lundin mining

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NEWS RELEASE
LUNDIN MINING SECOND QUARTER RESULTS

Toronto, July 29, 2015 (TSX: LUN; OMX: LUMI) Lundin Mining Corporation ("Lundin Mining" or the "Company") today reported net earnings of $53.7 million or net earnings attributable to Lundin shareholders (after deducting non-controlling interests) of $46.4 million ($0.06 per share) for the quarter ended June 30, 2015. Cash flows of $262.7 million were generated from operations in the quarter, not including the Company's attributable cash flows from Tenke Fungurume.

Earnings for the three month period included a full quarter of operating and financial results from Candelaria, which was acquired in the fourth quarter of 2014 and Eagle, which was commissioned in the same period. Candelaria and Eagle generated operating earnings of $141.3 million and $40.3 million, respectively, in the current quarter.

Paul Conibear, President and CEO commented, *"With another strong operating quarter, the Company remains very well positioned to continue to deliver record levels of cash flow at good margins despite the current commodity price environment. Our strong year-to-date performance coupled with weaker local currencies, has once again enabled us to improve our annual cash cost guidance across several of our operations."*

"We are also extremely pleased that several key milestones have recently been achieved at Candelaria, including the approval of the Environmental Impact Assessment ("EIA"), and the completion of an optimized mine plan. Through these important advancements, Lundin Mining is expected to continue to generate excellent shareholder value well into the future," added Mr. Conibear.

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

	Three months ended June 30,		**Six months ended June 30,**	
US$ Millions (except per share amounts)	**2015**	2014	**2015**	2014
Sales	**501.3**	191.8	**1,032.8**	341.7
Operating earnings[1]	**243.0**	74.2	**517.0**	117.3
Net earnings	**53.7**	39.7	**137.0**	53.1
Net earnings attributable to Lundin shareholders	**46.4**	39.7	**118.1**	53.1
Basic and diluted earnings per share	**0.06**	0.07	**0.16**	0.09
Cash flow from operations	**262.7**	33.8	**486.6**	61.3
Ending net debt position[2]	**497.2**	174.4	**497.2**	174.4

[1] Operating earnings is a non-GAAP measure defined as sales, less operating costs (excluding depreciation) and general and administrative costs.
[2] Net debt is a non-GAAP measure defined as cash and cash equivalents, less long-term debt and finance leases, before deferred financing fees.

Neves-Corvo Zinc Expansion

The Feasibility Study examining an expansion of the zinc operations at Neves-Corvo achieved substantial completion by quarter end. The scope of the study includes underground development of the lower Lombador zinc deposits, a major underground conveying system to take ore to the existing shaft, expansion of shaft capacity to 5.6 million tonnes per year, zinc plant expansion to 2.5 million tonnes per year ore throughput, and construction of expanded water treatment, paste backfill and tailings storage infrastructure. Maximum zinc production is nominally 165 ktpa with 25 ktpa of lead by-product. The estimated capital cost, including the first full year of underground development costs, is approximately €245 million. The project schedule is estimated to be approximately 24 months from approval to proceed through to commissioning of the expanded facilities.

An investment decision on zinc expansion has been deferred pending additional work to improve the existing zinc plant metallurgical recoveries and plant stability, and pending improved metal markets.

Lundin Mining Senior Organizational Changes

The Company is pleased to announce that Peter M. Quinn, currently the President of Candelaria and Ojos del Salado will assume the position of Chief Operating Officer of Lundin Mining effective August 1, 2015.

Mr. Quinn has over 25 years of experience in the mining industry, overseeing all aspects of mining, leaching and concentrating processes in both open pit and underground operations. He commenced his career at Western Mining Corporation's Olympic Dam Operations in 1988 (now BHP Billiton) and subsequently gained experience in Newcrest Mining, Phelps Dodge, and Freeport -McMoRan before joining Lundin Mining in November 2014. Mr. Quinn has had major green-field project startup experiences with the Mt. Keith Nickel Project in Western Australia and the Cadia Hill Gold Mine Project in New South Wales, Australia and has extensive experience with operating large scale open pit mining operations such as the Morenci Mine Operations, Arizona USA and the Candelaria operations. Throughout his career Mr. Quinn has been a leader in safety and production efficiency, through organizational team building and people development and was recognized by CORESEMIN, Third Region de Atacama Premier Award for Safety Leadership in 2012. Mr. Quinn received his Bachelor of Engineering in mining engineering from the South Australian Institute of Technology.

Following the successful completion of construction and ramp up of operations at the Eagle mine, General Manager Mike Welch will be transferring from the Eagle Mine to take up the role of General Manager at Neves-Corvo in August.

Quarter Highlights

Operational Performance

For the second quarter of 2015, all of the Company's operations continued to perform well, with most operations meeting or exceeding expectations. Production results continue to be strong, cash costs remain competitive, and favourable profit margins were maintained at all operations.

Candelaria (80%): The Candelaria operations produced, on a 100% basis, 46,651 tonnes of copper, and approximately 464,000 ounces of silver and 26,900 ounces of gold in concentrate, with copper and gold production better than expectations as a result of higher throughputs and good metallurgical recoveries. Copper cash costs[1] of $1.21/lb for the quarter benefitted from lower mine and mill costs, favourable foreign exchange rates, and higher production.

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

Eagle (100%): Eagle's operational results were generally in-line with expectations, with nickel production (6,349 tonnes) meeting expectations, and copper production (5,403 tonnes) exceeding expectations for the quarter with higher than expected head grades and recoveries. Nickel cash costs of $2.15/lb for the quarter were higher than full year guidance of $2.00/lb as a result of lower than expected copper by-product credit pricing and higher treatment charges.

Neves-Corvo (100%): Neves-Corvo produced 15,348 tonnes of copper and 16,022 tonnes of zinc in the second quarter. Copper production exceeded the prior year comparable period by 14% due to higher head grades and the continued rollout of bulk mining methods in more areas. Zinc production fell short of the prior year comparable period, resulting from a reduction in mill throughput and below target metal recovery in the zinc plant. Copper cash costs of $1.43/lb for the quarter were lower than guidance ($1.60/lb) due primarily to favourable foreign exchange rates.

Zinkgruvan (100%): Zinc production was strong in the second quarter of 2015, with the mine once again hoisting a record volume of ore. Zinc production of 21,237 tonnes was 10% higher than the comparable period in 2014 due to higher head grades and recoveries. Lead production exceeded expectations in the current quarter, but fell short of the prior year comparable period as mining took place in areas with lower lead grades. Cash costs for zinc of $0.43/lb for the quarter were higher than guidance ($0.35/lb) due to lower by-product credit pricing.

Aguablanca (100%): Aguablanca had another strong quarter of operational performance as mining transitioned from open pit to underground. Current quarter production of 2,245 tonnes of nickel and 1,975 tonnes of copper exceeded both expectations and the prior year comparable period. Cash costs of $1.72/lb of nickel for the quarter were significantly below expectations and the prior year comparable period as mining of the open pit was extended early into the second quarter.

Tenke (24%): Tenke operations continue to perform well. Lundin's attributable share of second quarter production included 12,544 tonnes of copper cathode and 996 tonnes of cobalt in hydroxide. The Company's attributable share of sales included 11,376 tonnes of copper at an average realized price of $2.63/lb and 893 tonnes of cobalt at an average realized price of $9.27/lb. Tenke operating cash costs for the second quarter of 2015 were $1.07/lb of copper sold, lower than the latest guidance, primarily reflecting higher cobalt credits, partly offset by lower copper sales volumes. Cash distributions received by Lundin Mining in the quarter were $5.9 million, in-line with expectations. An additional $0.8 million was received from the Freeport Cobalt operations. Year-to-date cash distributions to the Company from Tenke and Freeport Cobalt totalled $17.0 million.

Total production, including attributable share of Candelaria (80%) and Tenke (24%):

		2015		2014				
(tonnes)	**YTD**	**Q2**	Q1	Total	Q4	Q3	Q2	Q1
Copper	**150,311**	**73,565**	76,746	137,636	55,374	26,360	28,631	27,271
Nickel	**18,646**	**8,594**	10,052	12,931	6,574	2,165	2,212	1,980
Zinc	**73,016**	**37,259**	35,757	145,091	36,464	37,958	37,202	33,467
Lead	**17,178**	**8,459**	8,719	35,555	7,970	7,397	10,250	9,938

Financial Performance

- Operating earnings for the quarter ended June 30, 2015 were $243.0 million, an increase of $168.8 million in comparison to the second quarter of the prior year ($74.2 million). The increase was primarily due to the inclusion of Candelaria's ($141.3 million) and Eagle's ($40.3 million) operating results. Operating earnings were also positively impacted by favourable foreign exchange rates ($21.6 million), partially offset by lower realized metal prices and price adjustments ($40.3 million) from our European operations.

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On a year-to-date basis, operating earnings were $517.0 million, an increase of $399.7 million in comparison to the first six months of 2014 ($117.3 million). The increase was primarily due to the inclusion of Candelaria's ($305.0 million) and Eagle's ($96.4 million) operating results.

- Sales for the quarter ended June 30, 2015 were $501.3 million, an increase of $309.5 million in comparison to the second quarter of the prior year ($191.8 million). The increase was mainly due to incremental sales from Candelaria and Eagle of $256.5 million and $85.0 million, respectively, and higher sales volumes ($12.9 million) from the Company's European operations, partially offset by lower realized metal prices and price adjustments ($40.3 million) from the Company's European operations.

  On a year-to-date basis, sales were $1,032.8 million, an increase of $691.1 million in comparison to the first six months of 2014 ($341.7 million). The increase was mainly due to incremental sales from Candelaria and Eagle of $548.7 million and $173.4 million, respectively, and higher European sales volumes ($52.5 million), partially offset by lower realized metal prices and price adjustments ($74.9 million) from the Company's European operations.

- Average metal prices for copper, nickel and lead for the quarter ended June 30, 2015 were lower (11%, 30%, and 7%, respectively) in comparison to the second quarter of the prior year, while zinc prices increased from the prior year comparable period (6%).

  On a year-to-date basis, average metal prices for copper, nickel and lead were lower (14%, 17%, and 11%, respectively) in comparison to the first six months of 2014, while zinc prices increased from the prior year comparable period (4%).

- Operating costs (excluding depreciation) for the quarter ended June 30, 2015 were $251.6 million, an increase of $140.6 million in comparison to the second quarter of the prior year ($111.0 million). The increase was largely due to the incremental costs from Candelaria and Eagle of $115.2 million and $44.7 million, respectively, partially offset by favourable foreign exchange rates in the Euro and Swedish krona ($21.6 million).

  On a year-to-date basis, operating costs (excluding depreciation) were $502.2 million, an increase of $291.0 million in comparison to the first six months of 2014 ($211.2 million). The increase was largely due to the incremental costs from Candelaria and Eagle of $243.7 million and $77.0 million, respectively, partially offset by favourable foreign exchange rates in the Euro and Swedish krona ($41.4 million).

- Depreciation, depletion and amortization expense increased for the three and six months ended June 30, 2015 when measured against the comparable period in 2014. The increase was attributable to the acquisition of Candelaria (Q2 2015 - $80.7 million; YTD - $165.8 million) and the start of commercial production at Eagle (Q2 2015 - $34.2 million; YTD - $70.7 million).

- Net earnings for the quarter ended June 30, 2015 were $53.7 million, an increase of $14.0 million in comparison to the second quarter of the prior year ($39.7 million). Net earnings were impacted by:

  - addition of Candelaria ($44.0 million) and the second full quarter of operations at Eagle ($6.9 million); offset by
  - interest expense associated with the senior secured notes ($19.4 million); and
  - lower income from investment in Tenke ($14.4 million).

On a year-to-date basis, net earnings were $137.0 million, an increase of $83.9 million in comparison to the first six months of 2014 ($53.1 million). Net earnings were impacted by:

- addition of Candelaria ($108.1 million) and Eagle's first two full quarters of operations ($22.4 million); and
- a foreign exchange gain of $10.8 million; partially offset by
- lower income from investment in Tenke ($23.5 million); and
- interest expense associated with the senior secured notes ($38.6 million).

- Cash flow from operations for the quarter ended June 30, 2015 was $262.7 million, an increase of $228.9 million in comparison to the second quarter of the prior year ($33.8 million). The increase was primarily due to the operating earnings from Candelaria ($141.3 million) and Eagle ($40.3 million), and changes in non-cash working capital and long-term inventory ($86.3 million), partially offset by lower realized metal prices and price adjustments ($40.3 million) from our European operations.

  On a year-to-date basis, cash flow from operations was $486.6 million, an increase of $425.3 million in comparison to the first six months of 2014 ($61.3 million). The increase was attributable to the operating earnings from Candelaria ($305.0 million) and Eagle ($96.4 million), and changes in non-cash working capital and long-term inventory ($87.5 million), partially offset by higher income taxes paid ($38.1 million).

Corporate Highlights

- On June 2, 2015, the Company announced that exploration drilling near the Eagle Mine had intersected a new zone of high-grade massive and semi-massive nickel-copper sulphide mineralization. The discovery is located approximately two kilometres east of the Eagle deposit, and is a result of the step-out drilling program described in the Company's press release dated July 16, 2014. Refer to the news release entitled "Lundin Mining Discovers New High-Grade Nickel-Copper-PGM Mineralization Near Eagle Mine" on the Company's website (www.lundinmining.com).
- On July 23, 2015, the Company announced that it had received approval of its EIA for the extension of operations and mine life at its Candelaria Mine in Chile. Refer to the new release entitled “Lundin Mining Receives Approval of Environmental Impact Assessment for the Candelaria Mine” on the Company’s website.

Financial Position and Financing

- Net debt position at June 30, 2015 was $497.2 million compared to $829.2 million at December 31, 2014 and $649.2 million at March 31, 2015.
- The $152.0 million decrease in net debt during the quarter was largely attributable to operating cash flows of $262.7 million, partially offset by investments in mineral properties, plant and equipment of $78.8 million and interest payments of $38.8 million.

  For the six months ended June 30, 2015, net debt decreased by $332.0 million due primarily to operating cash flows of $486.6 million, partially offset by investments in mineral properties, plant and equipment of $142.7 million.
- The Company has a revolving credit facility available for borrowing up to $350 million. As at June 30, 2015, the Company had no amount drawn on the credit facility. A letter of credit in the amount of $19.7 million (SEK 162 million) is outstanding.
- Net debt at July 29, 2015 is approximately $525 million.

Outlook

2015 Production and Cost Guidance

- Production and cash cost guidance for 2015 have been adjusted to account for mine site performance and foreign exchange rates to-date, and second half expectations.
- Guidance on Tenke's copper production and cash costs have been updated to reflect the most recent guidance provided by Freeport.
- Cash cost and production guidance for the Aguablanca Mine is currently under review. While both nickel and copper production year-to-date have been above expectations, a permitting complexity has arisen that could affect production levels and cost projections towards the end of the year. The Spanish mining authority had previously granted approvals to convert from open pit to underground mining, however another government agency has recently requested a new EIA on the change in mining method. The Company is cooperating fully with this request and will have a third party authored underground mining EIA submitted shortly. The Company may undertake a full or partial shutdown of the underground operations pending the EIA approval. Stockpiles are sufficient to continue processing at full tonnages until early in the fourth quarter. Updated guidance will be provided in the next quarterly outlook.

