012 - 919,185 shares). The incremental shares relate to in-the-money outstanding stock options.

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

14. RECLAMATION AND OTHER CLOSURE PROVISIONS

Reclamation and other closure provisions relating to the Company's wholly-owned mining operations are as follows:

	Reclamation provisions	Other closure provisions	Total
Balance, December 31, 2011	$ 96,317	$ 13,310	$ 109,627
Accretion	1,594	-	1,594
Accruals for services	-	4,233	4,233
Changes in estimates	4,025	-	4,025
Payments	(1,208)	-	(1,208)
Effects of foreign exchange	826	204	1,030
Balance, September 30, 2012	101,554	17,747	119,301
Accretion	238	-	238
Accruals for services	-	794	794
Changes in estimates	10,165	-	10,165
Payments	(1,780)	(233)	(2,013)
Effects of foreign exchange	1,917	328	2,245
Balance, December 31, 2012	112,094	18,636	130,730
Acquisition of Eagle Project	6,958	-	6,958
Accretion	1,831	-	1,831
Accruals for services	-	1,337	1,337
Changes in estimates	1,076	-	1,076
Payments	(4,417)	(720)	(5,137)
Effects of foreign exchange	2,292	493	2,785
Balance, September 30, 2013	119,834	19,746	139,580
Less: current portion	3,652	914	4,566
	$ 116,182	$ 18,832	$ 135,014

15. OPERATING COSTS

The Company's operating costs are comprised of the following:

	Three months ended September 30		**Nine months ended September 30**	
	2013	2012	**2013**	2012
Direct mine and mill costs	**$ 104,721**	$ 76,583	**$ 324,696**	$ 244,307
Transportation	**6,075**	4,444	**17,619**	15,026
Royalties	**908**	1,297	**5,471**	8,359
	111,704	82,324	**347,786**	267,692
Depreciation, depletion and amortization (Note 7)	**34,730**	27,475	**110,871**	85,801
Total operating costs	**$ 146,434**	$ 109,799	**$ 458,657**	$ 353,493

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

16. EMPLOYEE BENEFITS

The Company's employee benefits are comprised of the following:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Operating costs				
Wages and benefits	**$ 25,975**	$ 25,102	**$ 82,500**	$ 82,055
Pension benefits	**458**	318	**1,279**	913
Share-based compensation	**700**	600	**1,987**	1,737
	27,133	26,020	**85,766**	84,705
General and administrative expenses				
Wages and benefits	**2,713**	3,224	**6,921**	8,470
Pension benefits	**97**	52	**291**	106
Share-based compensation	**1,012**	1,067	**2,723**	3,673
	3,822	4,343	**9,935**	12,249
General exploration and business development				
Wages and benefits	**1,446**	999	**3,904**	3,341
Pension benefits	**13**	10	**38**	31
Share-based compensation	**46**	63	**138**	188
	1,505	1,072	**4,080**	3,560
Total employee benefits	**$ 32,460**	$ 31,435	**$ 99,781**	$ 100,514

17. GENERAL EXPLORATION AND BUSINESS DEVELOPMENT

The Company's general exploration and business development are comprised of the following:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
General exploration	**$ 8,947**	$ 13,336	**$ 26,287**	$ 40,238
Corporate development	**8**	2,493	**581**	7,013
Project development	**2,079**	4,944	**7,387**	4,944
	$ 11,034	$ 20,773	**$ 34,255**	$ 52,195

Project development expenses include pre-feasibility costs, expenditures to develop an exploration ramp at the Neves-Corvo mine and indirect costs for the Eagle Project.

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

18. FINANCE INCOME AND COSTS

The Company's finance income and costs are comprised of the following:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Interest income	**$ 217**	$ 466	**$ 1,140**	$ 1,422
Interest expense and bank fees	**(663)**	(845)	**(2,678)**	(6,440)
Accretion expense on reclamation provisions	**(543)**	(522)	**(1,831)**	(1,594)
Unrealized (loss) gain on revaluation of marketable securities	**(2,337)**	1,753	**(6,492)**	(2,948)
Other	**(362)**	(18)	**39**	699
Total finance (costs) income, net	**$ (3,688)**	$ 834	**$ (9,822)**	$ (8,861)

Finance income	**$ 217**	$ 2,219	**$ 1,179**	$ 2,121
Finance costs	**(3,905)**	(1,385)	**(11,001)**	(10,982)
Total finance (costs) income, net	**$ (3,688)**	$ 834	**$ (9,822)**	$ (8,861)

