

lundin mining

Management's Discussion and Analysis For the three months ended March 31, 2015

This management's discussion and analysis ("MD&A") has been prepared as of April 29, 2015 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 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

Lundin Mining Corporation ("Lundin", "Lundin Mining" or the "Company") is a diversified Canadian base metals mining company with operations in Chile, Portugal, Sweden, Spain, and the USA, producing copper, zinc, nickel 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, which includes a cobalt refinery located in Kokkola, Finland.

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, and capital expenditures, as noted in the Outlook section and elsewhere in this document. These estimates and other forward-looking statements are based on a number of assumptions and are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to 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, commodity price fluctuations; 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.

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Highlights

Operational Performance

For the first quarter of 2015, all of the Company's operations performed well, substantially meeting and in a number of cases performing better than guidance for production and cash costs.

Candelaria (80%): The Candelaria operations produced, on a 100% basis, 49,350 tonnes of copper, 583,000 ounces of silver, and 27,600 ounces of gold in concentrate, better than expectations as a result of higher throughputs and good metallurgical recoveries. Copper cash costs¹ of \$1.20/lb for the quarter were particularly low due to lower diesel prices, lower mine and mill costs and favourable foreign exchange rates.

On March 24, 2015, abnormally heavy rainfall and flooding occurred in the Atacama Region, affecting power and access to the mine. There was a temporary suspension of mining and milling activities at the mine following the heavy rainfall, but no significant impact to the overall operations. There were no injuries to personnel nor significant damage at the mine site, but the surrounding communities were seriously affected by the floods. The Company has spent over \$5 million to-date on relief efforts to help the communities and is expecting to continue to contribute to local relief and regional rebuilding efforts in a multi-year phased program of community investment.

Eagle (100%): Eagle's operations continued to perform better than expected. Production of both nickel (7,306 tonnes) and copper (6,418 tonnes) exceeded expectations for the quarter with higher than expected throughput, grades and recoveries. Nickel cash costs of \$1.45/lb were lower than full year guidance of \$2.00/lb due to strong production performance as well as lower ocean freight charges and targeted cost savings in response to nickel market conditions.

Neves-Corvo (100%): Neves-Corvo had an outstanding first quarter producing 15,488 tonnes of copper and 17,340 tonnes of zinc. Zinc and copper production exceeded the prior year comparable period by 21% and 22%, respectively. Higher head grades and recently implemented bulk mining in selective stockworks stopes contributed to the increase in copper production, while additional production from the Lombador orebody resulted in the increased zinc production. Copper cash costs of \$1.39/lb for the quarter were lower than full year guidance (\$1.80/lb) due to lower per unit mine costs and favourable foreign exchange rates.

Zinkgruvan (100%): Zinc and lead production at Zinkgruvan of 18,417 tonnes and 7,399 tonnes, respectively, largely met expectations but fell short of the comparable period in 2014 due to lower head grades. Cash costs for zinc of \$0.42/lb were slightly higher than guidance (\$0.38/lb) as higher per unit mine costs and lower by-product credit prices (lead and copper) were only partially offset by favourable foreign exchange rates.

Aguablanca (100%): Aguablanca had yet another strong quarter of operational performance with both nickel and copper production setting quarterly records as mining of the open pit neared completion and underground development continued. Current quarter production of 2,746 tonnes of nickel and 2,122 tonnes of copper exceeded both expectations and the prior year comparable period. Cash costs of \$0.91/lb of nickel for the quarter were significantly below expectations and the prior year comparable period as mining of the open pit was extended much later into the first quarter than originally planned, and the operations benefited from favourable foreign exchange rates and lower maintenance costs.

Tenke (24%): Tenke operations continue to perform well. Lundin's attributable share of first quarter production included 12,648 tonnes of copper cathode and 797 tonnes of cobalt in hydroxide. The Company's attributable share of sales included 14,475 tonnes of copper at an average realized price of \$2.66/lb and 901 tonnes of cobalt at an average realized price of \$8.72/lb. Attributable operating cash flow from Tenke for the first quarter of 2015 was \$41.1 million. Tenke operating cash costs for the first quarter of 2015 were \$1.26/lb of copper sold, in-line with full year guidance. Cash distributions received by Lundin Mining in the quarter were \$8.3 million, in-line with expectations. An additional \$2.1 million was received from the Freeport Cobalt operations for total Tenke related cash distributions to the Company of \$10.4 million.

¹ Cash costs per pound is a non-GAAP measure – see page 29 of this MD&A for discussion of non-GAAP measures.

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

<i>(tonnes)</i>	2015	2014				
	Q1	Total	Q4	Q3	Q2	Q1
Copper	76,746	137,636	55,374	26,360	28,631	27,271
Zinc	35,757	145,091	36,464	37,958	37,202	33,467
Nickel	10,052	12,931	6,574	2,165	2,212	1,980
Lead	8,719	35,555	7,970	7,397	10,250	9,938

Financial Performance

- Operating earnings¹ for the quarter ended March 31, 2015 were \$274.0 million, an increase of \$230.9 million in comparison to the first quarter of the prior year (\$43.1 million). The increase was primarily due to the inclusion of Candelaria's (\$163.7 million) and Eagle's (\$56.1 million) operating results. Operating earnings were also positively impacted by favourable foreign exchange rates (\$19.8 million), lower per unit operating costs (\$17.9 million) and higher sales volumes (\$12.1 million), partially offset by lower realized metal prices and price adjustments (\$32.9 million) from our European operations.
- Sales for the quarter ended March 31, 2015 were \$531.5 million, an increase of \$381.6 million in comparison to the first quarter of the prior year (\$149.9 million). The increase was due to incremental sales from Candelaria and Eagle of \$292.2 million and \$88.4 million, respectively, and higher sales volumes (\$39.4 million), partially offset by lower realized metal prices and price adjustments (\$32.9 million).
- Average London Metal Exchange ("LME") metal prices for copper, nickel and lead for the quarter ended March 31, 2015 were lower (17%, 2% and 14%, respectively) than that of the comparable quarter in the prior year, while zinc prices were 2% higher (see page 24 of this MD&A for details).
- Operating costs (excluding depreciation) for the quarter ended March 31, 2015 were \$250.6 million, an increase of \$150.4 in comparison to the first quarter of the prior year (\$100.2 million). The increase was largely due to the incremental costs from Candelaria and Eagle of \$128.5 million and \$32.3 million, respectively.
- Net earnings for the quarter ended March 31, 2015 were \$83.3 million, an increase of \$70.0 million in comparison to the first quarter of the prior year (\$13.3 million). Net earnings were positively impacted by:
 - addition of Candelaria (\$59.5 million) and Eagle's first full quarter of operations (\$13.4 million); and
 - foreign exchange gains of \$17.3 million in the current year; partially offset by
 - interest expense associated with the senior secured notes (\$19.1 million); and
 - higher tax expenses at the European operations.
- Cash flow from operations for the quarter ended March 31, 2015 was \$224.0 million, an increase of \$196.4 million in comparison to the first quarter of the prior year (\$27.6 million). The increase in cash flow is almost entirely attributable to the operating earnings from Candelaria (\$163.7 million) and Eagle (\$56.1 million), partially offset by higher income taxes paid (\$36.4 million).

¹ Operating earnings is a non-GAAP measure – see page 29 of this MD&A for discussion of non-GAAP measures.

Corporate Highlights

- On March 25, 2015, the Company reported that mining and milling operations at its Candelaria and Ojos del Salado Mines had been temporarily suspended due to heavy rainfall and flooding that affected power and access to the site. Abnormal rains occurred in central and northern Chile, with the Copiapó region being particularly affected. Mining and milling operations re-commenced at the Candelaria mine the following day at half capacity, with ramp up to full production, and re-opening of the underground mines in the following days as regional roads and access to site were restored. The Company is pleased to report that there were neither injuries to personnel nor significant damage to operations, though many employees and their homes were seriously affected by the floods. The Company has been, and will continue to be, making substantial contributions to local relief and ongoing regional rebuilding efforts.
- On April 7, 2015, the Company announced that maiden mineral reserves had been estimated on two recently discovered orebodies at Candelaria, known as Susana and Damiana, located to the immediate south and below the current open pit. The Company also re-estimated the total Candelaria open pit mineral reserves with refined economic parameters. Open pit reserves now include portions of the Susana and Damiana mineralization that are contained within the new open pit shell. Refer to the news release entitled "Lundin Mining Announces Maiden Mineral Reserve Estimates for Two New Orebodies at Candelaria" on the Company's website (www.lundinmining.com).

Financial Position and Financing

- Net debt¹ position at March 31, 2015 was \$649.2 million compared to \$829.2 million at December 31, 2014.
- The \$180.0 million decrease in net debt during the quarter was attributable to operating cash flows of \$224.0 million, distributions from Tenke of \$8.3 million, and a \$12.8 million withdrawal from restricted funds; this was partially offset by investments in mineral properties, plant and equipment of \$63.9 million.
- The Company has a revolving credit facility available for borrowing up to \$350 million. As at March 31, 2015, the Company had no amount drawn on the credit facility. A letter of credit in the amount of \$28.1 million (SEK 242 million) is outstanding.
- Net debt at April 29, 2015 is approximately \$630 million.