2015 Guidance (contained tonnes)		**Guidance[a]** **Tonnes**	**C1 Cost**	**Revised Guidance** **Tonnes**	**C1 Cost[b]**
Copper	Candelaria (80%)	*130,000 – 135,000*	*$1.55/lb*	***135,000 – 140,000***	***$1.35/lb***
	Eagle	*20,000 – 23,000*		*20,000 – 23,000*	
	Neves-Corvo	*50,000 – 55,000*	*$1.60/lb*	*50,000 – 55,000*	***$1.55/lb***
	Zinkgruvan	*2,000 – 3,000*		*2,000 – 3,000*	
	Aguablanca	*5,500 – 6,000*		*5,500 – 6,000*	
	Tenke (24%)[c]	*49,500*	*$1.26/lb*	***50,000***	***$1.12/lb***
	Total attributable	*257,000 – 271,500*		***262,500 – 277,000***	
Nickel	Eagle	*25,000 – 28,000*	*$2.00/lb*	*25,000 – 28,000*	*$2.00/lb*
	Aguablanca	*7,000 – 7,500*	*$3.75/lb*	*7,000 – 7,500*	*$3.75/lb*
	Total	*32,000 – 35,500*		*32,000 – 35,500*	
Zinc	Neves-Corvo	*68,000 – 73,000*		***60,000 – 65,000***	
	Zinkgruvan	*78,000 – 82,000*	*$0.35/lb*	***80,000 – 85,000***	***$0.40/lb***
	Total	*146,000 – 155,000*		***140,000 – 150,000***	
Lead	Neves-Corvo	*4,000 – 5,000*		*4,000 – 5,000*	
	Zinkgruvan	*27,000 – 30,000*		***30,000 – 33,000***	
	Total	*31,000 – 35,000*		***34,000 – 38,000***	

a. Guidance as outlined in our Management's Discussion and Analysis for the quarter ended March 31, 2015.
b. Cash costs remain dependent upon exchange rates (forecast at €/USD:1.15, USD/SEK:8.25, USD/CLP:625) and metal prices (forecast at Cu: $2.70/lb, Zn: $0.95/lb, Pb: $0.80/lb, Ni: $6.25/lb, Co: $13.00/lb). Prior guidance forecast €/USD at 1.10.
c. Freeport has provided 2015 sales and cash costs guidance. Tenke's 2015 production is assumed to approximate sales guidance.

2015 Capital Expenditure and Exploration Guidance

Capital expenditures for 2015 are expected to be $350 million (excluding Tenke). The Company expects to spend $40 million less on sustaining capital expenditures at Candelaria and $10 million less on sustaining capital expenditures at Neves-Corvo. In total, this represents a reduction of $50 million from the previous guidance.

The Company estimates its share of expansion related initiatives and sustaining capital funding for 2015 at Tenke to be $80 million, $10 million less than previously guided. All of the capital expenditures are expected to be self-funded by cash flow from Tenke operations.

The Company expects to receive cash distributions from Tenke in 2015 of approximately $20 - $30 million, slightly increased from previous guidance of $20 million.

The total exploration expense is expected to be $60 million, unchanged from previous guidance.

About Lundin Mining

Lundin Mining Corporation (“Lundin”, “Lundin Mining” or the “Company”) is a diversified Canadian base metals mining company with operations in Chile, the USA, Portugal, Sweden, and Spain, producing copper, nickel, zinc and lead. In addition, Lundin Mining holds a 24% equity stake in the world-class Tenke Fungurume (“Tenke”) copper/cobalt mine in the Democratic Republic of Congo (“DRC”) and in the Freeport Cobalt Oy business ("Freeport Cobalt"), which includes a cobalt refinery located in Kokkola, Finland.

On Behalf of the Board,

Paul Conibear
President and CEO

The information in this release is subject to the disclosure requirements of Lundin Mining under the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. This information was publicly communicated on July 29, 2015 at 6:15 p.m. Eastern Time.

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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 applicable Canadian securities legislation. This report includes, but is not limited to, forward looking statements with respect to the Company’s estimated annual metal production, cash costs, exploration expenditures, capital expenditures and dividends, 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 estimated operating and cash costs, foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; including 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, and commodity price fluctuations; the inability to successfully integrate the Candelaria operations or realize its anticipated benefits; 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. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of copper, nickel, lead and zinc; 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 six months ended June 30, 2015

This management's discussion and analysis ("MD&A") has been prepared as of July 29, 2015 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2015. 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, CLP is to Chilean pesos, SEK is to Swedish krona and € refers to the Euro.

About Lundin Mining

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

Total production, including attributable share of Candelaria (80%) and Tenke (24%):

		2015		2014				
(tonnes)	**YTD**	**Q2**	Q1	Total	Q4	Q3	Q2	Q1
Copper	**150,311**	**73,565**	76,746	137,636	55,374	26,360	28,631	27,271
Nickel	**18,646**	**8,594**	10,052	12,931	6,574	2,165	2,212	1,980
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Financial Performance

- Operating earnings[1] for the quarter ended June 30, 2015 were $243.0 million, an increase of $168.8 million in comparison to the second quarter of the prior year ($74.2 million). The increase was primarily due to the inclusion of Candelaria's ($141.3 million) and Eagle's ($40.3 million) operating results. Operating earnings were also positively impacted by favourable foreign exchange rates ($21.6 million), partially offset by lower realized metal prices and price adjustments ($40.3 million) from our European operations.

  On a year-to-date basis, operating earnings were $517.0 million, an increase of $399.7 million in comparison to the first six months of 2014 ($117.3 million). The increase was primarily due to the inclusion of Candelaria's ($305.0 million) and Eagle's ($96.4 million) operating results.

- Sales for the quarter ended June 30, 2015 were $501.3 million, an increase of $309.5 million in comparison to the second quarter of the prior year ($191.8 million). The increase was mainly due to incremental sales from Candelaria and Eagle of $256.5 million and $85.0 million, respectively, and higher sales volumes ($12.9 million) from the Company's European operations, partially offset by lower realized metal prices and price adjustments ($40.3 million) from the Company's European operations.

  On a year-to-date basis, sales were $1,032.8 million, an increase of $691.1 million in comparison to the first six months of 2014 ($341.7 million). The increase was mainly due to incremental sales from Candelaria and Eagle of $548.7 million and $173.4 million, respectively, and higher European sales volumes ($52.5 million), partially offset by lower realized metal prices and price adjustments ($74.9 million) from the Company's European operations.

- Average metal prices for copper, nickel and lead for the quarter ended June 30, 2015 were lower (11%, 30%, and 7%, respectively) in comparison to the second quarter of the prior year, while zinc prices increased from the prior year comparable period (6%).

  On a year-to-date basis, average metal prices for copper, nickel and lead were lower (14%, 17%, and 11%, respectively) in comparison to the first six months of 2014, while zinc prices increased from the prior year comparable period (4%).

- Operating costs (excluding depreciation) for the quarter ended June 30, 2015 were $251.6 million, an increase of $140.6 million in comparison to the second quarter of the prior year ($111.0 million). The increase was largely due to the incremental costs from Candelaria and Eagle of $115.2 million and $44.7 million, respectively, partially offset by favourable foreign exchange rates in the Euro and Swedish krona ($21.6 million).

  On a year-to-date basis, operating costs (excluding depreciation) were $502.2 million, an increase of $291.0 million in comparison to the first six months of 2014 ($211.2 million). The increase was largely due to the incremental costs from Candelaria and Eagle of $243.7 million and $77.0 million, respectively, partially offset by favourable foreign exchange rates in the Euro and Swedish krona ($41.4 million).

[1] Operating earnings is a non-GAAP measure – see page 32 of this MD&A for discussion of non-GAAP measures.

- Depreciation, depletion and amortization expense increased for the three and six months ended June 30, 2015 when measured against the comparable period in 2014. The increase was attributable to the acquisition of Candelaria (Q2 2015 - $80.7 million; YTD - $165.8 million) and the start of commercial production at Eagle (Q2 2015 - $34.2 million; YTD - $70.7 million).

- Net earnings for the quarter ended June 30, 2015 were $53.7 million, an increase of $14.0 million in comparison to the second quarter of the prior year ($39.7 million). Net earnings were impacted by:

  - addition of Candelaria ($44.0 million) and the second full quarter of operations at Eagle ($6.9 million); offset by
  - interest expense associated with the senior secured notes ($19.4 million); and
  - lower income from investment in Tenke ($14.4 million).

  On a year-to-date basis, net earnings were $137.0 million, an increase of $83.9 million in comparison to the first six months of 2014 ($53.1 million). Net earnings were impacted by:

  - addition of Candelaria ($108.1 million) and Eagle's first two full quarters of operations ($22.4 million); and
  - a foreign exchange gain of $10.8 million; partially offset by
  - lower income from investment in Tenke ($23.5 million); and
  - interest expense associated with the senior secured notes ($38.6 million).

- Cash flow from operations for the quarter ended June 30, 2015 was $262.7 million, an increase of $228.9 million in comparison to the second quarter of the prior year ($33.8 million). The increase was primarily due to the operating earnings from Candelaria ($141.3 million) and Eagle ($40.3 million), and changes in non-cash working capital and long-term inventory ($86.3 million), partially offset by lower realized metal prices and price adjustments ($40.3 million) from our European operations.

  On a year-to-date basis, cash flow from operations was $486.6 million, an increase of $425.3 million in comparison to the first six months of 2014 ($61.3 million). The increase was attributable to the operating earnings from Candelaria ($305.0 million) and Eagle ($96.4 million), and changes in non-cash working capital and long-term inventory ($87.5 million), partially offset by higher income taxes paid ($38.1 million).

Corporate Highlights

- On June 2, 2015, the Company announced that exploration drilling near the Eagle Mine had intersected a new zone of high-grade massive and semi-massive nickel-copper sulphide mineralization. The discovery is located approximately two kilometres east of the Eagle deposit, and is a result of the step-out drilling program described in the Company's press release dated July 16, 2014. Refer to the news release entitled "Lundin Mining Discovers New High-Grade Nickel-Copper-PGM Mineralization Near Eagle Mine" on the Company's website (www.lundinmining.com).
- On July 23, 2015, the Company announced that it had received approval of its Environmental Impact Assessment ("EIA") for the extension of operations and mine life at its Candelaria Mine in Chile. Refer to the new release entitled "Lundin Mining Receives Approval of Environmental Impact Assessment for the Candelaria Mine" on the Company's website.

Financial Position and Financing

- Net debt[1] position at June 30, 2015 was $497.2 million compared to $829.2 million at December 31, 2014 and $649.2 million at March 31, 2015.

- The $152.0 million decrease in net debt during the quarter was largely attributable to operating cash flows of $262.7 million, partially offset by investments in mineral properties, plant and equipment of $78.8 million and interest payments of $38.8 million.

  For the six months ended June 30, 2015, net debt decreased by $332.0 million due primarily to operating cash flows of $486.6 million, partially offset by investments in mineral properties, plant and equipment of $142.7 million.

- The Company has a revolving credit facility available for borrowing up to $350 million. As at June 30, 2015, the Company had no amount drawn on the credit facility. A letter of credit in the amount of $19.7 million (SEK 162 million) is outstanding.

- Net debt at July 29, 2015 is approximately $525 million.

[1] Net debt is a non-GAAP measure – see page 32 of this MD&A for discussion of non-GAAP measures.

Outlook

2015 Production and Cost Guidance

- Production and cash cost guidance for 2015 have been adjusted to account for mine site performance and foreign exchange rates to-date, and second half expectations.
- Guidance on Tenke's copper production and cash costs have been updated to reflect the most recent guidance provided by Freeport.
- Cash cost and production guidance for the Aguablanca Mine is currently under review. While both nickel and copper production year-to-date have been above expectations, a permitting complexity has arisen that could affect production levels and cost projections towards the end of the year. The Spanish mining authority had previously granted approvals to convert from open pit to underground mining, however another government agency has recently requested a new EIA on the change in mining method. The Company is cooperating fully with this request and will have a third party authored underground mining EIA submitted shortly. The Company may undertake a full or partial shutdown of the underground operations pending the EIA approval. Stockpiles are sufficient to continue processing at full tonnages until early in the fourth quarter. Updated guidance will be provided in the next quarterly outlook.

2015 Guidance (contained tonnes)		**Guidance[a]** Tonnes	**C1 Cost**	**Revised Guidance** Tonnes	**C1 Cost[b]**
Copper	Candelaria (80%)	*130,000 – 135,000*	*$1.55/lb*	***135,000 – 140,000***	***$1.35/lb***
	Eagle	*20,000 – 23,000*		*20,000 – 23,000*	
	Neves-Corvo	*50,000 – 55,000*	*$1.60/lb*	*50,000 – 55,000*	***$1.55/lb***
	Zinkgruvan	*2,000 – 3,000*		*2,000 – 3,000*	
	Aguablanca	*5,500 – 6,000*		*5,500 – 6,000*	
	Tenke (24%)[c]	*49,500*	*$1.26/lb*	***50,000***	***$1.12/lb***
	Total attributable	*257,000 – 271,500*		***262,500 – 277,000***	
Nickel	Eagle	*25,000 – 28,000*	*$2.00/lb*	*25,000 – 28,000*	*$2.00/lb*
	Aguablanca	*7,000 – 7,500*	*$3.75/lb*	*7,000 – 7,500*	*$3.75/lb*
	Total	*32,000 – 35,500*		*32,000 – 35,500*	
Zinc	Neves-Corvo	*68,000 – 73,000*		***60,000 – 65,000***	
	Zinkgruvan	*78,000 – 82,000*	*$0.35/lb*	***80,000 – 85,000***	***$0.40/lb***
	Total	*146,000 – 155,000*		***140,000 – 150,000***	
Lead	Neves-Corvo	*4,000 – 5,000*		*4,000 – 5,000*	
	Zinkgruvan	*27,000 – 30,000*		***30,000 – 33,000***	
	Total	*31,000 – 35,000*		***34,000 – 38,000***	

a. Guidance as outlined in our Management's Discussion and Analysis for the quarter ended March 31, 2015.
b. Cash costs remain dependent upon exchange rates (forecast at €/USD:1.15, USD/SEK:8.25, USD/CLP:625) and metal prices (forecast at Cu: $2.70/lb, Zn: $0.95/lb, Pb: $0.80/lb, Ni: $6.25/lb, Co: $13.00/lb). Prior guidance forecast €/USD at 1.10.
c. Freeport has provided 2015 sales and cash costs guidance. Tenke's 2015 production is assumed to approximate sales guidance.

2015 Capital Expenditure and Exploration Guidance

Capital expenditures for 2015 are expected to be $350 million (excluding Tenke). The Company expects to spend $40 million less on sustaining capital expenditures at Candelaria and $10 million less on sustaining capital expenditures at Neves-Corvo. In total, this represents a reduction of $50 million from the previous guidance.

The Company estimates its share of expansion related initiatives and sustaining capital funding for 2015 at Tenke to be $80 million, $10 million less than previously guided. All of the capital expenditures are expected to be self-funded by cash flow from Tenke operations. The Company expects to receive cash distributions from Tenke in 2015 of approximately $20 - $30 million, slightly increased from previous guidance of $20 million.

The total exploration expense is expected to be $60 million, unchanged from previous guidance.

