Management's Discussion and Analysis
For the three and nine months ended September 30, 2010

This management's discussion and analysis has been prepared as of October 26, 2010 and should be read in conjunction with the Company's interim consolidated financial statements for the three and nine months ended September 30, 2010. Those financial statements are prepared in accordance with Canadian generally accepted accounting principles. The Company's reporting currency is United States dollars. Reference herein of $ is to United States dollars. Reference of C$ is to Canadian dollars, reference to SEK is to Swedish krona and € refers to the euro.

Additional information relating to the Company, including the Company's most recent Annual Information Form and subsequent press releases have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and are available online at www.sedar.com.

The Company's common shares are listed on the Toronto Stock Exchange and its Swedish Depository Receipts are listed on the OMX Nordic Exchange under the trading symbols "LUN" and "LUMI", respectively.

About Lundin Mining

Lundin Mining Corporation ("Lundin", "Lundin Mining" or the "Company") is a diversified Canadian base metals mining company with operations in Portugal, Sweden, Spain and Ireland, producing copper, zinc, lead and nickel. In addition, Lundin Mining holds a development project pipeline which includes expansion projects at its Zinkgruvan and Neves-Corvo mines along with its equity stake in the world class Tenke Fungurume copper/cobalt mine in the Democratic Republic of Congo.

Cautionary Statement on Forward-Looking Information

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. Forward-looking statements 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 foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labor disputes or other unanticipated difficulties with or shortages of labor or interruptions in production; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the Company's Annual Information Form and in each management discussion and analysis. 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, lead, nickel 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.

Table of Contents

Highlights

Operational and Financial

- Copper and nickel production for the quarter was below expectations owing to: unexpected delays at Neves-Corvo affecting two high-grade stopes (+7% copper grade) limiting ore production and resulting in replacement material coming from lower-grade sources; and Aguablanca ore production was significantly reduced owing to the decision, as reported last quarter, to bring forward a push-back in the pit that was originally planned for next year. In addition, 10 days of production were lost to industrial action at Aguablanca.

- At Tenke Fungurume, copper and cobalt production during the quarter exceeded nameplate capacity. Milling throughput is now performing consistently above design capacity. With the procurement of more mine equipment and changes to the mine plan, Freeport-McMoRan Copper & Gold Inc. ("FCX" or "Freeport") the mine's operator, is expecting copper cathode production to increase from 115,000 tonnes per annum in 2010 to approximately 130,000 tonnes per annum in 2011.

  Total production was as follows:

Wholly-owned operations (tonnes)	**YTD 2010**	**Q3 2010**	Q2 2010	Q1 2010	FY 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Copper	**55,127**	**20,509**	21,774	12,844	93,451	23,868	21,351	23,992	24,240
Zinc	**66,647**	**22,571**	24,458	19,618	101,401	20,011	15,151	31,962	34,277
Lead	**30,098**	**10,902**	10,953	8,243	43,852	10,393	8,111	12,478	12,870
Nickel	**5,234**	**1,363**	1,715	2,156	8,029	2,324	1,784	1,960	1,961
Tenke attributable (24.75%)									
Copper	**21,859**	**7,701**	7,038	7,120	17,325	7,227	6,019	4,079	-
Cobalt	**1,560**	**599**	409	552	638	477	159	2	-

- Operating earnings[1] increased by $28.4 million from $91.8 million in the third quarter of 2009 to $120.2 million in 2010. Favourable price and price adjustments ($51.4 million effect) and more favourable exchange rates ($6.8 million effect) were partially offset by lower sales volumes ($6.0 million effect) and higher unit costs ($17.4 million effect, excluding a 2008 royalty charge). Net income of $59.0 million (Q3-2009: $3.7 million) or $0.10 per diluted share (Q3-2009: $0.01) includes:
  - a pre-tax loss on foreign exchange of $19.1 million, an increase of $21.9 million from the prior corresponding quarter;
  - a royalty charge for Neves-Corvo of $8.1 million related to 2008. The base used for the purpose of calculating the royalty was re-assessed by the Portuguese government to exclude certain costs deducted during 2008 related to the funding of the development of the Aljustrel Mine. The after-tax impact of this charge is $5.8 million;
  - gain on the disposal of non-core assets in Spain of $5.4 million ($3.8 million after tax);
  - Note: net income for the third quarter of the previous year included an unrealized mark-to-market loss of $18.5 million and a realized loss of $6.4 million on the Company's copper derivatives as well as a loss of $18.7 million related to the sale of the Ozernoe project (a combined after-tax charge of $37.0 million).
- Sales for the quarter were $215.1 million compared to sales of $171.1 million in the third quarter of 2009. Metal price improvements and price adjustments ($50.0 million) were partially offset by the

[1] Operating earnings is a Non-GAAP measure defined as sales, less operating costs, accretion of ARO and other provisions, selling, general and administration costs and stock-based compensation. See page 27 of this MD&A for discussion of Non-GAAP measures.

effect of lower volume ($9.2 million). Copper inventory levels were higher than normal owing to a shipment in transit at quarter end.

Average metal prices in the third quarter of 2010 were 15% to 25% higher than the same quarter in 2009 except for lead which increased only 6%.

- Cash inflow from operations was $47.3 million for the quarter, compared to $40.0 million for the corresponding period in 2009. Excluding changes in non-cash working capital items, cash inflow this quarter was $90.6 million compared to $53.0 million for the prior corresponding period.

  Net cash[1] as at September 30, 2010 of $125.7 million represents an increase of $17.9 million compared to the previous quarter, and an increase of $175.0 million against net debt[1] of $49.3 million at December 31, 2009.