¹ Net cash/debt is a non-GAAP measure – see page 29 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 extended open pit production performance at Aguablanca, lower copper grades at Zinkgruvan, beneficial foreign exchange rates and lower by-product metal prices.
- While Eagle and Candelaria first quarter cash costs were better than guided, Eagle has only been operating at full run rates for one quarter and Candelaria is in the process of a revision to the current mine plan. Therefore, re-assessment of cost guidance will occur later in the year once cost trends are better understood.
- Guidance on Tenke's copper production and cash costs have been updated to reflect the most recent guidance provided by Freeport.
- Accordingly, our revised production and cash cost guidance for 2015 is as follows:

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	130,000 – 135,000	\$1.55/lb
	Eagle	20,000 – 23,000		20,000 – 23,000	
	Neves-Corvo	50,000 – 55,000	\$1.80/lb	50,000 – 55,000	\$1.60/lb
	Zinkgruvan	3,500 – 4,000		2,000 – 3,000	
	Aguablanca	4,500 – 5,000		5,500 – 6,000	
	Tenke (@24%) ^c	48,400	\$1.31/lb	49,500	\$1.26/lb
	Total attributable	256,400 – 270,400		257,000 – 271,500	
Zinc	Neves-Corvo	68,000 – 73,000		68,000 – 73,000	
	Zinkgruvan	78,000 – 82,000	\$0.38/lb	78,000 – 82,000	\$0.35/lb
	Total	146,000 – 155,000		146,000 – 155,000	
Nickel	Eagle	25,000 – 28,000	\$2.00/lb	25,000 – 28,000	\$2.00/lb
	Aguablanca	5,800 – 6,500	\$5.00/lb	7,000 – 7,500	\$3.75/lb
	Total	30,800 – 34,500		32,000 – 35,500	
Lead	Neves-Corvo	4,000 – 5,000		4,000 – 5,000	
	Zinkgruvan	27,000 – 30,000		27,000 – 30,000	
	Total	31,000 – 35,000		31,000 – 35,000	

a. Guidance as outlined in our Management's Discussion and Analysis for the year ended December 31, 2014.

b. Cash costs remain dependent upon exchange rates (forecast at €/USD:1.10, 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 1.30, USD/SEK at 7.00, USD/CLP at 575, Cu at \$3.00/lb, Zn at \$1.05/lb, Pb at \$1.00/lb and Ni at \$8.00/lb.

c. Freeport has provided 2015 sales and cash costs guidance. Tenke's 2015 production is assumed to approximate sales guidance.

2015 Capital Expenditure Guidance

Capital expenditures for 2015 are expected to be \$400 million (excluding Tenke), \$390 million for sustaining capital and \$10 million for expansionary capital. This is unchanged from the previous reduced guidance provided in the December 31, 2014 MD&A, as press released on February 18, 2015.

The Company estimates its share of expansion related initiatives and sustaining capital funding for 2015 at Tenke to be \$90 million. All of the capital expenditures are expected to be self-funded by cash flow from Tenke operations.

Given lower metal prices, the Company is expecting lower cash distributions from Tenke in 2015 than originally guided (\$30 - \$40 million). Approximately \$20 million is currently forecast to be received.

2015 Exploration Guidance

Total exploration expense for 2015 (excluding Tenke) is estimated to be \$60 million, consistent with prior guidance. These expenditures will be principally directed towards near mine targets at Candelaria, with the remainder being invested to advance exploration activities at our existing mines and for existing South American and Eastern European exploration projects.

Selected Quarterly Financial Information

	Three months ended March 31, ¹	
	2015	2014
(\$ millions, except share and per share amounts)		
Sales	531.5	149.9
Operating costs	(250.6)	(100.2)
General and administrative expenses	(6.9)	(6.6)
Operating earnings	274.0	43.1
Depreciation, depletion and amortization	(157.1)	(37.8)
General exploration and business development	(11.9)	(11.6)
Income from equity investment in associates	11.6	18.1
Finance income and costs, net	(22.6)	(0.3)
Other income and expenses, net	19.4	0.1
Earnings before income taxes	113.4	11.6
Income tax recovery / (expense)	(30.1)	1.7
Net earnings	83.3	13.3
Attributable to: Lundin Mining Corporation shareholders	71.8	13.3
Non-controlling interests	11.5	-
Net earnings	83.3	13.3
Cash flow from operations	224.0	27.6
Capital expenditures (including capitalized interest)	63.9	92.4
Total assets	7,209.2	4,464.2
Long-term debt and finance leases	983.3	250.4
Net debt	(649.2)	(155.0)
Shareholders' equity	4,598.6	3,686.3
Key Financial Data:		
Basic and diluted earnings per share attributable to shareholders	0.10	0.02
Operating cash flow per share ²	0.31	0.05
Dividends	-	-
Shares outstanding:		
Basic weighted average	718,251,840	584,974,826
Diluted weighted average	719,698,156	585,803,622
End of period	718,388,673	585,181,841

(\$ millions, except per share data)	Q1-15	Q4-14	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13	Q2-13
Sales	531.5	443.0	166.6	191.8	149.9	186.9	176.4	176.3
Operating earnings	274.0	144.1	42.9	74.2	43.1	66.9	58.9	49.2
Net earnings	83.3	36.6	33.7	39.7	13.3	42.1	27.9	16.6
Attributable to shareholders	71.8	25.8	33.7	39.7	13.3	42.1	27.9	16.6
Earnings per share attributable to shareholders³								
Basic and Diluted	0.10	0.04	0.06	0.07	0.02	0.07	0.05	0.03
Cash flow from operations	224.0	68.4	57.7	33.8	27.6	55.2	26.5	26.7
Capital expenditures (incl. capitalized interest)	63.9	101.2	128.7	99.3	92.4	116.5	53.6	37.0
Net (debt) / cash	(649.2)	(829.2)	(214.7)	(174.4)	(155.0)	(119.3)	(72.8)	221.1

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 29 of this MD&A for discussion of non-GAAP measures.

3. Earnings per share is determined for each quarter. As a result of using different weighted average number of shares outstanding, the sum of the quarterly amounts may differ from the year-to-date amount.

4. The sum of quarterly amounts may differ from year-to-date results due to rounding.

Sales Overview

Sales Volumes by Payable Metal

	2015 Q1	2014				
		Total	Q4	Q3	Q2	Q1
Copper (tonnes)						
Candelaria (100%) ¹	50,581	34,636	34,636	-	-	-
Eagle	5,100	2,114	2,114	-	-	-
Neves-Corvo	15,136	48,007	14,527	12,136	11,009	10,335
Zinkgruvan	686	3,427	966	714	881	866
Aguablanca	784	2,634	689	683	626	636
	72,287	90,818	52,932	13,533	12,516	11,837
Zinc (tonnes)						
Neves-Corvo	14,160	54,849	15,629	12,967	15,978	10,275
Zinkgruvan	14,665	65,802	16,429	17,915	15,109	16,349
Galmoy	-	189	-	-	-	189
	28,825	120,840	32,058	30,882	31,087	26,813
Nickel (tonnes)						
Eagle	5,435	2,356	2,356	-	-	-
Aguablanca	1,682	5,233	1,462	1,187	1,342	1,242
	7,117	7,589	3,818	1,187	1,342	1,242
Lead (tonnes)						
Neves-Corvo	1,072	3,182	279	873	1,081	949
Zinkgruvan	7,628	30,486	7,541	5,014	11,260	6,671
Galmoy	-	99	-	-	-	99
	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

(\$ thousands)	Three months ended March 31,					
	2015		2014		Change	
	\$	%	\$	%	\$	
by Mine						
Candelaria	292,190	55	-	-	292,190	
Eagle	88,391	17	-	-	88,391	
Neves-Corvo	86,623	16	76,272	51	10,351	
Zinkgruvan	37,864	7	43,078	29	(5,214)	
Aguablanca	26,460	5	29,289	20	(2,829)	
Galmoy	-	-	1,264	-	(1,264)	
	531,528		149,903		381,625	

(\$ thousands)	Three months ended March 31,				
	2015		2014		Change
	\$	%	\$	%	\$
by Metal					
Copper	354,027	67	67,805	45	286,222
Zinc	39,675	7	39,588	26	87
Nickel	75,686	14	21,792	15	53,894
Lead	12,213	2	13,864	9	(1,651)
Gold	30,806	6	199	-	30,607
Silver	11,312	2	3,180	2	8,132
Other	7,809	2	3,475	3	4,334
	531,528		149,903		381,625

Sales of \$531.5 million for the first quarter of 2015 increased by \$381.6 million from \$149.9 million in the prior year comparable period. The increase was due to incremental sales from Candelaria and Eagle of \$292.2 million and \$88.4 million, respectively, and higher sales volumes (\$39.4 million), partially offset by lower realized metal prices and price adjustments (\$32.9 million). Sales of gold and silver include recognition of revenue from the upfront purchase price from the sale of the precious metals streams for Candelaria, Neves-Corvo, and Zinkgruvan as well as the cash proceeds per ounce 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 two to five months after shipment.