Selected Quarterly Financial Information[1]

($ millions, except share and per share amounts)	Three months ended June 30, 2015	2014	Six months ended June 30, 2015	2014
Sales	**501.3**	191.8	**1,032.8**	341.7
Operating costs	**(251.6)**	(111.0)	**(502.2)**	(211.2)
General and administrative expenses	**(6.7)**	(6.6)	**(13.6)**	(13.2)
Operating earnings	**243.0**	74.2	**517.0**	117.3
Depreciation, depletion and amortization	**(152.9)**	(36.9)	**(309.9)**	(74.6)
General exploration and business development	**(14.6)**	(14.2)	**(26.5)**	(25.8)
Income from equity investment in associates	**9.1**	24.5	**20.7**	42.5
Finance income and costs, net	**(23.1)**	(5.3)	**(45.7)**	(5.6)
Other income and expenses, net	**(8.4)**	(2.4)	**11.0**	(2.3)
Earnings before income taxes	**53.1**	39.9	**166.6**	51.5
Income tax (expense) / recovery	**0.6**	(0.2)	**(29.6)**	1.6
Net earnings	**53.7**	39.7	**137.0**	53.1
Attributable to: Lundin Mining shareholders	**46.4**	39.7	**118.1**	53.1
Non-controlling interests	**7.3**	-	**18.9**	-
Net earnings	**53.7**	39.7	**137.0**	53.1
Cash flow from operations	**262.7**	33.8	**486.6**	61.3
Capital expenditures (including capitalized interest)	**78.8**	99.3	**142.7**	191.7
Total assets	**7,302.6**	4,572.4	**7,302.6**	4,572.4
Total long-term debt & finance leases	**983.8**	310.0	**983.8**	310.0
Net debt	**497.2**	174.4	**497.2**	174.4
Shareholders' equity	**4,688.4**	3,714.5	**4,688.4**	3,714.5
Key Financial Data:				
Basic and diluted earnings per share attributable to shareholders	**0.06**	0.07	**0.16**	0.09
Operating cash flow per share[2]	**0.26**	0.09	**0.57**	0.14
Dividends	**-**	-	**-**	-
Shares outstanding:				
Basic weighted average	**718,974,916**	585,503,689	**718,615,375**	585,237,486
Diluted weighted average	**721,787,199**	586,861,944	**720,681,277**	586,340,303
End of period	**719,500,357**	585,807,841	**719,500,357**	585,807,841

($ millions, except per share data)	**Q2-15**	**Q1-15**	**Q4-14**	**Q3-14**	**Q2-14**	**Q1-14**	**Q4-13**	**Q3-13**
Sales	501.3	531.5	443.0	166.6	191.8	149.9	186.9	176.4
Operating earnings	243.0	274.0	144.1	42.9	74.2	43.1	66.9	58.9
Net earnings	53.7	83.3	36.6	33.7	39.7	13.3	42.1	27.9
Attributable to shareholders	46.4	71.8	25.8	33.7	39.7	13.3	42.1	27.9
Earnings per share attributable to shareholders								
Basic and Diluted	0.06	0.10	0.04	0.06	0.07	0.02	0.07	0.05
Cash flow from operations	262.7	224.0	68.4	57.7	33.8	27.6	55.2	26.5
Capital expenditures (incl. capitalized interest)	78.8	63.9	101.2	128.7	99.3	92.4	116.5	53.6
Net debt	497.2	649.2	829.2	214.7	174.4	155.0	119.3	72.8

1. Except where otherwise noted, financial data has been prepared in accordance with IFRS as issued by the International Accounting Standards Board.
2. Operating cash flow per share is a non-GAAP measure – see page 32 of this MD&A for discussion of non-GAAP measures.
3. The sum of quarterly amounts may differ from year-to-date results due to rounding.

Sales Overview

Sales Volumes by Payable Metal

	2015			2014				
	YTD	**Q2**	**Q1**	Total	Q4	Q3	Q2	Q1
Copper (tonnes)								
Candelaria (100%)[1]	**95,169**	**44,588**	50,581	34,636	34,636	-	-	-
Eagle	**10,897**	**5,797**	5,100	2,114	2,114	-	-	-
Neves-Corvo	**29,767**	**14,631**	15,136	48,007	14,527	12,136	11,009	10,335
Zinkgruvan	**1,592**	**906**	686	3,427	966	714	881	866
Aguablanca	**1,574**	**790**	784	2,634	689	683	626	636
	138,999	**66,712**	72,287	90,818	52,932	13,533	12,516	11,837
Nickel (tonnes)								
Eagle	**11,250**	**5,815**	5,435	2,356	2,356	-	-	-
Aguablanca	**3,097**	**1,415**	1,682	5,233	1,462	1,187	1,342	1,242
	14,347	**7,230**	7,117	7,589	3,818	1,187	1,342	1,242
Zinc (tonnes)								
Neves-Corvo	**27,904**	**13,744**	14,160	54,849	15,629	12,967	15,978	10,275
Zinkgruvan	**32,376**	**17,711**	14,665	65,802	16,429	17,915	15,109	16,349
Galmoy	**-**	**-**	-	189	-	-	-	189
	60,280	**31,455**	28,825	120,840	32,058	30,882	31,087	26,813
Lead (tonnes)								
Neves-Corvo	**2,206**	**1,134**	1,072	3,182	279	873	1,081	949
Zinkgruvan	**12,627**	**4,999**	7,628	30,486	7,541	5,014	11,260	6,671
Galmoy	**-**	**-**	-	99	-	-	-	99
	14,833	**6,133**	8,700	33,767	7,820	5,887	12,341	7,719

1. Sales results are for the period of Lundin Mining's ownership, commencing November 3, 2014.

Sales Analysis

	Three months ended June 30,					**Six months ended June 30,**				
	2015		2014		Change	**2015**		2014		Change
($ thousands)	$	%	$	%	$	$	%	$	%	$
by Mine										
Candelaria	**256,524**	51	-	-	256,524	**548,714**	53	-	-	548,714
Eagle	**85,032**	17	-	-	85,032	**173,423**	17	-	-	173,423
Neves-Corvo	**93,673**	19	97,361	51	(3,688)	**180,296**	17	173,633	51	6,663
Zinkgruvan	**41,301**	8	55,144	29	(13,843)	**79,165**	8	98,222	29	(19,057)
Aguablanca	**24,749**	5	39,258	20	(14,509)	**51,209**	5	68,547	20	(17,338)
Galmoy	**-**	-	-	-	-	**-**	-	1,264	-	(1,264)
	501,279		191,763		309,516	**1,032,807**		341,666		691,141
by Metal										
Copper	**331,853**	66	81,275	42	250,578	**685,880**	66	149,080	44	536,800
Nickel	**65,729**	13	30,521	16	35,208	**141,415**	14	52,313	15	89,102
Zinc	**47,237**	9	48,277	25	(1,040)	**86,912**	8	87,865	26	(953)
Lead	**9,288**	2	22,703	12	(13,415)	**21,501**	2	36,567	11	(15,066)
Gold	**28,871**	6	322	-	28,549	**59,677**	6	521	-	59,156
Silver	**9,231**	2	4,797	3	4,434	**20,543**	2	7,977	2	12,566
Other	**9,070**	2	3,868	2	5,202	**16,879**	2	7,343	2	9,536
	501,279		191,763		309,516	**1,032,807**		341,666		691,141

Sales for the quarter ended June 30, 2015 were $501.3 million, an increase of $309.5 million in comparison to the second quarter of the prior year ($191.8 million). The increase was due primarily to incremental sales from Candelaria and Eagle of $256.5 million and $85.0 million, respectively, and higher European sales volumes ($12.9 million), partially offset by lower realized metal prices and price adjustments ($40.3 million) from the Company's European operations.

On a year-to-date basis, sales were $1,032.8 million, an increase of $691.1 million in comparison to the first six months of 2014 ($341.7 million). The increase was mainly due to incremental sales from Candelaria and Eagle of $548.7 million and $173.4 million, respectively, and higher European sales volumes ($52.5 million), partially offset by lower realized metal prices and price adjustments ($74.9 million) from the Company's European operations.

Sales of gold and silver for the quarter and six months ended June 30, 2015 include the partial recognition of an upfront purchase price on the sale of the precious metals streams for Candelaria, Neves-Corvo, and Zinkgruvan as well as the cash proceeds which amount to $400/oz for gold and between $4.00/oz and $4.25/oz for silver.

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.

Provisionally valued sales as of June 30, 2015

Metal	Tonnes Payable	Valued at $ per lb	Valued at $ per tonne
Copper	96,440	2.61	5,763
Nickel	6,871	5.42	11,959
Zinc	16,694	0.90	1,992
Lead	5,666	0.79	1,752

Quarterly Reconciliation of Realized Prices

2015	Quarter ended June 30, 2015				
($ thousands, except per pound amounts)	Copper	Nickel	Zinc	Lead	Total
Current period sales[1]	383,437	87,109	66,773	10,846	548,165
Prior period price adjustments	(11,742)	3,875	1,771	922	(5,174)
Sales before other metals and TC/RC	371,695	90,984	68,544	11,768	542,991
Other metal sales					47,172
Less: TC/RC					(88,884)
Total Sales					**501,279**
Payable Metal (tonnes)	**66,712**	**7,230**	**31,455**	**6,133**	
Current period sales ($/lb)[1]	$ 2.61	$ 5.47	$ 0.96	$ 0.80	
Prior period price adjustments ($/lb)	(0.08)	0.24	0.03	0.07	
Realized prices ($/lb)	**$ 2.53**	**$ 5.71**	**$ 0.99**	**$ 0.87**	

1. Includes provisional price adjustments on current period sales.

2014		Quarter ended June 30, 2014			
($ thousands, except per pound amounts)	Copper	Nickel	Zinc	Lead	Total
Current period sales[1]	87,693	25,517	66,227	26,137	205,574
Prior period price adjustments	1,468	5,151	362	290	7,271
Sales before other metals and TC/RC	89,161	30,668	66,589	26,427	212,845
Other metal sales					8,987
Less: TC/RC					(30,069)
Total Sales					**191,763**
Payable Metal (tonnes)	**12,516**	**1,342**	**31,087**	**12,341**	
Current period sales ($/lb)[1]	$ 3.18	$ 8.62	$ 0.97	$ 0.96	
Prior period price adjustments ($/lb)	0.05	1.75	-	0.01	
Realized prices ($/lb)	$ **3.23**	**$ 10.37**	**$ 0.97**	$ **0.97**	

Year to Date Reconciliation of Realized Prices

2015		Six months ended June 30, 2015			
($ thousands, except per pound amounts)	Copper	Nickel	Zinc	Lead	Total
Current period sales[1]	807,337	184,721	127,143	27,746	1,146,947
Prior period price adjustments	(36,150)	(2,945)	(2,018)	(581)	(41,694)
Sales before other metals and TC/RC	771,187	181,776	125,125	27,165	1,105,253
Other metal sales					97,099
Less: TC/RC					(169,545)
Total Sales					**1,032,807**
Payable Metal (tonnes)	**138,999**	**14,347**	**60,280**	**14,833**	
Current period sales ($/lb)[1]	$ 2.63	$ 5.84	$ 0.96	$ 0.85	
Prior period price adjustments ($/lb)	(0.11)	(0.09)	(0.02)	(0.02)	
Realized prices ($/lb)	**$ 2.52**	**$ 5.75**	**$ 0.94**	**$ 0.83**	

2014		Six months ended June 30, 2014			
($ thousands, except per pound amounts)	Copper	Nickel	Zinc	Lead	Total
Current period sales[1]	169,402	49,273	120,511	42,466	381,652
Prior period price adjustments	(5,116)	3,187	(114)	(71)	(2,114)
Sales before other metals and TC/RC	164,286	52,460	120,397	42,395	379,538
Other metal sales					15,841
Less: TC/RC					(53,713)
Total Sales					**341,666**
Payable Metal (tonnes)	**24,353**	**2,584**	**57,900**	**20,060**	
Current period sales ($/lb)[1]	$ 3.16	$ 8.65	$ 0.94	$ 0.96	
Prior period price adjustments ($/lb)	(0.10)	0.56	-	-	
Realized prices ($/lb)	$ **3.06**	**$ 9.21**	**$ 0.94**	**$ 0.96**	

1. Includes provisional price adjustments on current period sales.

Financial Results

Operating Costs

Operating costs for the quarter ended June 30, 2015 were $251.6 million, an increase of $140.6 million in comparison to the second quarter of the prior year ($111.0 million). The increase was largely due to the incremental costs from Candelaria and Eagle of $115.2 million and $44.7 million, respectively, partially offset by favourable foreign exchange rates ($21.6 million).

On a year-to-date basis, operating costs were $502.2 million, an increase of $291.0 million in comparison to the first six months of 2014 ($211.2). The increase was largely due to the incremental costs from Candelaria and Eagle of $243.7 million and $77.0 million, respectively, partially offset by favourable foreign exchange rates ($41.4 million).

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization expense increased for the three and six months ended June 30, 2015 when measured against the comparable period in 2014. The increase was attributable to the acquisition of Candelaria (Q2 2015 - $80.7 million; YTD - $165.8 million) and the start of commercial production at Eagle (Q2 2015 - $34.2 million; YTD - $70.7 million). $32.9 million of Candelaria's current period depreciation (YTD - $69.0 million) relates to the amortization of deferred stripping costs that were previously capitalized. The corresponding deferred stripping asset balance at June 30, 2015 was $376.6 million.

Depreciation by operation	**Three months ended June 30,**			**Six months ended June 30,**		
($ thousands)	**2015**	2014	Change	**2015**	2014	Change
Candelaria	**80,681**	-	80,681	**165,801**	-	165,801
Eagle	**35,300**	1,094	34,206	**72,721**	1,999	70,722
Neves-Corvo	**23,476**	26,746	(3,270)	**47,111**	53,548	(6,437)
Zinkgruvan	**6,199**	7,897	(1,698)	**11,724**	14,889	(3,165)
Aguablanca	**6,597**	1,057	5,540	**11,303**	4,020	7,283
Other	**598**	94	504	**1,266**	185	1,081
	152,851	36,888	115,963	**309,926**	74,641	235,285

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 $10.5 million were recognized for the three months ended June 30, 2015 (Q2 2014 - $24.9 million) and $20.3 million on a year-to-date basis (2014 - $43.8 million). Refer to the section titled "Tenke Fungurume" contained in this MD&A for further discussion.

Finance Income and Costs

For the three and six months ended June 30, 2015, net finance costs increased $17.8 million and $40.1 million, respectively, when compared to the prior year comparable periods. The changes are primarily attributable to interest expense associated with the senior secured notes (Q2 2015 - $19.4 million; YTD - $38.6 million).

Other Income and Expense

Net other expense for the three months ended June 30, 2015 was $8.4 million compared to $2.4 million for the three months ended June 30, 2014. A foreign exchange loss was recognized in the current quarter of $6.5 million, with a nominal foreign exchange loss recognized in the prior year quarter.

Net other income for the six months ended June 30, 2015 was $11.0 million compared to a net expense of $2.3 million for the six months ended June 30, 2014. A foreign exchange gain was recognized in the current year of $10.8 million, with a nominal foreign exchange loss recognized in the prior year quarter.

Foreign exchange gains and losses relate to working capital denominated in US dollars or other currencies that was held in the Company's foreign subsidiaries. Period end exchange rates having a meaningful impact on such subsidiaries at June 30, 2015 were $1.00:CLP635 (March 31, 2015 - $1.00:CLP627; December 31, 2014 - $1.00:CLP607), $1.12:€1.00 (March 31, 2015 - $1.08:€1.00; December 31, 2014 - $1.21:€1.00) and $1.00:SEK8.24 (March 31, 2015 - $1.00:SEK8.62; December 31, 2014 - $1.00:SEK7.81).

Income Taxes

Income taxes by mine

Income tax expense (recovery)	**Three months ended June 30,**			**Six months ended June 30,**		
($ thousands)	**2015**	2014	Change	**2015**	2014	Change
Candelaria	7,363	-	7,363	21,887	-	21,887
Eagle	(1,948)	(3,153)	1,205	1,511	(5,642)	7,153
Neves-Corvo	(8,176)	(2,316)	(5,860)	(5,323)	(5,766)	443
Zinkgruvan	3,163	3,843	(680)	5,813	5,460	353
Aguablanca	(249)	3,808	(4,057)	9,487	6,540	2,947
Other	(725)	(2,041)	1,316	(3,825)	(2,197)	(1,628)
	(572)	141	(713)	29,550	(1,605)	31,155

Income taxes by classification

Income tax expense (recovery)	**Three months ended June 30,**			**Six months ended June 30,**		
($ thousands)	**2015**	2014	Change	**2015**	2014	Change
Current income tax	**14,069**	2,924	11,145	**51,235**	4,330	46,905
Deferred income tax	**(14,641)**	(2,783)	(11,858)	**(21,685)**	(5,935)	(15,750)
	(572)	141	(713)	**29,550**	(1,605)	31,155

Income tax recovery of $0.6 million for the three months ended June 30, 2015 was $0.7 million higher than the $0.1 million expense recorded in the prior year. The increase was mainly due to the receipt of investment tax credits in the quarter at Neves-Corvo ($8.7 million) and lower earnings at Aguablanca, partially offset by the inclusion of earnings from Candelaria.