19. OTHER INCOME AND EXPENSES

The Company's other income and expenses are comprised of the following:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Foreign exchange loss	**$ (750)**	$ (7,471)	**$ (7,827)**	$ (1,590)
Other income	**518**	609	**16,448**	1,755
Other expenses	**(55)**	(443)	**(2,866)**	(1,559)
Total other (expenses) income, net	**$ (287)**	$ (7,305)	**$ 5,755**	$ (1,394)

Other income	**$ 518**	$ 609	**$ 16,448**	$ 1,755
Other expenses	**(805)**	(7,914)	**(10,693)**	(3,149)
Total other (expenses) income, net	**$ (287)**	$ (7,305)	**$ 5,755**	$ (1,394)

During the nine months ended September 30, 2013, the Company has recorded an additional $15.1 million in other income related to insurance proceeds for business interruption at the Aguablanca mine from the ramp failure which occurred in late-2010. In December 2012, $7.9 million was received and recognized by the Company.

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

20. COMMITMENTS

The Company has the following capital commitments as at September 30, 2013:

2013	$ 106,556
2014	74,780
Total	**$ 181,336**

Included in the above are capital commitments of the Eagle Project of $149.8 million (2013 - $78.9 million, 2014 - $70.9 million).

In addition, Eagle has entered into a railcar lease agreement to transport concentrate. The agreement expires in 2022 and the estimated annual cost is $1.1 million per year.

21. SEGMENTED INFORMATION

The Company is engaged in mining, exploration and development of mineral properties, primarily in Portugal, Spain, Sweden, USA and the DRC. The segments presented reflect the way in which the Company's management reviews its business performance. Operating segments are reported in a manner consistent with the internal reporting provided to executive management who act as the chief operating decision-maker. Executive management is responsible for allocating resources and assessing performance of the operating segments.

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

For the three months ended September 30, 2013

	Neves-Corvo Portugal	Zinkgruvan Sweden	Aguablanca Spain	Galmoy Ireland	Eagle USA	Tenke Fungurume DRC	Other	Total
Sales	$ 96,076	$ 49,288	$ 25,278	$ 5,773	$ -	$ -	$ -	$ 176,415
Operating costs	(66,862)	(23,654)	(18,881)	(1,553)	-	-	(754)	(111,704)
General and administrative expenses	-	-	-	-	-	-	(5,808)	(5,808)
Operating earnings (loss) *	29,214	25,634	6,397	4,220	-	-	(6,562)	58,903
Depreciation, depletion and amortization	(24,053)	(6,376)	(3,839)	-	(445)	-	(98)	(34,811)
General exploration and business development	(4,312)	(1,404)	-	-	(2,736)	-	(2,582)	(11,034)
Income (loss) from equity investment in associates	-	-	-	-	-	24,185	(1,212)	22,973
Finance income and costs	(817)	(116)	(27)	13	-	-	(2,741)	(3,688)
Other income and expenses	(3,875)	34	60	194	2	-	3,298	(287)
Income tax recovery (expense)	2,171	(3,784)	(2,261)	(66)	958	-	(1,140)	(4,122)
Net (loss) earnings	$ (1,672)	$ 13,988	$ 330	$ 4,361	$ (2,221)	$ 24,185	$ (11,037)	$ 27,934
Capital expenditures	$ 24,059	$ 4,913	$ 1,554	$ -	$ 22,235	$ -	$ 837	$ 53,598

For the nine months ended September 30, 2013

	Neves-Corvo Portugal	Zinkgruvan Sweden	Aguablanca Spain	Galmoy Ireland	Eagle USA	Tenke Fungurume DRC	Other	Total
Sales	$ 308,490	$ 129,961	$ 87,865	$ 14,545	$ -	$ -	$ -	$ 540,861
Operating costs	(196,080)	(76,293)	(67,835)	(5,453)	-	-	(2,125)	(347,786)
General and administrative expenses	-	-	-	-	-	-	(16,948)	(16,948)
Operating earnings (loss) *	112,410	53,668	20,030	9,092	-	-	(19,073)	176,127
Depreciation, depletion and amortization	(74,618)	(19,783)	(15,971)	-	(445)	-	(294)	(111,111)
General exploration and business development	(16,416)	(6,431)	-	-	(2,736)	-	(8,672)	(34,255)
Income (loss) from equity investment in associates	-	-	-	-	-	75,344	(3,711)	71,633
Finance income and costs	(961)	(277)	(137)	41	-	-	(8,488)	(9,822)
Other income and expenses	(3,202)	1,456	14,365	(1,604)	2	-	(5,262)	5,755
Income tax (expense) recovery	(2,326)	(5,811)	2,154	(76)	958	-	1,327	(3,774)
Net earnings (loss)	$ 14,887	$ 22,822	$ 20,441	$ 7,453	$ (2,221)	$ 75,344	$ (44,173)	$ 94,553
Capital expenditures	$ 73,463	$ 19,700	$ 10,709	$ -	$ 22,235	$ -	$ 1,121	$ 127,228