Quarterly Reconciliation of Realized Prices

2015 (\$ thousands, except per pound amounts)	Quarter ended March 31, 2015				
	Copper	Zinc	Nickel	Lead	Total
Current period sales ¹	437,341	59,108	94,549	15,687	606,685
Prior period price adjustments	(37,849)	(2,527)	(3,757)	(290)	(44,423)
Sales before other metals and TC/RC	399,492	56,581	90,792	15,397	562,262
Other metal sales					49,927
Less: TC/RC					(80,661)
Total Sales					531,528
Payable Metal (tonnes)	72,287	28,825	7,117	8,700	
Current period sales (\$/lb) ¹	\$ 2.74	\$ 0.93	\$ 6.03	\$ 0.82	
Prior period price adjustments (\$/lb)	(0.23)	(0.04)	(0.24)	(0.02)	
Realized prices (\$/lb)	\$ 2.51	\$ 0.89	\$ 5.79	\$ 0.80	

1. Includes provisional price adjustments on current period sales.

2014 (\$ thousands, except per pound amounts)	Quarter ended March 31, 2014				
	Copper	Zinc	Nickel	Lead	Total
Current period sales ¹	80,402	54,066	19,742	16,075	170,285
Prior period price adjustments	(5,277)	(258)	2,050	(107)	(3,592)
Sales before other metals and TC/RC	75,125	53,808	21,792	15,968	166,693
Other metal sales					6,854
Less: TC/RC					(23,644)
Total Sales					149,903
Payable Metal (tonnes)	11,837	26,813	1,242	7,719	
Current period sales (\$/lb) ¹	\$ 3.08	\$ 0.91	\$ 7.21	\$ 0.94	
Prior period price adjustments (\$/lb)	(0.20)	-	0.75	-	
Realized prices (\$/lb)	\$ 2.88	\$ 0.91	\$ 7.96	\$ 0.94	

1. Includes provisional price adjustments on current period sales.

Provisionally valued sales as of March 31, 2015

Metal	Tonnes Payable	Valued at \$ per lb	Valued at \$ per tonne
Copper	100,493	2.74	6,048
Zinc	14,015	0.94	2,075
Nickel	4,001	5.62	12,393
Lead	5,386	0.83	1,825

Financial Results

Operating Costs

Operating costs of \$250.6 million for the three months ended March 31, 2015 were \$150.4 million higher than the three months ended March 31, 2014. Total costs increased primarily as a result of the incremental operating costs from Candelaria and Eagle of \$128.5 million and \$32.3 million, respectively.

Depreciation, Depletion and Amortization

The increase in depreciation, depletion and amortization expense of \$119.3 million was attributable to the acquisition of Candelaria (\$85.1 million) and the start of commercial production at Eagle (\$36.5 million).

\$36.1 million of Candelaria's current period depreciation relates to the amortization of deferred stripping costs that were previously capitalized. The corresponding deferred stripping asset balance at March 31, 2015 was \$385.4 million.

Depreciation by operation (\$ thousands)	Three months ended March 31,		
	2015	2014	Change
Candelaria	85,120	-	85,120
Eagle	37,421	905	36,516
Neves-Corvo	23,635	26,802	(3,167)
Zinkgruvan	5,525	6,992	(1,467)
Aguablanca	4,706	2,963	1,743
Other	668	91	577
	157,075	37,753	119,322

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 \$9.7 million were recognized for the three months ended March 31, 2015 (Q1 2014 - \$19.0 million). Refer to the section titled "Tenke Fungurume" contained in this MD&A for further discussion.

Finance Costs

For the quarter ended March 31, 2015, finance costs were \$22.6 million, compared to \$0.3 million for the comparable period in the prior year. The increase was primarily attributable to interest expense associated with the senior secured notes (\$19.1 million) and a revaluation loss on marketable securities.

Other Income and Expense

Net other income for the three months ended March 31, 2015 was \$19.4 million compared to \$0.1 million for the three months ended March 31, 2014. A foreign exchange gain was recognized in the current year of \$17.3 million, with a nominal foreign exchange loss recognized in the prior year quarter. Foreign exchange gains and losses relate to cash and trade receivables denominated in US dollars that were held in the Company's foreign subsidiaries that have a functional currency other than the US dollar. Period end exchange rates having a meaningful impact on such subsidiaries at March 31, 2015 were \$1.08:€1.00 (December 31, 2014 - \$1.21:€1.00) and \$1.00:SEK8.62 (December 31, 2014 - \$1.00:SEK7.81).

Income Taxes

Income taxes by mine

Income tax expense (recovery) (\$ thousands)	Three months ended March 31,		
	2015	2014	Change
Candelaria	19,215	-	19,215
Eagle	3,459	(2,489)	5,948
Neves-Corvo	2,853	(3,450)	6,303
Zinkgruvan	2,650	1,617	1,033
Aguablanca	9,736	2,732	7,004
Other	(7,791)	(156)	(7,635)
	30,122	(1,746)	31,868

Income taxes by classification

Income tax expense (recovery) (\$ thousands)	Three months ended March 31,		
	2015	2014	Change
Current income tax	37,166	1,406	35,760
Deferred income tax	(7,044)	(3,152)	(3,892)
	30,122	(1,746)	31,868

Income tax expense of \$30.1 million for the three months ended March 31, 2015 was \$31.8 million higher than the \$1.7 million recovery recorded in the prior year. The increase in income tax expense was associated with:

- addition of Candelaria in the Company's results;
- Eagle coming into commercial production in late 2014; and
- higher operating earnings at Neves-Corvo and Aguablanca; partly offset by
- decrease in tax rates in Portugal (from 29.5% to 27.5%) and Spain (from 30% to 28%).

Mining Operations

Production Overview

	2015 Q1	2014				
		Total	Q4	Q3	Q2	Q1
Copper (tonnes)						
Candelaria (80%) ¹	39,480	22,872	22,872	-	-	-
Eagle	6,418	3,905	3,606	299	-	-
Neves-Corvo	15,488	51,369	14,220	10,904	13,480	12,765
Zinkgruvan	590	3,464	1,034	544	903	983
Aguablanca	2,122	7,390	2,020	1,919	1,799	1,652
Tenke (24%)	12,648	48,636	11,622	12,694	12,449	11,871
	76,746	137,636	55,374	26,360	28,631	27,271
Zinc (tonnes)						
Neves-Corvo	17,340	67,378	17,333	17,908	17,909	14,228
Zinkgruvan	18,417	77,713	19,131	20,050	19,293	19,239
	35,757	145,091	36,464	37,958	37,202	33,467
Nickel (tonnes)						
Eagle	7,306	4,300	4,093	207	-	-
Aguablanca	2,746	8,631	2,481	1,958	2,212	1,980
	10,052	12,931	6,574	2,165	2,212	1,980
Lead (tonnes)						
Neves-Corvo	1,320	3,192	467	866	1,054	805
Zinkgruvan	7,399	32,363	7,503	6,531	9,196	9,133
	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

	Cash cost/lb (US dollars)	
	Three months ended March 31,	
	2015	2014
Candelaria		
Gross cost	1.39	n/a
By-product ¹	(0.19)	n/a
Net Cost - cost/lb Cu	1.20	n/a
Eagle		
Gross cost	4.09	n/a
By-product ¹	(2.64)	n/a
Net Cost - cost/lb Ni	1.45	n/a
Neves-Corvo		
Gross cost	1.99	2.84
By-product ¹	(0.60)	(0.74)
Net Cost - cost/lb Cu	1.39	2.10
Zinkgruvan		
Gross cost	0.90	0.97
By-product ¹	(0.48)	(0.52)
Net Cost - cost/lb Zn	0.42	0.45
Aguablanca		
Gross cost	2.94	5.72
By-product ¹	(2.03)	(2.74)
Net Cost - cost/lb Ni	0.91	2.98

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

Capital Expenditures (including capitalized interest)

(\$ thousands)	Three months ended March 31,					
	2015			2014		
	Sustaining	Expansionary	Total	Sustaining	Expansionary	Total
by Mine						
Candelaria	29,294	-	29,294	-	-	-
Eagle	4,222	7,258	11,480	1,515	61,965	63,480
Neves-Corvo	6,428	3,392	9,820	13,760	5,165	18,925
Zinkgruvan	7,028	-	7,028	5,138	-	5,138
Aguablanca	6,249	-	6,249	243	4,437	4,680
Other	49	-	49	173	-	173
	53,270	10,650	63,920	20,829	71,567	92,396

Commentary on production and cash costs is included under the following individual mine operational discussions.

Candelaria

Compañía Contractual Minera Candelaria ("CCMC") and Compañía Contractual Minera Ojos del Salado ("CCMO", collectively "Candelaria") produce copper concentrates from one open pit and three underground mines located near Copiapó in the Atacama Province, Region III of Chile. CCMC consists of an open pit mine and an underground mine, Candelaria Norte, providing copper ore to an on-site concentrator with a capacity of 75,000 tonnes per day. CCMO comprises two underground mines, Santos and Alcaparrosa. The Santos mine provides copper ore to an on-site concentrator with a capacity of 3,800 tonnes per day, while ore from the Alcaparrosa mine is treated at the CCMC concentrator. 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.

Operating Statistics

(100% Basis) ¹	2015	2014				
	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	8,648	4,855	4,855	n/a	n/a	n/a
Ore milled (000s tonnes)	6,930	4,347	4,347	n/a	n/a	n/a
Grade						
Copper (%)	0.78	0.72	0.72	n/a	n/a	n/a
Recovery						
Copper (%)	92.6	91.8	91.8	n/a	n/a	n/a
Production (contained metal)						
Copper (tonnes)	49,350	28,590	28,590	n/a	n/a	n/a
Gold (000 oz)	28	16	16	n/a	n/a	n/a
Silver (000 oz)	583	318	318	n/a	n/a	n/a
Sales (\$000s)	292,190	215,192	215,192	n/a	n/a	n/a
Operating earnings (\$000s)	163,690	67,801	67,801	n/a	n/a	n/a
Cash cost (\$ per pound) ²	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 and capitalized stripping costs.