On a year-to-date basis, income tax expense of $29.6 million was $31.2 million higher than the $1.6 million recovery recorded in the prior year, mainly due to the inclusion of earnings from Candelaria and Eagle in the current year.

Mining Operations

Production Overview

	2015			2014				
	YTD	**Q2**	Q1	Total	Q4	Q3	Q2	Q1
Copper (tonnes)								
Candelaria (80%)[1]	**76,801**	**37,321**	39,480	22,872	22,872	-	-	-
Eagle	**11,821**	**5,403**	6,418	3,905	3,606	299	-	-
Neves-Corvo	**30,836**	**15,348**	15,488	51,369	14,220	10,904	13,480	12,765
Zinkgruvan	**1,564**	**974**	590	3,464	1,034	544	903	983
Aguablanca	**4,097**	**1,975**	2,122	7,390	2,020	1,919	1,799	1,652
Tenke (24%)	**25,192**	**12,544**	12,648	48,636	11,622	12,694	12,449	11,871
	150,311	**73,565**	76,746	137,636	55,374	26,360	28,631	27,271
Nickel (tonnes)								
Eagle	**13,655**	**6,349**	7,306	4,300	4,093	207	-	-
Aguablanca	**4,991**	**2,245**	2,746	8,631	2,481	1,958	2,212	1,980
	18,646	**8,594**	10,052	12,931	6,574	2,165	2,212	1,980
Zinc (tonnes)								
Neves-Corvo	**33,362**	**16,022**	17,340	67,378	17,333	17,908	17,909	14,228
Zinkgruvan	**39,654**	**21,237**	18,417	77,713	19,131	20,050	19,293	19,239
	73,016	**37,259**	35,757	145,091	36,464	37,958	37,202	33,467
Lead (tonnes)								
Neves-Corvo	**2,400**	**1,080**	1,320	3,192	467	866	1,054	805
Zinkgruvan	**14,778**	**7,379**	7,399	32,363	7,503	6,531	9,196	9,133
	17,178	**8,459**	8,719	35,555	7,970	7,397	10,250	9,938

1. Production results are for the period of Lundin Mining's ownership, commencing November 3, 2014.

Cash Cost Overview

	Three months ended June 30,		Six months ended June 30,	
Cash cost/lb (US dollars)	**2015**	2014	**2015**	2014
Candelaria				
Gross cost	**1.41**	n/a	**1.40**	n/a
By-product[1]	**(0.20)**	n/a	**(0.20)**	n/a
Net Cost - cost/lb Cu	**1.21**	n/a	**1.20**	n/a
Eagle				
Gross cost	**5.00**	n/a	**4.56**	n/a
By-product[1]	**(2.85)**	n/a	**(2.75)**	n/a
Net Cost - cost/lb Ni	**2.15**	n/a	**1.81**	n/a
Neves-Corvo				
Gross cost	**2.12**	2.71	**2.05**	2.77
By-product[1]	**(0.69)**	(1.09)	**(0.64)**	(0.92)
Net Cost - cost/lb Cu	**1.43**	1.62	**1.41**	1.85
Zinkgruvan				
Gross cost	**0.77**	1.08	**0.83**	1.01
By-product[1]	**(0.34)**	(0.91)	**(0.40)**	(0.70)
Net Cost - cost/lb Zn	**0.43**	0.17	**0.43**	0.31
Aguablanca				
Gross cost	**4.14**	8.00	**3.49**	6.90
By-product[1]	**(2.42)**	(2.95)	**(2.21)**	(2.85)
Net Cost - cost/lb Ni	**1.72**	5.05	**1.28**	4.05

1. By-product is after related TC/RC.

Capital Expenditures (including capitalized interest)

	Three months ended June 30,					
by Mine	**2015**			2014		
($ thousands)	Sustaining	Expansionary	**Total**	Sustaining	Expansionary	Total
Candelaria	51,813	-	**51,813**	-	-	-
Eagle	3,319	-	**3,319**	2,558	69,586	72,144
Neves-Corvo	12,389	-	**12,389**	9,759	7,750	17,509
Zinkgruvan	6,242	-	**6,242**	7,745	-	7,745
Aguablanca	4,602	-	**4,602**	411	1,506	1,917
Other	393	-	**393**	29	-	29
	78,758	-	**78,758**	20,502	78,842	99,344

	Six months ended June 30,					
by Mine	**2015**			2014		
($ thousands)	Sustaining	Expansionary	**Total**	Sustaining	Expansionary	Total
Candelaria	81,107	-	**81,107**	-	-	-
Eagle	7,541	7,258	**14,799**	4,073	131,551	135,624
Neves-Corvo[1]	22,209	-	**22,209**	23,519	12,915	36,434
Zinkgruvan	13,270	-	**13,270**	12,883	-	12,883
Aguablanca	10,851	-	**10,851**	654	5,943	6,597
Other	442	-	**442**	202	-	202
	135,420	7,258	**142,678**	41,331	150,409	191,740

1. Certain items from the first quarter of 2015 have been reclassified as sustaining costs.

Candelaria

Compañia Contractual Minera Candelaria ("CCMC") and Compañia Contractual Minera Ojos del Salado ("CCMO") form what is collectively referred to as "Candelaria", located near Copiapó in the Atacama Province, Region III of Chile. The Company holds an indirect 80 percent ownership interest in Candelaria with the remaining 20 percent interest indirectly held by Sumitomo Metal Mining Co., Ltd and Sumitomo Corporation. CCMC consists of an open pit mine and an underground mine, Candelaria Norte, providing copper ore to an on-site concentrator. CCMO consists of two underground mines, Santos and Alcaparrosa, and an on-site concentrator. The Santos mine provides copper ore to the on-site concentrator, while ore from the Alcaparrosa mine is treated at the CCMC concentrator. The Candelaria plant has a processing capacity of 24.5 mtpa, and the Pedro Aguirre Cerde processing plant has a capacity of 1.3 mtpa, both producing copper in concentrate. The primary metal is copper, with gold and silver as by-product metals.

Operating Statistics

		2015				2014		
(100% Basis)[1]	**Total**	**Q2**	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**17,670**	**9,022**	8,648	4,855	4,855	n/a	n/a	n/a
Ore milled (000s tonnes)	**14,257**	**7,327**	6,930	4,347	4,347	n/a	n/a	n/a
Grade								
Copper (%)	**0.72**	**0.68**	0.78	0.72	0.72	n/a	n/a	n/a
Recovery								
Copper (%)	**93.2**	**94.0**	92.6	91.8	91.8	n/a	n/a	n/a
Production (contained metal)								
Copper (tonnes)	**96,001**	**46,651**	49,350	28,590	28,590	n/a	n/a	n/a
Gold (000 oz)	**55**	**27**	28	16	16	n/a	n/a	n/a
Silver (000 oz)	**1,047**	**464**	583	318	318	n/a	n/a	n/a
Sales ($000s)	**548,714**	**256,524**	292,190	215,192	215,192	n/a	n/a	n/a
Operating earnings ($000s)	**305,028**	**141,338**	163,690	67,801	67,801	n/a	n/a	n/a
Cash cost ($ per pound)[2]	**1.20**	**1.21**	1.20	1.49	1.49	n/a	n/a	n/a

1. Operating results are for the period of Lundin Mining's ownership, commencing November 3, 2014.
2. Includes the impact of the streaming agreement but excludes any allocation of upfront cash received under the streaming agreement, and capitalized stripping costs.

Operating Earnings

Sales for the three months ended June 30, 2015 were $256.5 million with $221.1 million from copper, and $28.3 million, $6.2 million and $0.9 million coming from gold, silver and magnetite, respectively. Operating earnings for the period were $141.3 million.

On a year-to-date basis, sales were $548.7 million with $474.0 million from copper, and $58.7 million, $14.2 million and $1.8 million coming from gold, silver and magnetite, respectively. Operating earnings for the period were $305.0 million.

Production

Concentrate production for both the three and six months ended June 30, 2015 was better than expected as a result of higher throughput in the plant and higher copper plant recoveries. This was achieved as a result of better ore characteristics related to rock size and granulometry and increased asset efficiency of the No. 1 SAG mill line in the processing plant. As a result, copper production guidance for 2015 has been increased.

Cash Costs

Copper cash costs for the three months ended June 30, 2015 of $1.21/lb reflects a by-product credit of $0.20/lb. Approximately 16,900 oz of gold and 283,000 oz of silver were subject to terms of a streaming agreement in which $400/oz and $4.00/oz were received for gold and silver, respectively. Cash costs were lower than full year guidance of $1.55/lb due to lower mine and mill costs, favourable foreign exchange rates, and higher production.

Copper cash costs, on a year-to-date basis, were $1.20/lb, with approximately 35,400 oz of gold and 661,000 oz of silver being subject to terms of a streaming agreement. Cash costs were lower than full year guidance of $1.55/lb due to lower diesel prices, lower mine and mill costs, favourable foreign exchange rates, and higher production.

Given favourable exchange rates and the strength of operating performance to date, full year cash cost guidance has been reduced to $1.35/lb.

Projects

Early works related to infrastructure relocation to support major construction of the new Los Diques tailings facility is expected to begin shortly as a result of the July 22nd regulatory approval just received for the Candelaria 2030 Project Environmental Impact Study. Major civil construction activities are expected to begin later in 2016 following the receipt of construction and sectorial permits and completion of the relocation of existing power and road infrastructure. Estimated costs to complete the Los Diques facility are $365 million, to be spent over the balance of 2015, up to late 2018.

Eagle Mine

The Eagle Mine 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 mill has a processing capacity of 0.7 mtpa, producing nickel and copper in concentrates. The primary metal is nickel, with copper, cobalt, gold, and platinum-group metals as by-product metals.

Operating Statistics

	2015			2014				
	Total	**Q2**	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**359**	**175**	184	198	126	72	nil	nil
Ore milled (000s tonnes)	**370**	**184**	186	174	138	36	nil	nil
Grade								
Nickel (%)	**4.4**	**4.2**	4.7	3.2	3.6	1.3	nil	nil
Copper (%)	**3.3**	**3.1**	3.6	2.4	2.8	1.0	nil	nil
Recovery								
Nickel (%)	**83.7**	**84.4**	83.5	78.5	81.8	43.7	nil	nil
Copper (%)	**96.4**	**96.4**	96.4	93.9	94.9	83.2	nil	nil
Production (contained metal)								
Nickel (tonnes)	**13,655**	**6,349**	7,306	4,300	4,093	207	nil	nil
Copper (tonnes)	**11,821**	**5,403**	6,418	3,905	3,606	299	nil	nil
Sales ($000s)	**173,423**	**85,032**	88,391	47,280	47,280	nil	nil	nil
Operating earnings / (loss) ($000s)	**96,430**	**40,297**	56,133	28,484	28,597	(32)	(43)	(38)
Cash cost ($ per pound)	**1.81**	**2.15**	1.45	2.79	2.79	nil	nil	nil

Operating Earnings

Sales for the three months ended June 30, 2015 were $85.0 million; $48.6 million from nickel, $30.8 million from copper, and $5.6 million from other metals. Operating earnings of $40.3 million for the period were lower than expected primarily due to lower realized metal prices.

On a year-to-date basis, sales were $173.4 million; $105.3 million from nickel, $58.0 million from copper, and $10.1 million from other metals. Operating earnings of $96.4 million for the period were unfavorably impacted by lower realized metal prices.

Production

For the three months ended June 30, 2015, copper production exceeded expectations due to higher than expected head grades and recoveries. Nickel production was generally in-line with expectations in the second quarter of 2015, as lower mill throughput was offset by continued excellent recoveries in the nickel circuit.

On a year-to-date basis, both nickel and copper metal volumes largely met expectations due to higher than expected throughput and recoveries and remain on track to meet full year production guidance.

Cash Costs

Nickel cash costs for the three months ended June 30, 2015 of $2.15/lb were higher than full year guidance of $2.00/lb due primarily to lower realized prices on by-products and higher treatment charges associated with the customer mix.

On a year-to-date basis, nickel cash costs of $1.81/lb remain lower than full year guidance of $2.00/lb due to lower ocean freight charges and targeted cost savings in response to nickel market conditions, partially offset by lower by-product credits and higher treatment costs associated with the customer mix.

Neves-Corvo Mine

Neves-Corvo consists of an underground mine and an on-site processing facility, located 100 km north of Faro, Portugal, in the western part of the Iberian Pyrite Belt. The copper plant has a processing capacity of 2.5 mtpa, producing copper in concentrate, and the zinc plant has a capacity of 1.2 mtpa with the ability to process zinc or copper ore, producing zinc or copper in concentrate. The primary metal is copper, with zinc, lead and silver as by-product metals.

Operating Statistics

	2015			2014				
	Total	**Q2**	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, copper (000 tonnes)	**1,304**	**673**	631	2,540	647	619	636	638
Ore mined, zinc (000 tonnes)	**504**	**254**	250	1,119	282	268	298	271
Ore milled, copper (000 tonnes)	**1,339**	**699**	640	2,503	604	623	631	645
Ore milled, zinc (000 tonnes)	**517**	**258**	259	1,102	266	269	296	271
Grade per tonne								
Copper (%)	**2.8**	**2.7**	2.9	2.5	3.0	2.3	2.5	2.3
Zinc (%)	**8.2**	**7.9**	8.5	8.0	8.4	8.8	7.6	7.0
Recovery								
Copper (%)	**81.7**	**81.1**	82.4	80.2	78.7	77.6	81.6	81.9
Zinc (%)	**74.3**	**73.6**	74.9	74.0	75.0	73.1	74.6	72.7
Production (contained metal)								
Copper (tonnes)	**30,836**	**15,348**	15,488	51,369	14,220	10,904	13,480	12,765
Zinc (tonnes)	**33,362**	**16,022**	17,340	67,378	17,333	17,908	17,909	14,228
Lead (tonnes)	**2,400**	**1,080**	1,320	3,192	467	866	1,054	805
Silver (000 oz)	**749**	**359**	390	1,388	321	322	407	338
Sales ($000s)	**180,296**	**93,673**	86,623	373,148	104,640	94,875	97,361	76,272
Operating earnings ($000s)	**64,764**	**34,051**	30,713	109,394	25,853	24,527	39,035	19,979
Cash cost (€ per pound)	**1.27**	**1.29**	1.24	1.40	1.41	1.48	1.19	1.53
Cash cost ($ per pound)	**1.41**	**1.43**	1.39	1.85	1.75	1.96	1.62	2.10

Operating Earnings

Operating earnings of $34.1 million for the three months ended June 30, 2015 were $4.9 million lower than 2014. The decrease is mainly attributable to lower net metal prices and prior period adjustments ($21.0 million) and higher operating costs ($4.8 million), partly offset by favourable foreign exchange rates ($11.2 million) and higher net sales volumes ($12.4 million).

Operating earnings of $64.8 million for the six months ended June 30, 2015 were $5.8 million higher than 2014. The increase is mainly attributable to higher net sales volumes ($24.0 million) and favourable foreign exchange rates ($21.8 million), partly offset by lower net metal prices and prior period adjustments ($42.1 million).

Production

Copper production for the three months ended June 30, 2015 was higher than the comparable period in 2014 by 1,868 tonnes (or 14%). Mill throughput and copper head grades were higher in the current year quarter resulting in higher copper production. More copper ore is now being delivered to the mill due to the adoption of a more productive bulk mining method being advanced on some of the copper stockworks stopes in the Zambujal and Neves orebodies.