* Operating earnings (loss) is a non-GAAP measure

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

For the three months ended September 30, 2012

	Neves-Corvo Portugal	Zinkgruvan Sweden	Aguablanca Spain	Galmoy Ireland	Tenke Fungurume DRC	Other	Total
Sales	$ 92,640	$ 48,699	$ 10,585	$ 7,663	$ -	$ -	$ 159,587
Operating costs	(47,038)	(19,993)	(13,573)	(1,056)	-	(664)	(82,324)
General and administrative expenses	-	-	-	-	-	(6,124)	(6,124)
Operating earnings (loss) *	45,602	28,706	(2,988)	6,607	-	(6,788)	71,139
Depreciation, depletion and amortization	(18,889)	(6,644)	(1,920)	(11)	-	(116)	(27,580)
General exploration and business development	(15,393)	(705)	-	-	-	(4,675)	(20,773)
Income from equity investment in associates	-	-	-	-	25,060	-	25,060
Finance income and costs	623	(165)	(324)	25	-	675	834
Other income and expenses	(2,661)	(3,668)	164	(738)	-	(402)	(7,305)
Income tax (expense) recovery	(1,392)	(4,389)	3,530	(90)	-	(1,129)	(3,470)
Net earnings (loss)	$ 7,890	$ 13,135	$ (1,538)	$ 5,793	$ 25,060	$ (12,435)	$ 37,905
Capital expenditures	$ 23,335	$ 7,216	$ 6,703	$ -	$ 15,000	$ 49	$ 52,303

For the nine months ended September 30, 2012

	Neves-Corvo Portugal	Zinkgruvan Sweden	Aguablanca Spain	Galmoy Ireland	Tenke Fungurume DRC	Other	Total
Sales	$ 357,825	$ 156,675	$ 10,585	$ 19,562	$ -	$ -	$ 544,647
Operating costs	(172,966)	(68,096)	(18,301)	(6,454)	-	(1,875)	(267,692)
General and administrative expenses	-	-	-	-	-	(20,066)	(20,066)
Operating earnings (loss) *	184,859	88,579	(7,716)	13,108	-	(21,941)	256,889
Depreciation, depletion and amortization	(61,992)	(21,428)	(2,303)	(45)	-	(330)	(86,098)
General exploration and business development	(32,507)	(2,216)	-	-	-	(17,472)	(52,195)
Income from equity investment in associates	-	-	-	-	75,731	-	75,731
Finance income and costs	588	(2,355)	(1,796)	157	-	(5,455)	(8,861)
Other income and expenses	3,043	(2,463)	637	(704)	-	(1,907)	(1,394)
Income tax (expense) recovery	(27,435)	(15,134)	(1,748)	(328)	-	893	(43,752)
Net earnings (loss)	$ 66,556	$ 44,983	$ (12,926)	$ 12,188	$ 75,731	$ (46,212)	$ 140,320
Capital expenditures	$ 71,277	$ 21,078	$ 37,685	$ 24	$ 15,000	$ 375	$ 145,439

* Operating earnings (loss) is a non-GAAP measure

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

The Company's analysis of segment sales by product is as follows:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Copper	**$ 89,804**	$ 94,857	**$ 293,415**	$ 352,402
Zinc	**40,717**	37,189	**116,096**	123,100
Lead	**21,161**	15,736	**47,541**	49,816
Nickel	**16,676**	7,436	**59,312**	7,436
Other	**8,057**	4,369	**24,497**	11,893
	$ 176,415	$ 159,587	**$ 540,861**	$ 544,647

The Company's geographical analysis of segment sales based on the destination of product is as follows:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Europe	**$ 150,033**	$ 143,540	**$ 431,250**	$ 525,878
South America	**629**	5,462	**20,105**	8,184
Asia	**25,753**	10,585	**89,506**	10,585
	$ 176,415	$ 159,587	**$ 540,861**	$ 544,647

22. RELATED PARTY TRANSACTIONS

a) **Transactions with associates** - The Company enters into transactions related to its investment in associates. These transactions are entered into in the normal course of business and on an arm's length basis (Note 8).