Operating Earnings

Sales for the three months ended March 31, 2015 were \$292.2 million with \$252.9 million from copper, and \$30.4 million, \$8.0 million and \$0.9 million coming from gold, silver and magnetite, respectively. Operating earnings for the period were \$163.7 million.

Production

Concentrate production was better than expected as a result of higher throughput in the plant and excellent copper plant recoveries. This was achieved through increased asset efficiency, partly a result of postponing programmed maintenance to the second quarter. Ore characteristics were also better than expected in relation to rock size and granulometry.

Cash Costs

Copper cash costs for the three months ended March 31, 2015 of \$1.20/lb reflects a by-product credit of \$0.19/lb. Approximately 18,500 oz of gold and 378,000 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 diesel prices, lower mine and mill costs, favourable foreign exchange rates, and higher production, but are expected to increase and be in-line with guidance (\$1.55/lb) for the full year under the current plan.

Projects

Candelaria has applied to the Chilean mining authorities for an extension of mining licenses until 2030. The application requires approval of an environmental impact analysis which has been under review by the Chilean

environmental authorities, with expected approval in mid-2015.

Included in this application is a project to construct a new tailings management facility as the existing facility will reach capacity during 2017. This project is in the engineering and procurement phase with detailed engineering expected to be completed by the end of 2015. Construction is expected to start in the third quarter of 2015 following receipt of applicable permits.

A five year mine plan optimization is underway at Candelaria with results expected to be published in the third quarter of 2015. Guided production, cash cost and capital expenditures resulting from revisions to the mine plan will be communicated in future guidance projections.

Atacama Regional Flooding

On March 24, 2015, the Atacama Region experienced a historical rain storm. While the rainstorm did not significantly impact first quarter production or operating costs and is not expected to significantly impact future results, it led to devastating flooding in Copiapó and the communities near the Candelaria and Ojos del Salado mines. The flood event was declared a national disaster by the Chilean government.

The Company immediately mobilized its manpower and equipment to aid in flood relief efforts, under the direction of the mine's emergency response committee. Immediate actions were focussed on repairing community road access and restoring river crossings that had been destroyed in order to reach affected communities, providing industrial and potable water, food, and basic necessities, providing fuel and generators to aid restoration of critical services, and significant efforts to aid the Copiapó regional hospital to return to full service.

The Company has also donated land for the construction of emergency housing in the Nantoco community. It is expected that the Company will continue to contribute to local relief efforts in a meaningful way, focusing on housing and infrastructure restoration, small business economic revival programs, and community services investment. To-date, \$5.6 million has been spent related to the relief efforts.

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 mine and mill were commissioned in the third quarter of 2014, with concentrate production commencing at the end of September 2014. Commercial production commenced in November 2014 and is expected to produce an average of 17ktpa each of nickel and copper over the current mine life of 8 years.

Operating Statistics

	2015 Q1	2014				
		Total	Q4	Q3	Q2	Q1
Ore mined (000s tonnes)	184	198	126	72	nil	nil
Ore milled (000s tonnes)	186	174	138	36	nil	nil
Grade						
Nickel (%)	4.7	3.2	3.6	1.3	nil	nil
Copper (%)	3.6	2.4	2.8	1.0	nil	nil
Recovery						
Nickel (%)	83.5	78.5	81.8	43.7	nil	nil
Copper (%)	96.4	93.9	94.9	83.2	nil	nil
Production (contained metal)						
Nickel (tonnes)	7,306	4,300	4,093	207	nil	nil
Copper (tonnes)	6,418	3,905	3,606	299	nil	nil
Sales (\$000s)	88,391	47,280	47,280	nil	nil	nil
Operating earnings / (loss) (\$000s)	56,133	28,484	28,597	(32)	(43)	(38)
Cash cost (\$ per pound)	1.45	2.79	2.79	nil	nil	nil

Operating Earnings

Sales for the three months ended March 31, 2015 were \$88.4 million; \$56.7 million from nickel, \$27.2 million from copper, and \$4.5 million from other metals. Operating earnings for the period were lower than expected due to lower realized metal prices.

Production

For the first quarter of 2015, mill production averaged 2,064 tonnes milled per day, exceeding the target rate of 2,000 tonnes per day. This has been achieved in large part due to the excellent reliability of the mill circuit. The higher than expected mill throughput, together with higher than expected head grades and recoveries, has resulted in both nickel and copper production exceeding expectations.

Cash Costs

Nickel cash costs for the three months ended March 31, 2015 of \$1.45/lb were lower than full year guidance of \$2.00/lb due to strong production performance as well as lower ocean freight charges and targeted cost savings in response to nickel market conditions.

Project

The development of the Eagle project was substantially completed during the first quarter of 2015 with some minor roadwork outstanding; project spend was \$7 million in the quarter, bringing the total spend since acquisition to \$385 million, under the original \$400 million project budget.

Transportation

One bridge and a small stretch of county road remains to be upgraded. Construction work will commence when weather conditions permit later in the spring, with work expected to be completed during summer.

Neves-Corvo Mine

Neves-Corvo is an underground mine, located 100 km north of Faro, Portugal, in the western part of the Iberian Pyrite Belt. The mine has been a significant producer of copper since 1989 and in 2006 commenced treating zinc ores. The facilities include a shaft with a total hoisting capacity of up to 4.7 mtpa, a copper plant with 2.5 mtpa processing capacity and a zinc plant with 1.2 mtpa processing capacity. The zinc plant has the flexibility to process zinc or copper ores.

Operating Statistics

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

Operating Earnings

Operating earnings of \$30.7 million for the three months ended March 31, 2015 were \$10.7 million higher than 2014. The increase is mainly attributable to lower per unit operating costs (\$13.6 million), favourable foreign exchange rates (\$10.6 million), and higher sales volumes (\$9.5 million), partially offset by lower metal prices and prior period price adjustments (\$20.3 million).

Production

Copper production for the three months ended March 31, 2015 was higher than the comparable period in 2014 by 2,723 tonnes (or 21%). The increase in copper production is primarily a result of higher copper head grades, as high grade, high recovery ore was mined from bulk stopes in Zambujal and Graca.

Zinc production for the three months ended March 31, 2015 was higher than the comparable period in 2014 by 3,112 tonnes (or 22%). The increase is largely a consequence of an increased proportion of zinc ore being derived from bulk stopes in the higher grade Lombador deposit. Over 50% of the zinc ore is now being sourced from this area.

Production of 1,320 tonnes of lead in concentrate during the quarter was derived as a by-product from the zinc circuit.

Cash Costs

Copper cash costs of \$1.39/lb for the quarter ended March 31, 2015 were lower than guidance of \$1.80/lb and that of the corresponding period in 2014 of \$2.10/lb. The decrease over the prior period was a result of lower

per unit mine and mill costs (\$0.44/lb) and favourable foreign exchanges rates (\$0.37/lb), partially offset by lower zinc and lead by-product credits, net of treatment charges (\$0.15/lb). The variance against guidance is largely attributed to lower per unit mine costs and favourable foreign exchange rates and accordingly, full year guidance has been revised downward to \$1.60/lb.

Projects

The feasibility study examining an expansion of the zinc operations at Neves-Corvo is progressing. The study is expected to conclude early in the third quarter of 2015.

Zinkgruvan Mine

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

Operating Statistics

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

Operating Earnings

Operating earnings of \$16.6 million were in-line with the \$16.5 million reported in the first quarter of 2014, as favourable foreign exchange impacts were offset by lower realized metal prices.

Production

Mining and milling of zinc ore was higher in the first quarter of 2015 than the comparable period in 2014 due to improved production from the mine. However, higher throughput and improved zinc recoveries were not enough to offset lower head grades for both zinc and lead. The mining sequence for zinc ore included lower grade stopes originally planned for later in the year.

Copper production for the three months ended March 31, 2015 was negatively impacted by lower head grades when compared to the prior year period, which was not compensated by the higher copper ore throughput.

Zinkgruvan's operating permit expires in 2017. The renewal process for this permit, including approval of an expanded tailings management facility, has been ongoing. In the first quarter of 2015, conditional approval for these permits was received.

Cash Costs

Zinc cash costs of \$0.42/lb for the quarter ended March 31, 2015 were in-line with guidance of \$0.38/lb and that of the corresponding period in 2014 of \$0.45/lb. Higher per unit mine costs were offset by favourable foreign exchange rates. Full year guidance has been reduced to \$0.35/lb which reflects the favourable foreign exchange rates and expected production from higher grade stopes later in the year.

Aguablanca Mine

The Aguablanca nickel-copper mine is located in the province of Badajoz, 80 km by road to Seville, Spain, and 140 km from a major seaport at Huelva. Current operations consist of an open pit mine that was completed in April 2015, an underground mine in development, and an on-site processing facility (milling and flotation) with a production capacity of 1.9 million tonnes per annum. The underground mine will commence stope production in the second quarter of 2015.

Operating Statistics

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

Operating Earnings

Operating earnings for the three months ended March 31, 2015 were \$15.0 million compared to \$13.0 million reported for the first quarter of 2014. Lower per unit operating costs (\$6.9 million), higher sales volumes (\$3.0 million) and favourable foreign exchange rates (\$2.9 million) were offset by lower net metal prices and price adjustments (\$10.8 million).

Production

Nickel and copper production achieved a quarterly historical record for the three months ended March 31, 2015 and were higher than the comparable period in 2014 by 766 tonnes and 470 tonnes, respectively. Higher head grades from the bottom of the open pit contributed to the increase.