Zinc production for the three months ended June 30, 2015 was lower than the comparable period in 2014 by 1,887 tonnes (or 11%). The decrease is largely a consequence of reduced mill throughput and lower recovery rates. Full year zinc production guidance has been reduced to reflect lower zinc plant throughput and recoveries anticipated for the balance of the year.

Production of 1,080 tonnes of lead in concentrate during the quarter was derived as a by-product from the zinc circuit.

Cash Costs

Copper cash costs of $1.43/lb for the quarter ended June 30, 2015 were lower than the Company's guidance of $1.60/lb and that of the corresponding period in 2014 of $1.62/lb. The decrease is primarily a result of favourable foreign exchange rates, partially offset by lower by-product credits.

On a year-to-date basis, copper cash costs of $1.41/lb for the six months ended June 30, 2015 were lower than the comparable period in prior year and our guidance primarily as a result of favourable foreign exchange rates and lower mine and mill costs, partially offset by lower by-product credits. Given favourable exchange rates and the strength of operating performance to date, full year cash cost guidance has been reduced to $1.55/lb.

Projects

The Feasibility Study examining an expansion of the zinc operations at Neves-Corvo achieved substantial completion by quarter end. The scope of the study includes underground development of the lower Lombador zinc deposits, a major underground conveying system to take ore to the existing shaft, expansion of shaft capacity to 5.6 million tonnes per year, zinc plant expansion to 2.5 million tonnes per year ore throughput, and construction of expanded water treatment, paste backfill and tailings storage infrastructure. Maximum zinc production is nominally 165 ktpa with 25 ktpa of lead by-product. The estimated capital cost, including the first full year of underground development costs, is approximately €245 million. The project schedule is estimated to be approximately 24 months from approval to proceed through to commissioning of the expanded facilities.

An investment decision on zinc expansion has been deferred pending additional work to improve the existing zinc plant metallurgical recoveries and plant stability, and pending improved metal markets.

Zinkgruvan Mine

The Zinkgruvan mine consists of an underground mine and on-site processing facilities, located approximately 250 km south-west of Stockholm, Sweden. The zinc plant has a processing capacity of 1.1 mtpa, producing zinc and lead in concentrate, and the copper plant has a capacity of 0.3 mtpa with the ability to process copper or zinc-lead ore, producing copper, or zinc and lead in concentrate. The primary metal is zinc, with lead, silver, and copper as by-product metals.

Operating Statistics

	2015			2014				
	Total	**Q2**	Q1	Total	Q4	Q3	Q2	Q1
Ore mined, zinc (000 tonnes)	**556**	**289**	267	1,063	265	279	262	257
Ore mined, copper (000 tonnes)	**97**	**52**	45	167	42	36	55	34
Ore milled, zinc (000 tonnes)	**529**	**267**	262	1,054	270	264	272	248
Ore milled, copper (000 tonnes)	**87**	**43**	44	167	43	42	47	35
Grade per tonne								
Zinc (%)	**8.1**	**8.6**	7.6	8.2	7.7	8.4	8.0	8.6
Lead (%)	**3.4**	**3.4**	3.4	3.7	3.4	3.1	4.1	4.4
Copper (%)	**2.0**	**2.4**	1.5	2.3	2.6	1.5	2.2	2.9
Recovery								
Zinc (%)	**92.7**	**92.8**	92.6	90.4	92.7	90.6	88.6	89.9
Lead (%)	**82.5**	**82.4**	82.6	82.5	82.1	80.0	83.3	84.0
Copper (%)	**90.7**	**91.9**	89.0	90.7	92.6	85.7	88.2	94.2
Production (contained metal)								
Zinc (tonnes)	**39,654**	**21,237**	18,417	77,713	19,131	20,050	19,293	19,239
Lead (tonnes)	**14,778**	**7,379**	7,399	32,363	7,503	6,531	9,196	9,133
Copper (tonnes)	**1,564**	**974**	590	3,464	1,034	544	903	983
Silver (000 oz)	**1,186**	**622**	564	2,433	603	550	631	649
Sales ($000s)	**79,165**	**41,301**	37,864	194,009	47,554	48,233	55,144	43,078
Operating earnings ($000s)	**39,748**	**23,144**	16,604	89,591	22,892	22,861	27,299	16,539
Cash cost (SEK per pound)	**3.58**	**3.65**	3.49	2.55	2.71	3.33	1.10	2.89
Cash cost ($ per pound)	**0.43**	**0.43**	0.42	0.37	0.37	0.48	0.17	0.45

Operating Earnings

Operating earnings of $23.1 million were $4.2 million lower than the $27.3 million reported in the second quarter of 2014. The decrease in earnings is largely attributable to lower by-product sales volumes ($8.2 million) and lower net metal prices and prior period price adjustments ($2.9 million), partially offset by favourable foreign exchange rates ($5.8 million).

For the six months ended June 30, 2015, operating earnings of $39.7 million were $4.1 million lower than the comparable period in 2014. Lower by-product sales volumes ($7.9 million), lower net metal prices and period price adjustments ($4.6 million), and higher treatment charges ($3.3 million) were partially offset by favourable foreign exchange rates ($12.1 million).

Production

Production was strong in the second quarter of 2015, with the mine producing a record amount of ore. Zinc production was 10% higher than the comparable period in 2014 due to higher head grades and recoveries. Lead production for the second quarter of 2015 was lower than the 2014 comparable period as mining took place in areas with lower lead grades.

Copper production in the current quarter was slightly higher than the amount of production in the previous year comparable period, a result of higher head grades and recoveries.

On a year-to-date basis, zinc production was 3% higher than 2014 levels as mill throughput and metallurgical recoveries improved. However, despite the increased mill throughput, lead production on a year-to-date basis was negatively impacted by lower head grades.

Year-to-date copper production was 17% below the comparable period in 2014 due to the lower head grades at the beginning of the year. Given current metal prices, production priority will be directed towards zinc ore over the remainder of the year as the copper circuit is capable of processing zinc ores.

Given the shift in production priority and expectations for the remainder of the year, zinc and lead production guidance has been increased.

Cash Costs

Zinc cash costs of $0.43/lb for the quarter ended June 30, 2015 were higher than guidance of $0.35/lb and that of the corresponding period in 2014 of $0.17/lb. Cash costs in the current quarter were above the full year guidance target and the comparable prior year period largely as a result of lower lead by-product credits.

On a year-to-date basis, cash costs for zinc were $0.43/lb, compared to $0.31/lb for the same period in 2014. The increase is primarily due to lower by-product credits ($0.30/lb), partially offset by favourable foreign exchange rates ($0.16/lb).

As a result of lower by-product volumes and prices, cash cost guidance for the year has been increased to $0.40/lb.

Projects

Earlier this year, approval was granted to extend Zinkgruvan's current operating licence that expires in 2017. The licence extension included a conditional approval to significantly expand the mine's existing tailings facility. This tailings expansion project is progressing according to plan.

Due to the sustained improvements in mine production, a study has been commenced to evaluate the feasibility and economics of increasing overall mill capacity by approximately 10% via a low cost brownfields plant improvement project. This study is scheduled to be complete by year end.

Aguablanca Mine

The Aguablanca mine consists of an underground mine and an on-site processing facility, located in the province of Badajoz, 80 km by road from Seville, Spain, and 140 km from a major seaport at Huelva. The plant has a processing capacity of 1.9 mtpa, producing nickel-copper bulk concentrate. The primary metal is nickel, with copper, cobalt, gold, and platinum-group metals as by-product metals.

Operating Statistics

	2015			2014				
	Total	**Q2**	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	**565**	**187**	378	1,755	600	606	365	184
Ore milled (000s tonnes)	**816**	**392**	424	1,660	432	384	426	418
Grade per tonne								
Nickel (%)	**0.74**	**0.70**	0.77	0.63	0.69	0.62	0.63	0.58
Copper (%)	**0.54**	**0.54**	0.54	0.47	0.50	0.53	0.45	0.42
Recovery								
Nickel (%)	**82.9**	**82.0**	83.7	82.5	83.3	82.0	82.5	82.0
Copper (%)	**93.4**	**93.4**	93.4	93.9	93.4	94.0	94.0	94.2
Production (contained metal)								
Nickel (tonnes)	**4,991**	**2,245**	2,746	8,631	2,481	1,958	2,212	1,980
Copper (tonnes)	**4,097**	**1,975**	2,122	7,390	2,020	1,919	1,799	1,652
Sales ($000s)	**51,209**	**24,749**	26,460	120,421	28,365	23,509	39,258	29,289
Operating earnings ($000s)	**26,402**	**11,389**	15,013	38,072	7,681	2,264	15,117	13,010
Cash cost (€ per pound)	**1.15**	**1.55**	0.81	3.32	2.99	4.48	3.70	2.18
Cash cost ($ per pound)	**1.28**	**1.72**	0.91	4.38	3.74	5.89	5.05	2.98

Operating Earnings

Operating earnings for the second quarter ended June 30, 2015 were $11.4 million compared to $15.1 million for the prior year comparable period. The decrease is primarily a result of lower metal prices and prior period price adjustments ($16.4 million), partly offset by lower operating costs ($9.3 million) and favourable foreign exchange rates ($4.6 million).

On a year-to-date basis, operating earnings for 2015 were $26.4 million compared to $28.1 million in 2014. The small decrease is primarily a result of lower metal prices and prior period price adjustments ($28.2 million), offset by lower operating costs ($16.8 million) and favourable foreign exchange rates ($7.5 million).

Production

Nickel production of 2,245 tonnes for the three months ended June 30, 2015 was in-line with the comparable period in 2014 of 2,212 tonnes. Higher head grades from the bottom of the open pit were offset by lower throughput as operations switched from open pit mining to underground, with mill feed primarily from stockpiled ore.

Copper production for the three months ended June 30, 2015 was higher than the comparable period in 2014 by 176 tonnes (or 10%). Again, higher head grades were offset by lower throughput.

With lower throughput impacting only second quarter production, and consistently high head grades year-to-date, the plant produced 4,991 tonnes of nickel and 4,097 tonnes of copper for the six months ended June 30, 2015.

Open pit mining was completed in April 2015. Processing is expected to continue with stockpiled ore from the open pit, pending full scale underground mining rates being achieved. Of the 187 ktonnes (year-to-date: 565

ktonnes) of ore mined in the current quarter, approximately 121 ktonnes (year-to-date: 161 ktonnes) were from development and stoping of the underground mine.

While both nickel and copper production year-to-date have been above expectations, a permitting complexity has arisen that could affect production levels and cost projections towards the end of the year. The Spanish mining authority had previously granted approvals to convert from open pit to underground mining, however another government agency has recently required a new EIA on the change in mining method. The Company is cooperating fully with this request and will have a third party authored underground mining EIA submitted shortly. The Company may undertake a full or partial shutdown of the underground operations pending the EIA approval. Stockpiles are sufficient to continue processing at full tonnages until early in the fourth quarter.

Cash Costs

Nickel cash costs of $1.72/lb for the quarter ended June 30, 2015 and $1.28/lb year-to-date were significantly lower than guidance and the corresponding period in 2014. The decrease is due to extended mining of the open pit into the second quarter, favourable foreign exchange rates, higher metal sold, and lower maintenance costs.

Tenke Fungurume

Lundin Mining holds a 24% equity interest in the mine. Freeport-McMoRan Inc. ("Freeport") is the operating partner and holds a 56% interest in the mine. Gécamines, the Congolese state mining company, holds a 20% carried interest in the mine. Tenke Fungurume consists of an open-pit mine and on-site processing facilities located in the southern part of Katanga Province, Democratic Republic of Congo. The processing facilities have a capacity of 5.3 mtpa of ore. With the completion of the Phase II expansion, Tenke has an annual production capacity of 195 ktpa of copper cathode and 15 ktpa of cobalt in hydroxide. In addition, the Tenke electrowinning tankhouse has excess annual processing capacity of copper cathode, which is taken into consideration for future expansion. The primary metal is copper, with cobalt as a by-product metal.

Operating Statistics

	2015			2014				
100% Basis	**Total**	**Q2**	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000 tonnes)	**6,305**	**3,163**	3,142	13,073	2,531	3,106	3,485	3,951
Ore milled (000 tonnes)	**2,697**	**1,392**	1,305	5,372	1,262	1,424	1,380	1,306
Grade per tonne								
Copper (%)	**4.2**	**4.0**	4.4	4.1	4.0	4.1	4.1	4.1
Recovery								
Copper (%)	**93.9**	**93.9**	94.0	92.6	91.8	91.3	92.7	94.7
Production (contained metal)								
Copper (tonnes)	**104,969**	**52,268**	52,701	202,648	48,421	52,893	51,870	49,464
Cobalt (tonnes)	**7,470**	**4,148**	3,322	13,334	3,401	3,545	3,418	2,970
Income from equity investment ($000s) [1]	**20,279**	**10,538**	9,741	88,016	18,237	25,939	24,853	18,987
Attributable share of operating cash flows ($000s)	**45,410**	**4,279**	41,131	158,483	44,625	48,373	37,802	27,683
Cash cost ($ per pound) [2]	**1.18**	**1.07**	1.26	1.15	1.37	1.10	1.18	0.89

1. 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 $10.5 million in the current quarter was $14.4 million lower than the second quarter of last year due to lower prices and volumes. Volume of copper cathode sold during the quarter, on a 100% basis, was 47,401 tonnes, 11% lower than the 53,374 tonnes sold in the comparable period of last year because of timing of shipments.

The average price realized for copper sales during the quarter was $2.63/lb, compared to $3.08/lb in the second quarter of 2014. The average realized price for cobalt sold during the second quarter of 2015 was $9.27/lb, compared to $9.58/lb in the second quarter of 2014.

Production

Tenke produced 52,268 tonnes of copper for the three months ended June 30, 2015, higher than the prior year comparable quarter production of 51,870 tonnes due primarily to higher mill throughput and recoveries. Cobalt production for the quarter was 4,148 tonnes, higher than the prior year comparable quarter of 3,418 tonnes due primarily to higher cobalt ore grades.

The expanded milling facilities at Tenke continue to exceed original design capacity with throughput averaging approximately 15,300 tonnes of ore per day ("tpd") for the three months ended June 30, 2015. Mining rate during the quarter was 149,239 tpd, higher than expectations due to strong equipment availability and operational improvements.

Construction of the second new acid plant is advancing with civil works progressing on site. The acid plant is scheduled to be completed in the first half of 2016 and is sized to significantly reduce the need to import third party acid in addition to the acid produced at Tenke's existing plant. The new acid plant is also expected to support future expansion initiatives.

Freeport is expecting annual sales volumes of approximately 208,700 tonnes of copper and 16,300 tonnes of cobalt in 2015.

Cash Costs

Cash costs for copper, net of cobalt by-product credits, were $1.07/lb for the quarter. These are lower than cash costs of $1.18/lb for the second quarter of 2014, primarily reflecting higher cobalt credits, partly offset by lower copper sales volumes.

Cash costs for copper, net of cobalt by-product credits, were $1.18/lb for the six months ended June 30, 2015. These are higher than the cash costs of $1.06/lb for the six months ended June 30, 2014, primarily reflecting lower cobalt by-product credits realized in the first quarter of 2015. Freeport projects 2015 cash costs to approximate $1.12/lb of copper, based on current sales volume and cost estimates and assuming an average cobalt price of $13.00/lb.

Tenke Cash Flow

Lundin's attributable share of operating cash flow at Tenke for the second quarter of 2015 was $4.3 million. This is lower than the $37.8 million recognized in the second quarter of 2014, due to lower earnings and changes in non-cash working capital.

Year-to-date, Lundin's attributable share of operating cash flow was $45.4 million, $20.1 million lower than the $65.5 million generated in the same period in 2014, due to lower earnings.