b) **Key management personnel** - The Company has identified its directors and certain senior officers as its key management personnel. The employee benefits for key management personnel are as follows:

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Wages and salaries	**$ 1,455**	$ 1,494	**$ 4,463**	$ 4,649
Pension benefits	**33**	32	**101**	72
Share-based compensation	**566**	588	**1,106**	2,086
	$ 2,054	$ 2,114	**$ 5,670**	$ 6,807

c) **Other related parties** - During the nine months ended September 30, 2013, the Company paid $0.2 million (2012 - $0.2 million) for services provided by a company owned by the Chairman of the Company. The Company also paid $0.5 million for the nine months ended September 30, 2013 (2012 - $0.5 million) to a charitable foundation directed by members of the Company's key management personnel to carry out social programs on behalf of the Company.

(Unaudited - Tabular amounts in thousands of US dollars, except for shares and per share amounts)

23. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. The following table shows the carrying values, fair values and fair value hierarchy of the Company's financial instruments as at September 30, 2013 and December 31, 2012:

		September 30, 2013		December 31, 2012	
	Level	Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Trade receivables	2	$ 70,710	$ 70,710	$ 76,237	$ 76,237
Marketable securities - shares	1	7,601	7,601	14,463	14,463
Marketable securities - warrants	2	34	34	150	150
Restricted funds - shares	1	17,636	17,636	16,779	16,779
		$ 95,981	$ 95,981	$ 107,629	$ 107,629
Available for sale					
Marketable securities - shares	1	$ 9,558	$ 9,558	$ 18,506	$ 18,506
Marketable securities - warrants	2	160	160	1,211	1,211
		$ 9,718	$ 9,718	$ 19,717	$ 19,717
Financial liabilities					
Amortized cost					
Long-term debt and finance leases	2	$ 208,322	$ 208,322	$ 10,022	$ 10,022
Other long-term liabilities	2	3,510	3,510	3,625	3,625
		$ 211,832	$ 211,832	$ 13,647	$ 13,647

Fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

Level 1 – Quoted market price in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities are not based on observable market data.

The Company calculates fair values based on the following methods of valuation and assumptions:

Trade receivables – The fair value of the embedded derivatives on provisional sales are valued using quoted market prices based on the forward London Metals Exchange price. The Company recognized positive pricing adjustments of $4.7 million in sales during the three months ended September 30, 2013 (2012 - $9.1 million positive price adjustment) and a negative pricing adjustments of $17.3 million in sales during the nine months ended September 30, 2013 (2012 - $10.3 million positive price adjustment).

Marketable securities/restricted funds – The fair value of investments in shares is determined based on quoted market price and the fair value of warrants is determined using a valuation model that incorporates such factors as the quoted market price, strike price, the volatility of the related shares of which the warrants can be exchanged for and the expiry date of the warrants.

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Long-term debt and other long-term liabilities – The fair value of the Company's long-term debt approximates its carrying value as the interest rates are comparable to current market rates.

The carrying values of certain financial instruments maturing in the short-term approximate their fair values. These financial instruments include cash and cash equivalents, trade and other receivables, other assets, restricted funds, which are classified as loans and receivables, and trade and other payables which are classified as amortized cost.

24. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended September 30		Nine months ended September 30	
	2013	2012	**2013**	2012
Changes in non-cash working capital items consist of:				
Trade receivable, inventories and other current assets	**$ 7,315**	$ (46,960)	**$ (2,097)**	$ (18,517)
Trade payable and other current liabilities	**(19,264)**	(14,703)	**(15,938)**	19,444
	$ (11,949)	$ (61,663)	**$ (18,035)**	$ 927
Operating activities included the following cash payments:				
Interest received	**$ 217**	$ 495	**$ 1,140**	$ 1,422
Interest paid	**$ 555**	$ 540	**$ 1,731**	$ 2,158
Income taxes paid	**$ 16,209**	$ 26,364	**$ 27,666**	$ 33,708

25. SUBSEQUENT EVENT

On October 7, 2013, the Company completed amendments to its credit agreement which provide for a new term loan of $250 million and an extension on the maturity of the existing $350 million revolving credit facility to October 2017. The terms provide for LIBOR based interest rates on drawn funds from LIBOR + 2.75% to LIBOR + 3.75% depending on the Company's leverage ratio. Repayments required under the term loan commence in March 2016 and complete on the fourth anniversary of the agreement date. This arrangement is expected to provide funding required to complete the construction of the Eagle Project.