Open pit mining was extended further and was completed in April 2015, with subsequent stope production from the underground mine ramping up as the year progresses. Processing will continue with stockpiled ore from the open pit during the first half of 2015, pending full scale underground mining rates being achieved towards year end. Of the 377,614 tonnes of ore mined in the current quarter, approximately 40,000 tonnes were from development of the underground mine.

Cash Costs

Nickel cash costs of \$0.91/lb for the quarter ended March 31, 2015 were significantly lower than full year guidance of \$5.00/lb and the first quarter of 2014 (\$2.98/lb). The decrease compared to guidance and prior year was largely attributable to extended mining of the open pit early into the second quarter, favourable foreign exchange rates, and lower maintenance costs; accordingly, full year guidance has been reduced to \$3.75/lb.

Underground Project

Development of the underground project is proceeding under a long term contract that has been awarded to an experienced Iberian underground mining contractor for the current estimated life of the project. Underground mine production from development ore commenced in early 2015 and stope production will commence in the second quarter of 2015. Exploration drilling is planned for late 2015 that may potentially increase Mineral Reserves and improve the return of the overall underground project.

Tenke Fungurume

Tenke Fungurume is a copper-cobalt mine located in the southern part of Katanga Province, Democratic Republic of Congo. 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. With the completion of the Phase II expansion, Tenke now has a nameplate annual production capacity of 195,000 tonnes of copper cathode and 15,000 tonnes of cobalt hydroxide.

Operating Statistics

100% Basis	2015	2014				
	Q1	Total	Q4	Q3	Q2	Q1
Ore mined (000 tonnes)	3,142	13,073	2,531	3,106	3,485	3,951
Ore milled (000 tonnes)	1,305	5,372	1,262	1,424	1,380	1,306
Grade per tonne Copper (%)	4.4	4.1	4.0	4.1	4.1	4.1
Recovery Copper (%)	94.0	92.6	91.8	91.3	92.7	94.7
Production (contained metal)						
Copper (tonnes)	52,701	202,648	48,421	52,893	51,870	49,464
Cobalt (tonnes)	3,322	13,334	3,401	3,545	3,418	2,970
Income from equity investment (\$000s) ¹	9,741	88,016	18,237	25,939	24,853	18,987
Attributable share of operating cash flows (\$000s)	41,131	158,483	44,625	48,373	37,802	27,683
Cash cost (\$ per pound) ²	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 \$9.7 million in the current quarter was \$9.3 million lower than the first quarter of last year due to lower realized copper and cobalt metal prices. Volume of copper cathode sold during the quarter, on a 100% basis, was 60,311 tonnes, much higher than the 38,199 tonnes sold in the comparable period of last year, due to timing of sales and higher grade ores.

The average price realized for copper sales during the quarter was \$2.66/lb, compared to \$3.07/lb in the first quarter of 2014. The average realized price for cobalt sold during the first quarter of 2015 was \$8.72/lb (2014: \$9.21/lb).

Production

Tenke produced 52,701 tonnes of copper for the three months ended March 31, 2015, higher than the prior year comparable quarter production of 49,464 tonnes due primarily to higher head grades. Cobalt production for the quarter was 3,322 tonnes, 12% higher than the prior year comparable quarter of 2,970 tonnes due to higher grades and recoveries.

The expanded milling facilities at Tenke continue to exceed original design capacity with throughput averaging 14,500 metric tonnes of ore per day ("mtpd") for the three months ended March 31, 2015. Mining rate during the quarter was approximately 146,400 mtpd, higher than expectations due to equipment availability and efficiencies.

Construction of the new acid plant is advancing with civil works progressing on site. The acid plant is scheduled to be completed in 2016 and, with the current acid production from the existing acid plant, will significantly reduce the need to import third party acid as well as support future expansion initiatives.

Freeport is expecting annual sales volumes to be approximately 206,400 tonnes of copper and 15,400 tonnes of cobalt in 2015.

Cash Costs

Cash costs for copper, net of cobalt by-product credits, were \$1.26/lb for the quarter. This is significantly higher than cash costs in the first quarter of 2014 of \$0.89/lb and is a reflection of lower cobalt by-product credits realized in the current period. Freeport projects 2015 cash costs to approximate \$1.26/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 first quarter of 2015 was \$41.1 million. This is higher than the \$27.7 million recognized in the first quarter of 2014, due primarily to changes in working capital.

During the quarter ended March 31, 2015, \$11.6 million was spent on our 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 \$90 million. Key capital spending areas in 2015 include a second acid plant and a tailings management facility expansion.

The Company received cash distributions of \$8.3 million for the quarter ended March 31, 2015 from Tenke and \$2.1 million from Freeport Cobalt for total distributions to the Company from Tenke related investments of \$10.4 million. Given lower metal prices, the Company is expecting lower cash distributions from Tenke in 2015 than originally guided (\$30 - \$40 million). Approximately \$20 million is currently forecast.

Exploration

Candelaria Mine, Chile (Copper, Gold)

A significant underground drill campaign designed to rapidly expand known mine Mineral Resources is underway representing the first phase of a larger 2015 exploration program. A total of 19,022 metres were drilled during the first quarter of 2015. Ten drill rigs are currently active across five different underground mine orebodies, the exploration results of which will be included in a future reserve and resource update.

Eagle Resource Exploration, USA (Nickel, Copper)

Drilling from surface continued on the deep Eagle East feeder conduit, following up on previous intersections of nickel-copper bearing semi-massive sulphide and mineralized intrusive breccia. A total of 1,593 metres were drilled from surface in the first quarter of 2015.

Preliminary results from a 3D seismic survey completed over the Eagle deposit and the Eagle East intrusion were received. Data processing and refinement of the seismic block continued as well as the development of an integrated 3D exploration model. A borehole electromagnetic geophysics targeting program was also started that will continue into the second quarter.

Neves-Corvo Mine, Portugal (Copper, Zinc)

Underground exploration drilling for 2015 is currently operating with four drill rigs and will focus on expanding the Mineral Reserves and Resources in the Lombador, Corvo and Neves orebodies. During the first quarter of 2015, 9,783 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 in the first quarter with one drill rig completing 2,734 metres. Exploration is focussed on the Dalby area which shows promising results.

Peru (Copper)

Work in Peru focused on new copper project evaluations, principally on 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 2,946 metres being drilled during the first 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 in a comprehensive 3D model to allow for proper evaluation and prioritization of resources and new growth opportunities.

Eastern Europe (Copper, Gold)

A first phase drill program was initiated at an optioned porphyry copper property located in Central Turkey with a total of 980 metres drilled in three holes in the first quarter. All of the holes intersected intervals of skarn and porphyry type copper mineralization. The drilling program will continue in the second quarter.

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

The average metal prices for copper, zinc, nickel and lead for the first quarter of 2015 were lower than the average prices for the last quarter of 2014 by 12%, 7%, 9% and 10%, respectively. During January, the copper price fell by 15% as Chinese hedge funds started a short selling strategy, which in turn triggered additional technical short selling. The drop in the copper price had a corresponding impact on the other metal prices, albeit to a lesser extent. While the copper, zinc and lead price recovered during March, the nickel price was hit a second time during the last week of the quarter, due again to heavy fund short selling based on reports of weak demand for stainless steel in Europe and China.

(Average LME Price)		Three months ended March 31,		
		2015	2014	Change
Copper	US\$/pound	2.64	3.19	-17%
	US\$/tonne	5,818	7,041	
Zinc	US\$/pound	0.94	0.92	2%
	US\$/tonne	2,080	2,029	
Nickel	US\$/pound	6.50	6.64	-2%
	US\$/tonne	14,338	14,643	
Lead	US\$/pound	0.82	0.96	-14%
	US\$/tonne	1,806	2,106	

LME inventory for copper, nickel and lead all increased during the first quarter of 2015 by 88%, 5% and 5% respectively, while the LME inventory for zinc decreased by 26% 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 first quarter of 2015. In January, the spot TC was \$91 per dmt of concentrate and the spot RC was \$0.091 per lb of payable copper. In March, the TC had decreased to \$88 per dmt of concentrate with a RC of \$0.088 per lb of payable copper contained. In addition, the spot terms at which the Chinese copper smelters were buying at have fallen from a TC of \$115 per dmt of concentrate and a RC of \$0.115 per lb of payable copper in January to a TC of \$97 per dmt of concentrate and a RC of \$0.097 per lb of payable copper at the end of March. The reductions were largely due to production disruptions at several mines caused by labor actions and natural disasters. 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, higher than 2014 charges; a TC of \$92 per dmt and a RC of \$0.092 per lb of payable copper.

The spot TC for zinc concentrates in China remained stable during the first quarter of 2015 at \$200 to \$205 per dmt, flat. Zinc concentrate imports to China have dropped from 320,000 mt in December 2014 to 203,000 mt in February 2015. During the quarter, the benchmark TC between miners and smelters for annual contracts for zinc concentrates was agreed to 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 2014, the Company entered into several long term contracts for the sale of the nickel and copper concentrates from the Eagle mine. These contracts are based on current market terms and conditions and terms are fixed for more than one year. During the first quarter of 2015, the concentrates were partly railed to North American destinations and partly shipped overseas by ocean going vessel. Deliveries were performed according to the shipping plan and the impact of winter conditions have been minimal.

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

During the first quarter of 2015, the average spot TC for lead concentrates delivered to China have been trading in a range of \$165-\$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 benchmark. The TC is based on the individual quality and varies with the content of lead, silver and deleterious elements. In general, there has been a decrease in TC in favour of the miners under annual contracts. The Company has settled all its annual contracts for lead concentrates for 2015.