For the three and six months ended June 30, 2015, $17.0 million and $28.6 million, respectively, was spent on the Company's attributable share of capital investments, which was fully funded by cash flow from Tenke operations. Lundin Mining's share of 2015 capital investment for Tenke, which is also expected to be self-funded by cash flow from Tenke operations, is expected to be approximately $80 million. Key capital spending areas in 2015 include a second acid plant and a tailings management facility expansion.

The Company received cash distributions of $5.9 million for the quarter ended June 30, 2015 from Tenke and $0.8 million from Freeport Cobalt for total distributions to the Company from Tenke related investments of $6.7 million.

On a year-to-date basis, the Company received cash distributions of $14.1 million from Tenke and $2.9 million from Freeport Cobalt for total distributions to the Company from Tenke related investments of $17.0 million. The Company expects to receive cash distributions from Tenke in 2015 of approximately $20 - $30 million, slightly increased from previous guidance of $20 million.

Exploration

Candelaria Mine, Chile (Copper, Gold)

A significant drill campaign designed to rapidly expand Mineral Reserves and Resources is underway, representing the first phase of a large 2015 exploration program. A total of 26,081 metres were drilled during the second quarter of 2015. Eleven drill rigs are currently active on step out drilling across four different underground mine ore bodies.

Eagle Resource Exploration, USA (Nickel, Copper)

2,178 metres were drilled from surface in the second quarter of 2015. All drilling focused on tracing the Eagle East feeder conduit at depth where previous drilling had identified a continuous 300 metre zone of a nickel-copper bearing semi-massive sulphide. Continued tracing of the conduit in the quarter led to four intercepts of high grade nickel-copper massive sulphide. The zone is approximately two kilometres east of the Eagle mine. A second drill rig has been mobilized to accelerate progress.

Neves-Corvo Mine, Portugal (Copper, Zinc)

Underground exploration drilling for 2015 is currently operating with five drill rigs and will focus on expanding the Mineral Reserves and Resources in the Lombador, Corvo and Neves orebodies. During the second quarter of 2015, 16,629 metres were drilled. These exploration holes will be used to better define the copper and zinc zones, transfer some Inferred Resources into Indicated Resources, and to further investigate copper and zinc potential.

Zinkgruvan Mine, Sweden (Zinc, Copper)

Underground exploration drilling continued to focus on the Dalby area and during the second quarter of 2015, 1,197 metres were drilled. In September, the Dalby area will be included in the mid-year Mineral Reserves and Resources update. A new exploration permit north-west of the mine has now been granted.

Peru (Copper)

Work in Peru focused on drilling the Elida Project, a porphyry copper prospect located close to the coast in central Peru. First-pass drilling at Elida, which began in the fourth quarter of last year, continued into 2015 with 2,403 metres being drilled during the second quarter of 2015.

Candelaria District Exploration (Copper, Gold)

A district property-wide exploration program is underway, designed to expand Candelaria asset reserves and resources. All existing exploration information is being compiled into a comprehensive 3D model to allow for evaluation and prioritization of exploration efforts. A geophysical survey program is being planned for the third quarter of 2015 to assist in the definition of new exploration targets on Candelaria property.

Eastern Europe (Copper, Gold)

The first phase drill program continued at an optioned porphyry copper property located in central Turkey with a total of 1,802 metres drilled in seven holes in the second quarter of 2015. All of the holes intersected intervals of skarn and porphyry type mineralization. The drilling program will continue in the second half of 2015 together with an additional Induced Polarization geophysical survey.

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

The average metal prices for copper, zinc and lead for the second quarter of 2015 were higher than the average prices for the previous quarter by 4%, 5% and 8%, respectively. During the first half of the second quarter, metal prices were on the rise, but since mid-May the prices have fallen largely as a result of a stronger US dollar, a slowdown in Chinese growth and uncertainty of Greece and the Euro. The average price for nickel during the second quarter decreased by 9% compared to the first quarter of 2015.

		Three months ended June 30,			**Six months ended June 30,**		
(Average LME Price)		**2015**	2014	Change	**2015**	2014	Change
Copper	US$/pound	2.74	3.08	-11%	2.69	3.14	-14%
	US$/tonne	6,043	6,787		5,929	6,916	
Nickel	US$/pound	5.90	8.38	-30%	6.21	7.49	-17%
	US$/tonne	13,008	18,465		13,684	16,523	
Zinc	US$/pound	0.99	0.94	6%	0.97	0.93	4%
	US$/tonne	2,190	2,073		2,134	2,051	
Lead	US$/pound	0.88	0.95	-7%	0.85	0.95	-11%
	US$/tonne	1,942	2,096		1,873	2,101	

LME inventory for copper, zinc and lead all decreased during the second quarter of 2015 by 2%, 9% and 25% respectively, while the LME inventory for nickel increased by 5% during the quarter.

The treatment charges ("TC") and refining charges ("RC") in the spot market for copper concentrates between mining companies and commodity trading companies decreased during the second quarter of 2015. In April, the spot TC was $82 per dmt of concentrate and the spot RC was $0.082 per lb of payable copper. In June, the TC had decreased to $68 per dmt of concentrate with a RC of $0.068 per lb of payable copper contained. In addition, the spot terms at which the Chinese copper smelters were buying have fallen from a TC of $95 per dmt of concentrate and a RC of $0.095 per lb of payable copper in April, to a TC of $85 per dmt of concentrate and a RC of $0.085 per lb of payable copper at the end of June. The reductions were largely due to continuing production disruptions and quality issues at several mines. The terms for the annual contracts for copper concentrates for 2015 were determined in December of 2014 at a TC of $107 per dmt of concentrates with a RC of $0.107 per lb of payable copper.

The Company's nickel concentrate production from Eagle and Aguablanca are sold under long-term contracts at terms in-line with market conditions.

The spot TC for zinc concentrates in China remained stable during the second quarter of 2015 at $205 to $210 per dmt, flat, a small increase of $5 per dmt compared to the first quarter. During the quarter, the Company settled terms for 2015 for all of their annual zinc concentrate contracts. The terms are in line with the TC between miners and smelters for annual contracts which was agreed during the first quarter of 2015 at $245 per dmt of concentrates based on a zinc price of $2,000 per mt and with higher escalators than for 2014. The agreed terms represent an improvement in favour of the smelters of approximately $22 per dmt of concentrates, at the base price, compared to prior year.

During the second quarter of 2015, the average spot TC for lead concentrates delivered to China were stable at $175 per dmt, flat. The quality of lead concentrates is becoming more important in China with lower TC being paid for lead concentrates with by-product credits such as silver, copper, zinc and antimony compared to clean high grade lead concentrates. The lead concentrate market is not as homogenous as the markets for copper and zinc concentrates and there is no clear TC for annual contracts. The TC is based on the individual quality and varies with the content of lead, silver and deleterious elements.

Liquidity and Financial Condition

Cash Reserves

Cash and cash equivalents were $506.7 million as at June 30, 2015, an increase of $331.9 million from $174.8 million at December 31, 2014 and an increase of $152.0 million from $354.7 million at March 31, 2015.

Cash inflows for the three months ended June 30, 2015 included operating cash flows of $262.7 million. Use of cash was primarily directed towards investments in mineral properties, plant and equipment of $78.8 million and net interest payments of $38.8 million.

For the six months ended June 30, 2015, cash inflows included operating cash flows of $486.6 million and receipt of distributions from Tenke ($14.1 million) and Freeport Cobalt ($2.9 million). Use of cash was primarily directed towards investments in mineral properties, plant and equipment of $142.7 million, and net interest payments of $40.3 million.

Working Capital

Working capital was $769.1 million as at June 30, 2015, compared to $510.5 million at December 31, 2014 and $666.7 million as at March 31, 2015. The increase in working capital, over both prior periods, is largely a reflection of a higher cash balance at June 30, 2015.

Long-Term Debt

As at June 30, 2015, the Company had outstanding $550 million of 7.5% senior secured notes (due 2020) and $450 million of 7.875% senior secured notes (due 2022).

In addition, the Company has an undrawn $350 million revolving credit facility, expiring in October 2017. A letter of credit has been issued in the amount of SEK 162 million ($19.7 million).

Subject to various risks and uncertainties (*see Managing Risks section, page 31*), the Company believes it will generate sufficient cash flow and has adequate cash and debt facilities to finance on-going operations and planned capital and exploration investment programs.

Commitments

The Company has the following capital commitments as at June 30, 2015:

($ thousands)	
2015	51,190
2016	2,486
Total	**53,676**

Shareholders’ Equity

Shareholders’ equity was $4,688.4 million at June 30, 2015, compared to $4,638.7 million at December 31, 2014. The increase in shareholders’ equity is primarily due to current year’s net earnings of $137.0 million, partially offset by foreign currency translation adjustments of $84.5 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, the Chilean peso 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	Tonnes Payable	Provisional price on June 30, 2015 ($US/tonne)	Change	Effect on operating earnings ($millions)
Copper	96,440	5,763	+/-10%	+/-$55.6
Nickel	6,871	11,959	+/-10%	+/-$8.2
Zinc	16,694	1,992	+/-10%	+/-$3.3
Lead	5,666	1,752	+/-10%	+/-$1.0

The following table presents the Company's sensitivity to certain currencies and the impact of exchange rates, against the US dollar, on operating earnings:

Currency	Change	Three months ended June 30, 2015 ($millions)	Six months ended June 30, 2015 ($millions)
Chilean peso	+/-10%	+/-$8.8	+/-$19.2
Euro	+/-10%	+/-$6.9	+/-$13.5
Swedish krona	+/-10%	+/-$1.9	+/-$4.1

Financial Instruments

Summary of financial instruments:

	Fair value at June 30, 2015 ($ thousands)	Basis of measurement	Associated risks
Trade and other receivables	87,477	Carrying value	Credit/Market/Exchange
Trade receivables	237,649	FVTPL	Credit/Market/Exchange
Marketable securities and restricted funds	32,532	FVTPL	Market/Liquidity
Marketable securities	153	Fair value through OCI	Market/Liquidity
Trade and other payables	204,849	Carrying value	Exchange
Long-term debt and finance leases	983,820	Amortized cost	Interest
Other long-term liabilities	10,164	Amortized cost	Interest

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

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 securities) – The fair value of marketable securities 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 – 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.

For the quarter ended June 30, 2015, the Company recognized decreased sales of $5.2 million (2014: increased sales of $7.3 million) on final settlement of provisionally priced transactions from the prior periods, and a revaluation loss of $0.1 million on FVTPL securities (2014: $4.3 million). In addition, a foreign exchange loss of $6.5 million (2014: loss of $0.3 million) was realized in the quarter on working capital denominated in foreign currencies that was held in the Company's various entities.

For the six months ended June 30, 2015, the Company recognized decreased sales of $41.7 million (2014: $2.1 million) on final settlement of provisionally priced transactions from the prior year, and a revaluation loss of $1.4 million on FVTPL securities (2014: $3.4 million). In addition, a foreign exchange gain of $10.8 million (2014: loss of $0.4 million) was realized in the year on working capital denominated in foreign currencies that was held in the Company's various 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.

The Company received $5.9 million and $14.1 million of cash distributions from Tenke during the three and six months ended June 30, 2015, respectively.

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 $0.8 million and $2.9 million of cash distributions from Freeport Cobalt during the three and six months ended June 30, 2015, respectively.

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 June 30,		Six months ended June 30,	
($ thousands)	**2015**	2014	**2015**	2014
Wages and salaries	**1,572**	1,541	**3,038**	3,083
Pension and benefits	**31**	34	**62**	68
Share-based compensation	**530**	822	**1,175**	1,384
	2,133	2,397	**4,275**	4,535

For the three and six months ended June 30, 2015, the Company paid $0.2 million and $0.4 million, respectively (Q2 2014 - $0.2 million; YTD 2014 - $0.4 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

New Accounting Pronouncements

IFRS 15, *Revenue from Contracts with Customers,* provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, cost of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is still assessing the impact of this standard.

Critical Accounting Estimates and Assumptions

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and assumptions. These estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ materially from the amounts included in the financial statements. For a complete discussion of accounting estimates and assumptions deemed most critical by the Company, refer to the Company's annual 2014 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 on risks, refer to the Company's annual 2014 Management's Discussion and Analysis.

Outstanding Share Data

As at July 29, 2015, the Company has 719,500,357 common shares issued and outstanding, and 14,547,970 stock options and 972,000 share units outstanding under the Company's incentive 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.

Net Cash/Debt

Net cash/debt is a performance measure used by the Company to assess its financial position. Net cash/debt is defined as cash and cash equivalents, less long-term debt and finance leases, excluding deferred financing fees and can be reconciled as follows:

($thousands)	**June 30, 2015**	March 31, 2015	December 31, 2014
Current portion of long-term debt and finance leases	**(1,076)**	(1,158)	(1,932)
Long-term debt and finance leases	**(982,744)**	(982,101)	(980,888)
	(983,820)	(983,259)	(982,820)
Deferred financing fees (netted in above)	**(20,009)**	(20,640)	(21,165)
	(1,003,829)	(1,003,899)	(1,003,985)
Cash and cash equivalents	**506,659**	354,655	174,792
Net debt	**(497,170)**	(649,244)	(829,193)

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 administrative expenses.

Operating Cash Flow per Share

Operating cash flow per share is a performance measure used by the Company to assess its ability to generate cash from its operations, while also taking into consideration changes in the number of outstanding shares of the Company. Operating cash flow per share is defined as cash provided by operating activities, less changes in non-cash working capital items, divided by the basic weighted average number of shares outstanding.

Operating cash flow per share can be reconciled to cash provided by operating activities as follows:

	Three months ended June 30,		**Six months ended June 30,**	
($000s, except share and per share amounts)	**2015**	2014	**2015**	2014
Cash provided by operating activities	**262,673**	33,769	**486,648**	61,323
Add: Changes in non-cash working capital items	**(75,092)**	20,161	**(78,803)**	23,324
Operating cash flow before changes in non-cash working capital items	**187,581**	53,930	**407,845**	84,647
Weighted average common shares outstanding	**718,974,916**	585,503,689	**718,615,375**	585,237,486
Operating cash flow per share	**0.26**	0.09	**0.57**	0.14

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 and to assess overall efficiency and effectiveness of the mining operations. 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.

- **Cash cost per pound, gross** - Total cash costs directly attributable to mining operations, excluding capital expenditures for deferred stripping, are divided by the sales volume of the primary metal to arrive at gross cash cost per pound. As this measure is not impacted by fluctuations in sales of by-product metals, it is generally more consistent across periods.
- **Cash cost per pound, net of by-products –** Credits for by-products sales are deducted from total cash costs directly attributable to mining operations. By-product revenue is adjusted for the terms of streaming agreements, but excludes any deferred revenue from the allocation of upfront cash received. The net cash costs are divided by the sales volume of the primary metal to arrive at net cash cost per pound. The inclusion of by-product credits provides a broader economic measurement, incorporating the benefit of other metals extracted in the production of the primary metal.

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

	Three months ended June 30, 2015				Three months ended June 30, 2014			
Operation	Total Tonnes Sold	Pounds (000s)	Cash Costs $/lb	Operating Costs ($000s)	Total Tonnes Sold	Pounds (000s)	Cash Costs $/lb	Operating Costs ($000s)
Candelaria (Cu) - 100%	44,588	98,300	1.21	118,943	-	-	-	-
Eagle (Ni)	5,815	12,820	2.15	27,563	-	-	-	-
Neves-Corvo (Cu)	14,631	32,256	1.43	46,126	11,009	24,271	1.62	39,319
Zinkgruvan (Zn)	17,711	39,046	0.43	16,790	15,109	33,310	0.17	5,663
Aguablanca (Ni)	1,415	3,120	1.72	5,366	1,342	2,959	5.05	14,943
				214,788				59,925
Add: By-product credits				99,174				65,382
Treatment costs				(72,765)				(15,654)
Non-cash inventory				4,058				(1,675)
Royalties and other				6,333				3,032
Total Operating Costs				**251,588**				**111,010**

	Six months ended June 30, 2015				Six months ended June 30, 2014			
Operation	Total Tonnes Sold	Pounds (000s)	Cash Costs $/lb	Operating Costs ($000s)	Total Tonnes Sold	Pounds (000s)	Cash Costs $/lb	Operating Costs ($000s)
Candelaria (Cu) - 100%	95,169	209,812	1.20	251,774	-	-	-	-
Eagle (Ni)	11,250	24,802	1.81	44,892	-	-	-	-
Neves-Corvo (Cu)	29,767	65,625	1.41	92,531	21,344	47,055	1.85	87,052
Zinkgruvan (Zn)	32,376	71,377	0.43	30,692	31,458	69,353	0.31	21,499
Aguablanca (Ni)	3,097	6,828	1.28	8,740	2,584	5,697	4.05	23,073
				428,629				131,624
Add: By-product credits				195,290				108,955
Treatment costs				(138,261)				(30,591)
Non-cash inventory				3,351				(4,288)
Royalties and other				13,206				5,460
Total Operating Costs				**502,215**				**211,160**

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 Internal Control – Integrated Framework (2013 Framework) issued by 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

In the fourth quarter of 2014, the Company acquired Candelaria, however the Company has not had sufficient time to fully assess the design of DCP and ICFR inherent in the organization and accordingly has limited the scope of the above assessment on the design of DCP and ICFR to exclude this operation.

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 June 30, 2015 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 July 29, 2015:***

   (a) **Directors:**

   Donald K. Charter
   Paul K. Conibear
   John H. Craig
   Peter C. Jones
   Lukas H. Lundin
   Dale C. Peniuk
   William A. Rand
   Catherine J. G. Stefan

   (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*
   Derek Riehm, *Vice President, Environment*
   Lesley Duncan, *Corporate Secretary*

2. **Financial Information**

   The report for the third quarter of 2015 is expected to be published by October 28, 2015.

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, 2 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:

   Sonia Tercas, *Investor Relations, North America*: +1-416-342-5583, sonia.tercas@lundinmining.com
   John Miniotis, *Senior Manager, Corporate Development and Investor Relations*: +1-416-342-5560, john.miniotis@lundinmining.com
   Robert Eriksson, *Investor Relations, Sweden*: +46-(0)8-440-54-50, robert.eriksson@lundinmining.com

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

June 30, 2015
(Unaudited)

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited - in thousands of US dollars)

	June 30, 2015	December 31, 2014
ASSETS		
Current		
Cash and cash equivalents (Note 3)	**$ 506,659**	$ 174,792
Trade and other receivables (Note 4)	**325,126**	404,967
Income taxes receivable	**35,251**	49,241
Inventories (Note 5)	**156,191**	162,074
	1,023,227	791,074
Non-Current		
Restricted funds	**41,124**	57,007
Long-term inventory	**169,328**	154,725
Marketable securities and other assets	**14,078**	18,226
Mineral properties, plant and equipment (Note 6)	**3,670,416**	3,927,291
Investment in associates (Note 7)	**2,062,895**	2,059,199
Deferred tax assets	**72,045**	57,671
Goodwill	**249,515**	261,482
	6,279,401	6,535,601
	$ 7,302,628	$ 7,326,675
LIABILITIES		
Current		
Trade and other payables (Note 9)	**$ 248,665**	$ 274,213
Income taxes payable	**5,432**	6,380
Current portion of long-term debt and finance leases	**1,076**	1,932
Current portion of deferred revenue	**64,782**	65,098
Current portion of reclamation and other closure provisions	**8,655**	8,995
	328,610	356,618
Non-Current		
Long-term debt and finance leases	**982,744**	980,888
Deferred revenue	**571,728**	602,244
Reclamation and other closure provisions	**253,732**	254,461
Other long-term liabilities	**10,164**	10,001
Provision for pension obligations	**14,934**	17,030
Deferred tax liabilities	**452,339**	466,759
	2,285,641	2,331,383
	2,614,251	2,688,001
SHAREHOLDERS' EQUITY		
Share capital	**4,106,901**	4,099,038
Contributed surplus	**46,309**	45,021
Accumulated other comprehensive loss	**(283,514)**	(199,023)
Retained earnings	**378,296**	260,109
Equity attributable to Lundin Mining Corporation shareholders	**4,247,992**	4,205,145
Non-controlling interests	**440,385**	433,529
	4,688,377	4,638,674
	$ 7,302,628	$ 7,326,675

Commitments (Note 16)

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

APPROVED BY THE BOARD OF DIRECTORS

(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 June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Sales	**$ 501,279**	$ 191,763	**$ 1,032,807**	$ 341,666
Operating costs (Note 11)	**(251,588)**	(111,010)	**(502,215)**	(211,160)
Depreciation, depletion and amortization (Note 6)	**(152,851)**	(36,888)	**(309,926)**	(74,641)
General and administrative expenses	**(6,681)**	(6,512)	**(13,621)**	(13,159)
General exploration and business development (Note 13)	**(14,604)**	(14,249)	**(26,506)**	(25,831)
Income from equity investment in associates (Note 7)	**9,109**	24,463	**20,700**	42,544
Finance income and costs (Note 14)	**(23,131)**	(5,274)	**(45,696)**	(5,606)
Other income and expenses (Note 15)	**(8,387)**	(2,434)	**11,050**	(2,353)
Earnings before income taxes	**53,146**	39,859	**166,593**	51,460
Current tax expense (Note 8)	**(14,069)**	(2,924)	**(51,235)**	(4,330)
Deferred tax recovery (Note 8)	**14,641**	2,783	**21,685**	5,935
Net earnings	**$ 53,718**	$ 39,718	**$ 137,043**	$ 53,065
Net earnings attributable to:				
Lundin Mining Corporation shareholders	**$ 46,398**	$ 39,718	**$ 118,187**	$ 53,065
Non-controlling interests	**7,320**	-	**18,856**	-
Net earnings	**$ 53,718**	$ 39,718	**$ 137,043**	$ 53,065
Basic and diluted earnings per share attributable to Lundin Mining Corporation shareholders	**$ 0.06**	$ 0.07	**$ 0.16**	$ 0.09
Weighted average number of shares outstanding (Note 10)				
Basic	**718,974,916**	585,503,689	**718,615,375**	585,237,486
Diluted	**721,787,199**	586,861,944	**720,681,277**	586,340,303

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 June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Net earnings	**$ 53,718**	$ 39,718	**$ 137,043**	$ 53,065
Other comprehensive (loss) income, net of taxes				
Items that may be reclassified subsequently to net earnings:				
Effects of foreign exchange	**41,694**	(15,320)	**(84,491)**	(15,573)
Other comprehensive (loss) income	**41,694**	(15,320)	**(84,491)**	(15,573)
Comprehensive income	**$ 95,412**	$ 24,398	**$ 52,552**	$ 37,492
Comprehensive income attributable to:				
Lundin Mining Corporation shareholders	**$ 88,092**	$ 24,398	**$ 33,696**	$ 37,492
Non-controlling interests	**7,320**	-	**18,856**	-
Comprehensive income	**$ 95,412**	$ 24,398	**$ 52,552**	$ 37,492

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

LUNDIN MINING CORPORATION

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	Non-controlling interests	Total
Balance, December 31, 2014	718,168,173	$ 4,099,038	$ 45,021	$ (199,023)	$ 260,109	$ 433,529	$ 4,638,674
Distributions	-	-	-	-	-	(12,000)	(12,000)
Exercise of stock options	1,332,184	7,231	(2,759)	-	-	-	4,472
Share-based compensation	-	-	4,047	-	-	-	4,047
Deferred tax adjustment	-	632	-	-	-	-	632
Net earnings	-	-	-	-	118,187	18,856	137,043
Other comprehensive loss	-	-	-	(84,491)	-	-	(84,491)
Total comprehensive loss	-	-	-	(84,491)	118,187	18,856	52,552
Balance, June 30, 2015	**719,500,357**	**$ 4,106,901**	**$ 46,309**	**$ (283,514)**	**$ 378,296**	**$ 440,385**	**$ 4,688,377**

	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Non-controlling interests	Total
Balance, December 31, 2013	584,643,063	$ 3,509,343	$ 40,379	$ (27,620)	$ 147,503	$ -	$ 3,669,605
Exercise of stock options	1,164,778	6,336	(2,091)	-	-	-	4,245
Share-based compensation	-	-	3,204	-	-	-	3,204
Net earnings	-	-	-	-	53,065	-	53,065
Other comprehensive loss	-	-	-	(15,573)	-	-	(15,573)
Total comprehensive income	-	-	-	(15,573)	53,065	-	37,492
Balance, June 30, 2014	585,807,841	$ 3,515,679	$ 41,492	$ (43,193)	$ 200,568	$ -	$ 3,714,546

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 June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Cash provided by (used in)				
Operating activities				
Net earnings	**$ 53,718**	$ 39,718	**$ 137,043**	$ 53,065
Items not involving cash and other adjustments				
Depreciation, depletion and amortization	**152,851**	36,888	**309,926**	74,641
Share-based compensation	**1,940**	1,912	**3,978**	3,737
Income from equity investment in associates	**(9,109)**	(24,463)	**(20,700)**	(42,544)
Unrealized foreign exchange (gain) loss	**3,620**	1,273	**3,471**	2,411
Deferred tax recovery	**(14,641)**	(2,783)	**(21,685)**	(5,935)
Recognition of deferred revenue	**(16,543)**	(1,535)	**(35,434)**	(2,777)
Finance costs	**23,131**	5,016	**45,696**	5,003
Other	**2,968**	(157)	**2,991**	680
Reclamation payments	**(1,053)**	(1,550)	**(2,125)**	(2,824)
Pension payments	**(348)**	(389)	**(713)**	(810)
Changes in long-term inventory	**(8,953)**	-	**(14,603)**	-
Changes in non-cash working capital items (Note 20)	**75,092**	(20,161)	**78,803**	(23,324)
	262,673	33,769	**486,648**	61,323
Investing activities				
Investment in mineral properties, plant and equipment	**(78,758)**	(99,344)	**(142,678)**	(191,740)
Distributions from associates (Note 7)	**6,697**	29,860	**17,004**	46,570
Restricted funds withdrawal, net	**-**	11,735	**12,848**	22,535
Other	**(777)**	472	**5,730**	525
	(72,838)	(57,277)	**(107,096)**	(122,110)
Financing activities				
Interest paid, net	**(38,781)**	(87)	**(40,276)**	(153)
Distributions to non-controlling interests	**(12,000)**	-	**(12,000)**	-
Proceeds from common shares issued	**3,744**	2,275	**4,472**	4,245
Long-term debt repayments	**(425)**	(394)	**(845)**	(1,138)
Proceeds from long-term debt	**-**	60,000	**-**	82,000
Other	**-**	(105)	**(134)**	(194)
	(47,462)	61,689	**(48,783)**	84,760
Effect of foreign exchange on cash balances	**9,631**	1,591	**1,098**	1,345
Increase in cash and cash equivalents during the period	**152,004**	39,772	**331,867**	25,318
Cash and cash equivalents, beginning of period	**354,655**	102,186	**174,792**	116,640
Cash and cash equivalents, end of period	**$ 506,659**	$ 141,958	**$ 506,659**	$ 141,958

Supplemental cash flow information (Note 20)

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 Eagle nickel/copper mine located in the United States ("USA"), the Neves-Corvo copper/zinc mine located in Portugal, the Zinkgruvan zinc/lead mine located in Sweden and the Aguablanca nickel/copper mine located in Spain. The Company also owns 80% of the Candelaria and Ojos del Salado copper/gold mining complex located in Chile ("Candelaria"), and 24% equity accounted interests in the Tenke Fungurume copper/cobalt mine located in the Democratic Republic of Congo ("DRC") and the Freeport Cobalt Oy business ("Freeport Cobalt"), 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 CPA Canada Handbook - Accounting 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, 2014.

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 July 29, 2015.

(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 annual consolidated financial statements for the year ended December 31, 2014.

(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 annual consolidated financial statements for the year ended December 31, 2014.

(iv) New accounting pronouncements

IFRS 15, *Revenue from Contracts with Customers,* provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, cost of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is still assessing the impact of this standard.

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

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

		June 30, 2015		December 31, 2014
Cash	**$**	**329,209**	$	114,751
Short-term deposits		**177,450**		60,041
	$	**506,659**	$	174,792

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

		June 30, 2015		December 31, 2014
Trade receivables	**$**	**260,799**	$	360,909
Value added tax		**16,729**		17,522
Other receivables		**20,847**		11,085
Prepaid expenses		**26,751**		15,451
	$	**325,126**	$	404,967

Pursuant to the stream agreement with Franco Nevada, the Company expects to receive an additional $7.5 million payment due to an increase in reserves following resolution of post-closing items. The amount has been recorded in Other receivables as at June 30, 2015.

5. INVENTORIES

Inventories are comprised of the following:

		June 30, 2015		December 31, 2014
Ore stockpiles	**$**	**26,319**	$	22,261
Concentrate stockpiles		**35,479**		40,656
Materials and supplies		**94,393**		99,157
	$	**156,191**	$	162,074

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

6. 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, 2013	$ 1,779,004	$ 758,467	$ 63,230	$ 474,815	$ 3,075,516
Additions	31,596	580	-	184,919	217,095
Disposals and transfers	5,752	10,124	(501)	(19,229)	(3,854)
Effects of foreign exchange	(29,387)	(11,240)	(825)	(598)	(42,050)
As at June 30, 2014	1,786,965	757,931	61,904	639,907	3,246,707
Candelaria Acquisition	1,217,348	904,909	-	37,571	2,159,828
Additions	51,244	753	-	135,834	187,831
Impairment	-	-	(47,064)	-	(47,064)
Disposals and transfers	242,967	456,425	-	(706,193)	(6,801)
Effects of foreign exchange	(211,376)	(88,516)	(6,153)	(8,026)	(314,071)
As at December 31, 2014	3,087,148	2,031,502	8,687	99,093	5,226,430
Additions	71,612	(813)	-	65,468	136,267
Disposals and transfers	12,258	32,012	-	(57,243)	(12,973)
Effects of foreign exchange	(113,261)	(52,445)	(679)	(2,266)	(168,651)
As at June 30, 2015	**$ 3,057,757**	**$ 2,010,256**	**$ 8,008**	**$ 105,052**	**$ 5,181,073**

Accumulated depreciation, depletion and amortization	Mineral properties	Plant and equipment	Exploration properties	Assets under construction	Total
As at December 31, 2013	$ 961,356	$ 329,292	$ -	$ -	$ 1,290,648
Depreciation	47,286	27,355	-	-	74,641
Disposals and transfers	-	(3,188)	-	-	(3,188)
Effects of foreign exchange	(17,948)	(5,351)	-	-	(23,299)
As at June 30, 2014	990,694	348,108	-	-	1,338,802
Depreciation	80,059	54,003	-	-	134,062
Disposals and transfers	(1,421)	(4,158)	-	-	(5,579)
Effects of foreign exchange	(124,019)	(44,127)	-	-	(168,146)
As at December 31, 2014	945,313	353,826	-	-	1,299,139
Depreciation	177,227	132,699	-	-	309,926
Disposals and transfers	(2,099)	(6,169)	-	-	(8,268)
Effects of foreign exchange	(65,274)	(24,866)	-	-	(90,140)
As at June 30, 2015	**$ 1,055,167**	**$ 455,490**	**$ -**	**$ -**	**$ 1,510,657**

Net book value	Mineral properties	Plant and equipment	Exploration properties	Assets under construction	Total
As at December 31, 2014	$ 2,141,835	$ 1,677,676	$ 8,687	$ 99,093	$ 3,927,291
As at June 30, 2015	**$ 2,002,590**	**$ 1,554,766**	**$ 8,008**	**$ 105,052**	**$ 3,670,416**

During the three and six months ended June 30, 2015, the Company capitalized $24.1 million (2014 - $nil) and $45.7 million (2014 - $nil), respectively, of deferred stripping costs to mineral properties.