Liquidity and Financial Condition

Cash Reserves

Cash and cash equivalents were \$354.7 million as at March 31, 2015, an increase of \$179.9 million from \$174.8 million at December 31, 2014.

Cash inflows for the three months ended March 31, 2015 included operating cash flows of \$224.0 million, withdrawals from restricted funds of \$12.8 million, and receipt of distributions from Tenke of \$8.3 million. Use of cash was primarily directed towards investments in mineral properties, plant and equipment of \$63.9 million.

Working Capital

Working capital was \$666.7 million as at March 31, 2015, compared to \$510.5 million at December 31, 2014. The increase in working capital is largely a reflection of a higher cash balance at March 31, 2015.

Long-Term Debt

As at March 31, 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. Letters of credit have been issued in the amount of SEK 242 million (\$28.1 million).

Subject to various risks and uncertainties (*see Managing Risks section, page 28*), 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 March 31, 2015:

(\$ thousands)

2015	39,988
2016	1,402
Total	41,390

Shareholders' Equity

Shareholders' equity was \$4,598.6 million at March 31, 2015, compared to \$4,638.7 million at December 31, 2014. The decrease in shareholders' equity is primarily due to foreign currency translation adjustments of \$126.2 million in other comprehensive income, partially offset by current quarter's net earnings of \$83.3 million.

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 March 31, 2015 (\$US/tonne)	Change	Effect on operating earnings (\$millions)
Copper	100,493	6,048	+/-10%	+/- \$60.8
Zinc	14,015	2,075	+/-10%	+/- \$2.9
Nickel	4,001	12,393	+/-10%	+/- \$5.0
Lead	5,386	1,825	+/-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	For the three months ended March 31, 2015 (\$millions)
Chilean peso	+/-10%	+/- \$10.4
Euro	+/-10%	+/- \$6.5
Swedish krona	+/-10%	+/- \$2.3

Financial Instruments

Summary of financial instruments:

	Fair value at March 31, 2015 (\$ thousands)	Basis of measurement	Associated risks
Trade and other receivables	43,323	Carrying value	Credit/Market/Exchange
Trade receivables	324,224	FVTPL	Credit/Market/Exchange
Marketable securities and restricted funds	31,903	FVTPL	Market/Liquidity
Marketable securities	181	Fair value through OCI	Market/Liquidity
Trade and other payables	214,660	Carrying value	Exchange
Long-term debt and finance leases	983,259	Amortized cost	Interest
Other long-term liabilities	9,786	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 March 31, 2015, the Company recognized decreased sales of \$44.4 million (2014: \$3.6 million) on final settlement of provisionally priced transactions from the prior year and a revaluation loss on FVTPL securities of \$1.3 million (2014: gain of \$0.9 million). In addition, a foreign exchange gain of \$17.3 million (2014: nominal loss) was realized in the quarter on cash and trade receivables denominated in foreign currencies that were 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.

During the three months ended March 31, 2015, the Company received \$8.3 million in cash distributions.

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 \$2.1 million in cash distributions during the three months ended March 31, 2015.

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 March 31,	
	2015	2014
Wages and salaries	\$ 1,466	\$ 1,541
Pension benefits	31	34
Share-based compensation	645	562
	\$ 2,142	\$ 2,137

For the three months ended March 31, 2015, the Company paid \$0.1 million (2014 - \$0.1 million) for services provided by a company owned by the Chairman of the Company. The Company also paid \$0.2 million for the three months ended March 31, 2015 (2014 - \$0.2 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.

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 April 29, 2015, the Company has 718,452,523 common shares issued and outstanding, and 15,524,104 stock options and 967,900 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)	March 31, 2015	December 31, 2014
Current portion of long-term debt and finance leases	(1,158)	(1,932)
Long-term debt and finance leases	(982,101)	(980,888)
	(983,259)	(982,820)
Deferred financing fees (included in above)	(20,640)	(21,165)
	(1,003,899)	(1,003,985)
Cash and cash equivalents	354,655	174,792
Net debt	(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:

(\$000s, except share and per share amounts)	Three months ended March 31,	
	2015	2014
Cash provided by operating activities	223,975	27,554
Add: Changes in non-cash working capital items	(3,711)	3,163
Operating cash flow before changes in non-cash working capital items	220,264	30,717
Weighted average common shares outstanding	718,251,840	584,974,826
Operating cash flow per share	0.31	0.05

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 March 31, 2015				Three months ended March 31, 2014			
	Total Tonnes Sold	Pounds (000s)	Cash Cost \$/lb	Operating Costs (\$000s)	Total Tonnes Sold	Pounds (000s)	Cash Cost \$/lb	Operating Costs (\$000s)
Operation								
Candelaria (Cu) - 100%	50,581	111,512	1.20	133,814	-	-	-	-
Eagle (Ni)	5,435	11,982	1.45	17,374	-	-	-	-
Neves-Corvo (Cu)	15,136	33,369	1.39	46,383	10,335	22,785	2.10	47,849
Zinkgruvan (Zn)	14,665	32,331	0.42	13,579	16,349	36,043	0.45	16,219
Aguablanca (Ni)	1,682	3,708	0.91	3,374	1,242	2,738	2.98	8,159
				214,524				72,227
Add: By-product credits				96,116				43,101
Treatment costs				(65,496)				(14,842)
Non-cash inventory				(707)				(2,613)
Royalties and other				6,190				2,277
Total Operating Costs				250,627				100,150

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 March 31, 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 April 29, 2015:*

(a) **Directors:**

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

(b) **Officers:**

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

2. **Financial Information**

The report for the second quarter of 2015 is expected to be published by July 29, 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:

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Robert Eriksson, *Investor Relations, Sweden*: +46-(0)8-440-54-50, robert.eriksson@lundin-petroleum.se
John Miniotis, *Senior Manager, Corporate Development and Investor Relations*: +1-416-342-5560,
john.miniotis@lundinmining.com

Condensed Interim Consolidated Financial Statements of

Lundin Mining Corporation

March 31, 2015
(Unaudited)

LUNDIN MINING CORPORATIONCONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited - in thousands of US dollars)March 31,
2015December 31,
2014**ASSETS**

Current

Cash and cash equivalents (Note 3)	\$	354,655	\$	174,792
Trade and other receivables (Note 4)		367,547		404,967
Income taxes receivable		44,872		49,241
Inventories (Note 5)		157,017		162,074
		924,091		791,074

Non-Current

Restricted funds		40,254		57,007
Long-term inventory		160,375		154,725
Marketable securities and other assets		13,303		18,226
Mineral properties, plant and equipment (Note 6)		3,712,880		3,927,291
Investment in associates (Note 7)		2,060,483		2,059,199
Deferred tax assets		53,665		57,671
Goodwill (Note 9)		244,108		261,482
		6,285,068		6,535,601

	\$	7,209,159	\$	7,326,675
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LIABILITIES

Current

Trade and other payables	\$	253,613	\$	274,213
Income taxes payable		3,814		6,380
Current portion of deferred revenue (Note 10)		64,586		65,098
Current portion of long-term debt and finance leases		1,158		1,932
Current portion of reclamation and other closure provisions		9,012		8,995
		332,183		356,618

Non-Current

Deferred revenue (Note 10)		579,062		602,244
Long-term debt and finance leases		982,101		980,888
Reclamation and other closure provisions		246,964		254,461
Other long-term liabilities		9,786		10,001
Provision for pension obligations		14,486		17,030
Deferred tax liabilities		445,928		466,759
		2,278,327		2,331,383

		2,610,510		2,688,001
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SHAREHOLDERS' EQUITY

Share capital		4,100,196		4,099,038
Contributed surplus		46,698		45,021
Accumulated other comprehensive loss		(325,208)		(199,023)
Retained earnings		331,898		260,109
Equity attributable to Lundin Mining Corporation shareholders		4,153,584		4,205,145
Non-controlling interests		445,065		433,529
		4,598,649		4,638,674
	\$	7,209,159	\$	7,326,675

Commitments (Note 17)

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

APPROVED BY THE BOARD OF DIRECTORS

(Signed) Lukas H. Lundin

(Signed) Dale C. Peniuk

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 March 31,	
	2015	2014
Sales	\$ 531,528	\$ 149,903
Operating costs (Note 12)	(250,627)	(100,150)
Depreciation, depletion and amortization (Note 6)	(157,075)	(37,753)
General and administrative expenses	(6,940)	(6,647)
General exploration and business development (Note 14)	(11,902)	(11,582)
Income from equity investment in associates (Note 7)	11,591	18,081
Finance costs (Note 15)	(22,565)	(332)
Other income (Note 16)	22,318	358
Other expenses (Note 16)	(2,881)	(277)
Earnings before income taxes	113,447	11,601
Current tax expense	(37,166)	(1,406)
Deferred tax recovery	7,044	3,152
Net earnings	\$ 83,325	\$ 13,347
Net earnings attributable to:		
Lundin Mining Corporation shareholders	\$ 71,789	\$ 13,347
Non-controlling interests	11,536	-
Net earnings	\$ 83,325	\$ 13,347
Basic and diluted earnings per share attributable to Lundin Mining Corporation shareholders	\$ 0.10	\$ 0.02
Weighted average number of shares outstanding (Note 11)		
Basic	718,251,840	584,974,826
Diluted	719,698,156	585,803,622