Included in the mineral properties balance as at June 30, 2015 is $417.5 million (2014 - $nil) which is non-depreciable.

(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 June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Operating costs	**$ 152,760**	$ 36,796	**$ 309,744**	$ 74,461
General and administrative expenses	**91**	92	**182**	180
Depreciation, depletion and amortization	**$ 152,851**	$ 36,888	**$ 309,926**	$ 74,641

7. INVESTMENT IN ASSOCIATES

	Tenke Fungurume	**Freeport Cobalt**	**Total**
As at December 31, 2013	$ 1,959,012	$ 104,834	$ 2,063,846
Distributions	(39,328)	(7,242)	(46,570)
Share of equity income (loss)	43,840	(1,296)	42,544
As at June 30, 2014	1,963,524	96,296	2,059,820
Distributions	(46,500)	(1,373)	(47,873)
Share of equity income	44,176	3,076	47,252
As at December 31, 2014	1,961,200	97,999	2,059,199
Distributions	(14,100)	(2,904)	(17,004)
Share of equity income	20,279	421	20,700
As at June 30, 2015	**$ 1,967,379**	**$ 95,516**	**$ 2,062,895**

The following is a summary of the consolidated financial information of TF Holdings Limited on a 100% basis:

	June 30, 2015	December 31, 2014
Total current assets	**$** 845,621	$ 838,382
Total non-current assets	**$** 4,011,665	$ 3,958,752
Total current liabilities	**$** 181,843	$ 198,039
Total non-current liabilities	**$** 487,080	$ 497,475

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Total sales	**$ 357,735**	$ 425,756	**$ 776,004**	$ 758,867
Total earnings	**$ 58,278**	$ 103,619	**$ 115,044**	$ 188,087

8. 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.

During the three and six months ended June 30, 2015, the Company received investment tax credits of $8.7 million and $10.2 million, respectively, related to Neves-Corvo.

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

9. TRADE AND OTHER PAYABLES

Trade and other payables are comprised of the following:

		June 30, 2015		December 31, 2014
Trade payables	**$**	**112,563**	$	137,352
Unbilled goods and services		**77,942**		81,511
Payroll obligations		**43,816**		46,763
Royalty payable		**14,344**		8,587
	$	**248,665**	$	274,213

10. 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 2,812,283 shares for the three months ended June 30, 2015 (2014 - 1,358,255 shares) and 2,065,902 shares for the six months ended June 30, 2015 (2014 - 1,102,817 shares). The incremental shares relate to in-the-money outstanding stock options and outstanding restricted share units.

11. OPERATING COSTS

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

	Three months ended June 30				Six months ended June 30			
		2015		2014		**2015**		2014
Direct mine and mill costs	**$**	**220,974**	$	101,827	**$**	**444,811**	$	194,458
Transportation		**25,223**		6,984		**47,011**		13,210
Royalties		**5,391**		2,199		**10,393**		3,492
		251,588		111,010		**502,215**		211,160
Depreciation, depletion and amortization (Note 6)		**152,760**		36,796		**309,744**		74,461
Total operating costs	**$**	**404,348**	$	147,806	**$**	**811,959**	$	285,621

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

12. EMPLOYEE BENEFITS

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

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Operating costs				
Wages and benefits	**$ 55,973**	$ 33,305	**$ 107,790**	$ 64,515
Pension benefits	**348**	417	**713**	846
Share-based compensation	**651**	629	**1,889**	1,392
	56,972	34,351	**110,392**	66,753
General and administrative expenses				
Wages and benefits	**3,077**	2,717	**5,976**	5,679
Pension benefits	**124**	131	**355**	262
Share-based compensation	**1,209**	1,246	**1,989**	2,269
	4,410	4,094	**8,320**	8,210
General exploration and business development				
Wages and benefits	**2,526**	1,641	**5,205**	3,730
Pension benefits	**11**	12	**22**	24
Share-based compensation	**80**	37	**100**	76
	2,617	1,690	**5,327**	3,830
Total employee benefits	**$ 63,999**	$ 40,135	**$ 124,039**	$ 78,793

13. GENERAL EXPLORATION AND BUSINESS DEVELOPMENT

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

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
General exploration	**$ 12,695**	$ 7,666	**$ 22,857**	$ 15,732
Project and corporate development	**1,909**	6,583	**3,649**	10,099
	$ 14,604	$ 14,249	**$ 26,506**	$ 25,831

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

14. FINANCE INCOME AND COSTS

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

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Interest income	**$ 227**	$ 315	**$ 279**	$ 709
Interest expense and bank fees	**(21,286)**	(1,097)	**(43,149)**	(2,344)
Accretion expense on reclamation provisions	**(1,220)**	(600)	**(2,415)**	(1,201)
Unrealized gain (loss) on revaluation of marketable securities	**(137)**	(4,274)	**(1,441)**	(3,386)
Other	**(715)**	382	**1,030**	616
Total finance costs, net	**$ (23,131)**	$ (5,274)	**$ (45,696)**	$ (5,606)

Finance income	**$ 227**	$ 697	**$ 1,309**	$ 1,325
Finance costs	**(23,358)**	(5,971)	**(47,005)**	(6,931)
Total finance costs, net	**$ (23,131)**	$ (5,274)	**$ (45,696)**	$ (5,606)

During the three and six months ended June 30, 2015, the Company accrued $19.4 million (2014 - $nil) and $38.6 million (2014 - $nil), respectively, in interest expense on the $1.0 billion senior secured notes.

15. OTHER INCOME AND EXPENSES

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

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Foreign exchange gain (loss)	**$ (6,525)**	$ (329)	**$ 10,770**	$ (358)
Other income	**(1,175)**	972	**3,848**	1,266
Other expenses	**(687)**	(3,077)	**(3,568)**	(3,261)
Total other income (expenses), net	**$ (8,387)**	$ (2,434)	**$ 11,050**	$ (2,353)

Other income and other expenses include ancillary activities of the Company.

16. COMMITMENTS

The Company has the following capital commitments as at June 30, 2015:

2015	$ 51,190
2016	2,486
Total	**$ 53,676**

17. SEGMENTED INFORMATION

The Company is engaged in mining, exploration and development of mineral properties, primarily in Chile, USA, Portugal, Sweden, Spain 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 June 30, 2015

	Candelaria	Eagle	Neves-Corvo	Zinkgruvan	Aguablanca	Tenke Fungurume	Other	Total
	Chile	USA	Portugal	Sweden	Spain	DRC		
Sales	$ 256,524	$ 85,032	$ 93,673	$ 41,301	$ 24,749	$ -	$ -	$ 501,279
Operating costs	(115,186)	(44,735)	(59,622)	(18,157)	(13,360)	-	(528)	(251,588)
General and administrative expenses	-	-	-	-	-	-	(6,681)	(6,681)
Operating earnings (loss) *	141,338	40,297	34,051	23,144	11,389	-	(7,209)	243,010
Depreciation, depletion and amortization	(80,681)	(35,300)	(23,476)	(6,199)	(6,597)	-	(598)	(152,851)
General exploration and business development	(6,424)	(2,724)	(1,359)	(294)	-	-	(3,803)	(14,604)
Income (loss) from equity investment in associates	-	-	-	-	-	10,538	(1,429)	9,109
Finance income and costs, net	(506)	(200)	(1,094)	(261)	117	-	(21,187)	(23,131)
Other income and expenses, net	(2,372)	6	(6,413)	(1,556)	(748)	-	2,696	(8,387)
Income tax recovery (expense)	(7,363)	1,948	8,176	(3,163)	249	-	725	572
Net earnings (loss)	$ 43,992	$ 4,027	$ 9,885	$ 11,671	$ 4,410	$ 10,538	$ (30,805)	$ 53,718
Capital expenditures	$ 51,813	$ 3,319	$ 12,389	$ 6,242	$ 4,602	$ -	$ 393	$ 78,758

For the six months ended June 30, 2015

	Candelaria	Eagle	Neves-Corvo	Zinkgruvan	Aguablanca	Tenke Fungurume	Other	Total
	Chile	USA	Portugal	Sweden	Spain	DRC		
Sales	$ 548,714	$ 173,423	$ 180,296	$ 79,165	$ 51,209	$ -	$ -	$ 1,032,807
Operating costs	(243,686)	(76,993)	(115,532)	(39,417)	(24,807)	-	(1,780)	(502,215)
General and administrative expenses	-	-	-	-	-	-	(13,621)	(13,621)
Operating earnings (loss) *	305,028	96,430	64,764	39,748	26,402	-	(15,401)	516,971
Depreciation, depletion and amortization	(165,801)	(72,721)	(47,111)	(11,724)	(11,303)	-	(1,266)	(309,926)
General exploration and business development	(11,207)	(4,411)	(2,881)	(572)	-	-	(7,435)	(26,506)
Income from equity investment in associates	-	-	-	-	-	20,279	421	20,700
Finance income and costs, net	(1,023)	(399)	170	(1,104)	93	-	(43,433)	(45,696)
Other income and expenses, net	3,034	17	6,033	1,225	1,917	-	(1,176)	11,050
Income tax recovery (expense)	(21,887)	(1,511)	5,323	(5,813)	(9,487)	-	3,825	(29,550)
Net earnings (loss)	$ 108,144	$ 17,405	$ 26,298	$ 21,760	$ 7,622	$ 20,279	$ (64,465)	$ 137,043
Capital expenditures	$ 81,107	$ 14,799	$ 22,209	$ 13,270	$ 10,851	$ -	$ 442	$ 142,678

* 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 June 30, 2014

	Neves-Corvo Portugal	Zinkgruvan Sweden	Aguablanca Spain	Eagle USA	Tenke Fungurume DRC	Other	Total
Sales	$ 97,361	$ 55,144	$ 39,258	$ -	$ -	$ -	$ 191,763
Operating costs	(58,338)	(27,845)	(24,141)	-	-	(686)	(111,010)
General and administrative expenses	-	-	-	-	-	(6,512)	(6,512)
Operating earnings (loss) *	39,023	27,299	15,117	-	-	(7,198)	74,241
Depreciation, depletion and amortization	(26,746)	(7,897)	(1,057)	(1,094)	-	(94)	(36,888)
General exploration and business development	(1,174)	(2,348)	-	(4,916)	-	(5,811)	(14,249)
Income (loss) from equity investment in associates	-	-	-	-	24,853	(390)	24,463
Finance income and costs, net	(111)	70	(52)	-	-	(5,181)	(5,274)
Other income and expenses, net	1,467	955	176	(35)	-	(4,997)	(2,434)
Income tax recovery (expense)	2,316	(3,843)	(3,808)	3,153	-	2,041	(141)
Net (loss) earnings	$ 14,775	$ 14,236	$ 10,376	$ (2,892)	$ 24,853	$ (21,630)	$ 39,718
Capital expenditures	$ 17,509	$ 7,745	$ 1,917	$ 72,144	$ -	$ 29	$ 99,344

For the six months ended June 30, 2014

	Neves-Corvo Portugal	Zinkgruvan Sweden	Aguablanca Spain	Eagle USA	Tenke Fungurume DRC	Other	Total
Sales	$ 173,633	$ 98,222	$ 68,547	$ -	$ -	$ 1,264	$ 341,666
Operating costs	(114,631)	(54,384)	(40,420)	-	-	(1,725)	(211,160)
General and administrative expenses	-	-	-	-	-	(13,159)	(13,159)
Operating earnings (loss) *	59,002	43,838	28,127	-	-	(13,620)	117,347
Depreciation, depletion and amortization	(53,548)	(14,889)	(4,020)	(1,999)	-	(185)	(74,641)
General exploration and business development	(4,275)	(4,403)	-	(8,641)	-	(8,512)	(25,831)
Income (loss) from equity investment in associates	-	-	-	-	43,840	(1,296)	42,544
Finance income and costs, net	(348)	236	(118)	-	-	(5,376)	(5,606)
Other income and expenses, net	1,375	1,197	174	(35)	-	(5,064)	(2,353)
Income tax (expense) recovery	5,766	(5,460)	(6,540)	5,642	-	2,197	1,605
Net earnings (loss)	$ 7,972	$ 20,519	$ 17,623	$ (5,033)	$ 43,840	$ (31,856)	$ 53,065
Capital expenditures	$ 36,434	$ 12,883	$ 6,597	$ 135,624	$ -	$ 202	$ 191,740

* 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 June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Copper	**$ 331,853**	$ 81,275	**$ 685,880**	$ 149,080
Nickel	**65,729**	30,521	**141,415**	52,313
Zinc	**47,237**	48,277	**86,912**	87,865
Gold	**28,871**	322	**59,677**	521
Lead	**9,288**	22,703	**21,501**	36,567
Silver	**9,231**	4,797	**20,543**	7,977
Other	**9,070**	3,868	**16,879**	7,343
	$ 501,279	$ 191,763	**$ 1,032,807**	$ 341,666

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

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Europe	**$ 217,027**	$ 150,733	**$ 445,769**	$ 272,583
Asia	**211,198**	40,974	**418,656**	71,863
North America	**54,833**	-	**113,968**	-
South America	**18,221**	56	**54,414**	(2,780)
	$ 501,279	$ 191,763	**$ 1,032,807**	$ 341,666

18. 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 7).

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 June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Wages and salaries	**$ 1,572**	$ 1,541	**$ 3,038**	$ 3,083
Pension benefits	**31**	34	**62**	68
Share-based compensation	**530**	822	**1,175**	1,384
	$ 2,133	$ 2,397	**$ 4,275**	$ 4,535

c) Other related parties - For the three and six months ended June 30, 2015, the Company paid $0.2 million and $0.4 million (Q2 2014 - $0.2 million; year-to-date 2014 - $0.4 million), respectively, 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)

19. 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 June 30, 2015 and December 31, 2014:

		June 30, 2015		December 31, 2014	
	Level	**Carrying value**	**Fair value**	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Trade receivables	2	**$ 237,649**	**$ 237,649**	$ 322,130	$ 322,130
Marketable securities - shares	1	**4,179**	**4,179**	5,483	5,483
Restricted funds - shares	1	**28,353**	**28,353**	29,626	29,626
		$ 270,181	**$ 270,181**	$ 357,239	$ 357,239
Available for sale					
Marketable securities - shares	1	**$ 153**	**$ 153**	$ 698	$ 698
		$ 153	**$ 153**	$ 698	$ 698
Financial liabilities					
Amortized cost					
Long-term debt and finance leases	2	**$ 983,820**	**$ 983,820**	$ 982,820	$ 982,820
Other long-term liabilities	2	**10,164**	**10,164**	10,001	10,001
		$ 993,984	**$ 993,984**	$ 992,821	$ 992,821

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 negative pricing adjustments of $39.9 million and $67.9 million in sales during the three and six months ended June 30, 2015 (Q2 2014 - $9.6 million; year-to-date 2014 - $2.4 million positive pricing adjustments), respectively.

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.

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.

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

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, restricted funds, and trade and other payables.

20. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended June 30		Six months ended June 30	
	2015	2014	**2015**	2014
Changes in non-cash working capital items consist of:				
Trade receivable, inventories and other current assets	**$ 54,794**	$ (27,805)	**$ 84,136**	$ (28,663)
Trade payable and other current liabilities	**20,298**	7,644	**(5,333)**	5,339
	$ 75,092	$ (20,161)	**$ 78,803**	$ (23,324)
Operating and investing activities included the following cash payments:				
Income taxes paid	**$ 2,141**	$ 453	**$ 40,076**	$ 1,965

The Company reclassified its interest paid from operating activities to financing activities to better reflect the nature of the expense. Comparative periods have been reclassified for conformity.