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 March 31,	
	2015	2014
Net earnings	\$ 83,325	\$ 13,347
Other comprehensive loss, net of taxes		
Items that may be reclassified to net earnings:		
Effects of foreign currency translation	(126,185)	(253)
Other comprehensive loss	(126,185)	(253)
Comprehensive (loss) income	\$ (42,860)	\$ 13,094
Comprehensive (loss) income attributable to:		
Lundin Mining Corporation shareholders	\$ (54,396)	\$ 13,094
Non-controlling interests	11,536	-
Comprehensive (loss) income	\$ (42,860)	\$ 13,094

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
Exercise of stock options	220,500	1,158	(430)	-	-	-	728
Share-based compensation	-	-	2,107	-	-	-	2,107
Net earnings	-	-	-	-	71,789	11,536	83,325
Other comprehensive loss	-	-	-	(126,185)	-	-	(126,185)
Total comprehensive loss	-	-	-	(126,185)	71,789	11,536	(42,860)
Balance, March 31, 2015	718,388,673	\$ 4,100,196	\$ 46,698	\$ (325,208)	\$ 331,898	\$ 445,065	\$ 4,598,649
Balance, December 31, 2013	584,643,063	\$ 3,509,343	\$ 40,379	\$ (27,620)	\$ 147,503	\$ -	\$ 3,669,605
Exercise of stock options	538,778	2,813	(843)	-	-	-	1,970
Share-based compensation	-	-	1,608	-	-	-	1,608
Net earnings	-	-	-	-	13,347	-	13,347
Other comprehensive loss	-	-	-	(253)	-	-	(253)
Total comprehensive income	-	-	-	(253)	13,347	-	13,094
Balance, March 31, 2014	585,181,841	\$ 3,512,156	\$ 41,144	\$ (27,873)	\$ 160,850	\$ -	\$ 3,686,277

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

LUNDIN MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - in thousands of US dollars)

	Three months ended March 31,	
	2015	2014
Cash provided by (used in)		
Operating activities		
Net earnings	\$ 83,325	\$ 13,347
Items not involving cash and other adjustments		
Depreciation, depletion and amortization	157,075	37,753
Share-based compensation	2,038	1,825
Income from equity investment in associates	(11,591)	(18,081)
Unrealized foreign exchange (gain) loss	(149)	1,138
Deferred tax recovery	(7,044)	(3,152)
Recognition of deferred revenue (Note 10)	(18,891)	(1,242)
Reclamation and closure provisions	(302)	-
Finance costs	22,565	332
Other	325	492
Reclamation payments	(1,072)	(1,274)
Pension payments	(365)	(421)
Changes in long-term inventory	(5,650)	-
Changes in non-cash working capital items (Note 21)	3,711	(3,163)
	223,975	27,554
Investing activities		
Investment in mineral properties, plant and equipment	(63,920)	(92,396)
Distributions from associates (Note 7)	10,307	16,710
Restricted funds withdrawal, net	12,848	10,800
Other	6,507	53
	(34,258)	(64,833)
Financing activities		
Interest paid, net	(1,495)	(66)
Proceeds from common shares issued, stock option exercise	728	1,970
Long-term debt repayments	(420)	(744)
Other	(134)	(89)
Proceeds from long-term debt	-	22,000
	(1,321)	23,071
Effect of foreign exchange on cash balances	(8,533)	(246)
Increase (decrease) in cash and cash equivalents during the period	179,863	(14,454)
Cash and cash equivalents, beginning of period	174,792	116,640
Cash and cash equivalents, end of period	\$ 354,655	\$ 102,186

Supplemental cash flow information (Note 21)

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

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

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

1. NATURE OF OPERATIONS

Lundin Mining Corporation (the "Company") is a diversified Canadian base metals mining company. The Company's wholly-owned operating assets include the Neves-Corvo copper/zinc mine located in Portugal, the Zinkgruvan zinc/lead mine located in Sweden, the Aguablanca nickel/copper mine located in Spain and the Eagle nickel/copper mine located in the United States ("US"). 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 April 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 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 consolidated financial statements for the year ended December 31, 2014.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

(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:

	March 31, 2015	December 31, 2014
Cash	\$ 269,151	\$ 114,751
Short-term deposits	85,504	60,041
	\$ 354,655	\$ 174,792

4. TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of the following:

	March 31, 2015	December 31, 2014
Trade receivables	\$ 316,684	\$ 360,909
Value added tax	14,747	17,522
Other receivables	14,125	11,085
Prepaid expenses	21,991	15,451
	\$ 367,547	\$ 404,967

The Company does not have any significant balances that are past due nor does it have an allowance for doubtful accounts.

5. INVENTORIES

Inventories are comprised of the following:

	March 31, 2015	December 31, 2014
Ore stockpiles	\$ 23,860	\$ 22,261
Concentrate stockpiles	37,360	40,656
Materials and supplies	95,797	99,157
	\$ 157,017	\$ 162,074

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

(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	11,470	406	-	82,789	94,665
Disposals and transfers	5,148	7,401	(501)	(15,345)	(3,297)
Effects of foreign exchange	(154)	(108)	(13)	96	(179)
As at March 31, 2014	1,795,468	766,166	62,716	542,355	3,166,705
Candelaria Acquisition	1,217,348	904,909	-	37,571	2,159,828
Additions	71,370	927	-	237,964	310,261
Impairment	-	-	(47,064)	-	(47,064)
Disposals and transfers	243,571	459,148	-	(710,077)	(7,358)
Effects of foreign exchange	(240,609)	(99,648)	(6,965)	(8,720)	(355,942)
As at December 31, 2014	3,087,148	2,031,502	8,687	99,093	5,226,430
Additions	38,371	1,867	-	24,338	64,576
Disposals and transfers	10,506	(2,763)	-	(18,915)	(11,172)
Effects of foreign exchange	(174,036)	(78,783)	(987)	(3,418)	(257,224)
As at March 31, 2015	\$ 2,961,989	\$ 1,951,823	\$ 7,700	\$ 101,098	\$ 5,022,610

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	23,741	14,012	-	-	37,753
Disposals and transfers	-	(2,679)	-	-	(2,679)
Effects of foreign exchange	79	54	-	-	133
As at March 31, 2014	985,176	340,679	-	-	1,325,855
Depreciation	103,604	67,346	-	-	170,950
Disposals and transfers	(1,421)	(4,667)	-	-	(6,088)
Effects of foreign exchange	(142,046)	(49,532)	-	-	(191,578)
As at December 31, 2014	945,313	353,826	-	-	1,299,139
Depreciation	90,367	66,708	-	-	157,075
Disposals and transfers	(2,099)	(4,901)	-	-	(7,000)
Effects of foreign exchange	(101,358)	(38,126)	-	-	(139,484)
As at March 31, 2015	\$ 932,223	\$ 377,507	\$ -	\$ -	\$ 1,309,730

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 March 31, 2015	\$ 2,029,766	\$ 1,574,316	\$ 7,700	\$ 101,098	\$ 3,712,880

During the quarter ended March 31, 2015, the Company capitalized \$21.6 million (2014 - \$nil) of deferred stripping costs to mineral properties.

Included in the mineral properties balance as at March 31, 2015 is \$385.4 million (2014 - \$nil) which is non-depreciable.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

(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 March 31,	
	2015	2014
Operating costs	\$ 156,984	\$ 37,665
General and administrative expenses	91	88
Depreciation, depletion and amortization	\$ 157,075	\$ 37,753

7. INVESTMENT IN ASSOCIATES

	Tenke	Freeport	
	Fungurume	Cobalt	Total
As at December 31, 2013	\$ 1,959,012	\$ 104,834	\$ 2,063,846
Distributions	(16,710)	-	(16,710)
Share of equity income (loss)	18,987	(906)	18,081
As at March 31, 2014	1,961,289	103,928	2,065,217
Distributions	(69,118)	(8,615)	(77,733)
Share of equity income	69,029	2,686	71,715
As at December 31, 2014	1,961,200	97,999	2,059,199
Distributions	(8,250)	(2,057)	(10,307)
Share of equity income	9,741	1,850	11,591
As at March 31, 2015	\$ 1,962,691	\$ 97,792	\$ 2,060,483

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

	March 31,	December 31,
	2015	2014
Total current assets	\$ 865,665	\$ 838,382
Total non-current assets	\$ 4,001,148	\$ 3,958,752
Total current liabilities	\$ 207,237	\$ 198,039
Total non-current liabilities	\$ 492,493	\$ 497,475

	Three months ended March 31,	
	2015	2014
Total sales	\$ 418,269	\$ 333,111
Total earnings	\$ 56,766	\$ 77,898

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.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

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

9. GOODWILL

The Company recognizes goodwill resulting from the acquisition of the Neves-Corvo mine and through the Candelaria Acquisition.

Goodwill is allocated to the Cash Generating Units as follows:

	Candelaria	Ojos	Neves-Corvo	Total
Balance at December 31, 2013	\$ -	\$ -	\$ 173,383	\$ 173,383
Effects of foreign exchange	-	-	(38)	(38)
Balance at March 31, 2014	-	-	173,345	173,345
Candelaria Acquisition	98,132	10,713	-	108,845
Effects of foreign exchange	-	-	(20,708)	(20,708)
Balance at December 31, 2014	98,132	10,713	152,637	261,482
Effects of foreign exchange	-	-	(17,374)	(17,374)
Balance at March 31, 2015	\$ 98,132	\$ 10,713	\$ 135,263	\$ 244,108

10. DEFERRED REVENUE

The following table summarizes the changes in deferred revenue:

As at December 31, 2013	\$ 61,012
Recognition of revenue	(1,242)
Effects of foreign exchange	78
As at March 31, 2014	59,848
Stream agreement, net	632,064
Recognition of revenue	(15,643)
Effects of foreign exchange	(8,927)
As at December 31, 2014	667,342
Recognition of revenue	(18,891)
Effects of foreign exchange	(4,803)
	643,648
Less: current portion	64,586
As at March 31, 2015	\$ 579,062

11. 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 1,446,316 shares for the three months ended March 31, 2015 (2014 - 828,796 shares). The incremental shares relate to in-the-money outstanding stock options as well as outstanding share units ("SU"). During the quarter ended March 31, 2015, the Company granted 3,961,170 (2014 - 2,014,700) stock options to employees. The Company also granted 967,900 SUs (2014 - nil) which vest over three years.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

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

12. OPERATING COSTS

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

	Three months ended March 31,	
	2015	2014
Direct mine and mill costs	\$ 223,837	\$ 92,631
Transportation	21,788	6,226
Royalties	5,002	1,293
	250,627	100,150
Depreciation, depletion and amortization (Note 6)	156,984	37,665
Total operating costs	\$ 407,611	\$ 137,815

13. EMPLOYEE BENEFITS

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

	Three months ended March 31,	
	2015	2014
Operating costs		
Wages and benefits	\$ 51,817	\$ 31,210
Pension benefits	365	429
Share-based compensation	1,238	763
	53,420	32,402
General and administrative expenses		
Wages and benefits	2,899	2,962
Pension benefits	231	119
Share-based compensation	780	1,023
	3,910	4,104
General exploration and business development		
Wages and benefits	2,679	2,101
Pension benefits	11	12
Share-based compensation	20	39
	2,710	2,152
Total employee benefits	\$ 60,040	\$ 38,658

14. GENERAL EXPLORATION AND BUSINESS DEVELOPMENT

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

	Three months ended March 31,	
	2015	2014
General exploration	\$ 10,162	\$ 8,066
Project and corporate development	1,740	3,516
	\$ 11,902	\$ 11,582

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

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

15. FINANCE COSTS

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

	Three months ended March 31,	
	2015	2014
Interest income	\$ 52	\$ 394
Interest expense and bank fees	(21,863)	(1,247)
Accretion expense on reclamation provisions	(1,195)	(601)
Revaluation (losses) gains on marketable securities	(1,304)	888
Other	1,745	234
Total finance costs	\$ (22,565)	\$ (332)

During the three months ended March 31, 2015, the Company accrued \$19.1 million (2014 - \$nil) interest expense on the \$1.0 billion senior secured notes.

16. OTHER INCOME AND EXPENSES

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

	Three months ended March 31,	
	2015	2014
Foreign exchange gain (loss)	\$ 17,295	\$ (29)
Other income	5,023	358
Other expenses	(2,881)	(248)
Total other income, net	\$ 19,437	\$ 81

Other income	\$ 22,318	\$ 358
Other expenses	(2,881)	(277)
Total other income, net	\$ 19,437	\$ 81

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

17. COMMITMENTS

The Company has the following capital commitments as at March 31, 2015:

2015	\$ 39,988
2016	1,402
Total	\$ 41,390

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

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

18. SEGMENTED INFORMATION

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

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

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

For the three months ended March 31, 2015

	Candelaria	Eagle	Neves-Corvo	Zinkgruvan	Aguablanca	Tenke	Other	Total
	Chile	USA	Portugal	Sweden	Spain	Fungurume DRC		
Sales	\$ 292,190	\$ 88,391	\$ 86,623	\$ 37,864	\$ 26,460	\$ -	\$ -	531,528
Operating costs	(128,500)	(32,258)	(55,910)	(21,260)	(11,447)	-	(1,252)	(250,627)
General and administrative expenses	-	-	-	-	-	-	(6,940)	(6,940)
Operating earnings (loss)*	163,690	56,133	30,713	16,604	15,013	-	(8,192)	273,961
Depreciation, depletion and amortization	(85,120)	(37,421)	(23,635)	(5,525)	(4,706)	-	(668)	(157,075)
General exploration and business development	(4,783)	(1,687)	(1,522)	(278)	-	-	(3,632)	(11,902)
Income from equity investment in associates	-	-	-	-	-	9,741	1,850	11,591
Finance costs	(517)	(199)	1,264	(843)	(24)	-	(22,246)	(22,565)
Other income and expenses, net	5,406	11	12,446	2,781	2,665	-	(3,872)	19,437
Income tax (expense) recovery	(19,215)	(3,459)	(2,853)	(2,650)	(9,736)	-	7,791	(30,122)
Net earnings (loss)	\$ 59,461	\$ 13,378	\$ 16,413	\$ 10,089	\$ 3,212	\$ 9,741	\$ (28,969)	\$ 83,325
Capital expenditures	\$ 29,294	\$ 11,480	\$ 9,820	\$ 7,028	\$ 6,249	\$ -	\$ 49	\$ 63,920

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

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

For the three months ended March 31, 2015 and 2014

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

For the three months ended March 31, 2014

	Eagle USA	Neves-Corvo Portugal	Zinkgruvan Sweden	Aguablanca Spain	Tenke Fungurume DRC	Other	Total
Sales	\$ -	\$ 76,272	\$ 43,078	\$ 29,289	\$ -	\$ 1,264	\$ 149,903
Operating costs	-	(56,293)	(26,539)	(16,279)	-	(1,039)	(100,150)
General and administrative expenses	-	-	-	-	-	(6,647)	(6,647)
Operating earnings (loss)*	-	19,979	16,539	13,010	-	(6,422)	43,106
Depreciation, depletion and amortization	(905)	(26,802)	(6,992)	(2,963)	-	(91)	(37,753)
General exploration and business development	(3,725)	(3,101)	(2,055)	-	-	(2,701)	(11,582)
Income (loss) from equity investment in associates	-	-	-	-	18,987	(906)	18,081
Finance costs	-	(237)	166	(66)	-	(195)	(332)
Other income and expenses, net	-	(92)	242	(2)	-	(67)	81
Income tax recovery (expense)	2,489	3,450	(1,617)	(2,732)	-	156	1,746
Net (loss) earnings	\$ (2,141)	\$ (6,803)	\$ 6,283	\$ 7,247	\$ 18,987	\$ (10,226)	\$ 13,347
Capital expenditures	\$ 63,480	\$ 18,925	\$ 5,138	\$ 4,680	\$ -	\$ 173	\$ 92,396

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

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

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

	Three months ended March 31,	
	2015	2014
Copper	\$ 354,027	\$ 67,805
Zinc	39,675	39,588
Nickel	75,686	21,792
Lead	12,213	13,864
Gold	30,806	199
Silver	11,312	3,180
Other	7,809	3,475
	\$ 531,528	\$ 149,903

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

	Three months ended March 31,	
	2015	2014
Europe	\$ 228,742	\$ 121,850
Asia	207,458	(2,836)
North America	59,135	30,889
South America	36,193	-
	\$ 531,528	\$ 149,903

19. 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 March 31,	
	2015	2014
Wages and salaries	\$ 1,466	\$ 1,541
Pension benefits	31	34
Share-based compensation	645	562
	\$ 2,142	\$ 2,137

- c) **Other related parties** - For the three months ended March 31, 2015, the Company paid \$0.1 million (2014 - \$0.1 million) for services provided by a company owned by the Chairman of the Company. The Company also paid \$0.2 million for the three months ended March 31, 2015 (2014 - \$0.2 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.

LUNDIN MINING CORPORATION

Notes to condensed interim consolidated financial statements

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20. 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 March 31, 2015 and December 31, 2014:

	Level	March 31, 2015		December 31, 2014	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Fair value through profit or loss					
Trade receivables	2	\$ 324,224	\$ 324,224	\$ 322,130	\$ 322,130
Marketable securities - shares	1	4,217	4,217	5,483	5,483
Marketable securities - warrants	2	-	-	-	-
Restricted funds - shares	1	27,686	27,686	29,626	29,626
		\$ 356,127	\$ 356,127	\$ 357,239	\$ 357,239
Available for sale					
Marketable securities - shares	1	\$ 181	\$ 181	\$ 698	\$ 698
Marketable securities - warrants	2	-	-	-	-
		\$ 181	\$ 181	\$ 698	\$ 698
Financial liabilities					
Amortized cost					
Long-term debt and finance leases	2	\$ 983,259	\$ 983,259	\$ 982,820	\$ 982,820
Other long-term liabilities	2	9,786	9,786	10,001	10,001
		\$ 993,045	\$ 993,045	\$ 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 \$28.1 million in sales during the quarter ended March 31, 2015 (2014 - \$45.0 million negative pricing adjustments).

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

LUNDIN MINING CORPORATION

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its carrying value as the interest rates are comparable to current market rates.

The carrying values of certain financial instruments maturing in the short-term approximate their fair values. These financial instruments include cash and cash equivalents, trade and other receivables, restricted funds, and trade and other payables.

21. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31,	
	2015	2014
Changes in non-cash working capital items consist of:		
Trade receivable, inventories and other current assets	\$ 29,342	\$ (858)
Trade payables and other current liabilities	(25,631)	(2,305)
	<u>\$ 3,711</u>	<u>\$ (3,163)</u>
Operating activities included the following cash payments:		
Income taxes paid	\$ 37,935	\$ 1,512

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.