- During the quarter, the Company's revolving credit facility agreement was amended, increasing the facility to $300 million from $225 million, and extending the term to September 2013. The amended facility provides additional flexibility for future growth projects and reduced carrying costs.

  The $300 million revolving credit facility was undrawn at quarter-end.

- The Company finalized a new long-term contract for the sale of its nickel concentrate to Glencore International AG. The new arrangement provides for regular monthly delivery and pricing of concentrates which should ensure a closer correlation of revenue to LME average prices over the year.

Tenke Fungurume

- On October 22, 2010, the Government of the DRC and Freeport announced the successful conclusion of the review of Tenke Fungurume Mining's (TFM) contracts. The announcement outlined several additional commitments agreed by TFM, including: an increase in Gécamines ownership interest in TFM from 17.5% to 20%; an additional royalty of $1.2 million for each 100,000 metric tonnes of proven and probable copper reserves above 2.5 million metric tonnes; additional payments totaling $30.0 million to be paid in six installments upon reaching certain production milestones; conversion of $50.0 million in intercompany loans to equity; and a payment of $5.0 million for surface area fees. Included in the announcement was the agreement to increase the annual interest rate on advances (to TFM by FCX and Lundin Mining) from the current rate of LIBOR +2% to LIBOR +6%.

  The Company notes that the shareholding change benefiting Gécamines will be shared proportionately by Lundin Mining and Freeport. As a result Lundin Mining's equity interest in TFM will reduce from 24.75% to 24%.

- The Tenke Fungurume mine is now running consistently above design capacity and, with the procurement of more mine equipment and changes to the mine plan, Freeport is expecting annual copper production to increase from 115,000 tpa in 2010 to approximately 130,000 tpa in 2011.

  For the quarter ended September 30, 2010, Tenke produced 31,115 tonnes of copper, and 33,044 tonnes were sold at an average realized price of $3.36 per pound.

  The amount outstanding at September 30, 2010 on the Excess Over-run Costs facility ("EOC facility"), related to the Company's proportionate share of the Phase I development at Tenke, was $148.9 million, a reduction of $40.0 million during the quarter.

[1] Net cash/debt is a Non-GAAP measure defined as available unrestricted cash less financial debt, including capital leases and other debt-related obligations. See Non-GAAP performance measures on Page 27 of this MD&A.

New Copper Discovery at Neves-Corvo

- Surface exploration drilling focussing on a prospective area close to the Neves-Corvo mine has discovered a new copper-rich massive sulphide deposit only one kilometre to the northeast of the Zambujal copper-zinc orebody. The new "Semblana" deposit is the first potential new orebody to be found since the discovery of Lombador in 1988. Testing a borehole electromagnetic ("BHEM") anomaly, Hole SO48 intercepted a narrow bed of massive pyrite and stockwork type sulphides, after which four drill rigs were mobilised and directed to drilling wide step-out holes targeting the BHEM anomaly. Three of the step-out holes to date have intercepted high-grade copper sulphide mineralization. Highlighted assay results are as noted in the table below:

Hole No.	From (metres)	To (metres)	Thickness (metres)	Copper (%)	Zinc (%)	Lead (%)	Tin (%)
PSK50-1	931.0	952.0	21.0	4.16	0.27	0.05	0.15
PSL48A-1	923.0	927.0	4.0	4.58	0.82	0.18	0.27
PSL48	900.0	936.5	36.5	1.44	0.73	0.27	0.12
including	902.0	909.0	7.0	2.32	0.20	0.05	0.13
and	929.5	935.5	6.0	3.39	2.64	1.15	0.28

Importantly, in addition to these high copper grades, each of these drill holes has intercepted concentrated values of tin - Hole PSL50-1 contains a 3.0 metre interval averaging 1.22% tin - suggesting that the Semblana deposit is geologically similar to the very high-grade Corvo orebody located approximately 1 km to the west. Drilling with four rigs continues with assays pending on three additional completed holes. Exploration drilling has now outlined an area of at least 600 metres by 250 metres of massive sulphide + stockwork mineralization in 7 drill holes. This new deposit remains open in almost all directions and appears to be almost flat-lying. Drill intersections shown above are interpreted to be true widths.

Sampling and Analytical Protocol

NQ sized drill core was logged, cut in half with a diamond saw and sampled by Company personnel at its facilities at the Neves-Corvo mine. Mineralized intervals are analyzed for a suite of elements including Zn, Cu, Pb and Sn at the Neves-Corvo laboratory using XRF methods.

Qualified Person

Bob Carmichael, P.Eng., General Manager, Resource Exploration, is the Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the technical information contained in this release.

Financial Position and Financing

- The increase in liquidity during the quarter was primarily attributable to cash flow from operations of $47.3 million, after allowing for investment in mineral properties, plant and equipment of $31.8 million and a contribution of $8.5 million to Tenke to cover 2010 exploration, expansion studies and sustaining capital investment.

- Cash on hand at September 30, 2010 was $172.8 million, an increase of $23.2 million over the prior quarter-end, despite an increase of $43.3 million in working capital related to higher receivables and inventories.

CEO Succession

The CEO has advised the Board that he plans to retire sometime during the first half of 2011 and the Board has appointed a committee to address the timing and manner of succession to ensure an orderly and effective transition.

Outlook

Production lost during the quarter cannot be made up in the fourth quarter and as a consequence:

- Neves-Corvo: copper production guidance is reduced by 2,000 tonnes to 75,000 reflecting delays affecting two large, high-grade stopes during the third quarter (*see further details on page 15 of this MD&A*);
- Zinkgruvan: unchanged;
- Aguablanca: outlook reduced owing to: the need to bring forward into 2010 a push-back that was originally scheduled for 2011 as a result of geotechnical issues related to hydraulic pressure and faulting in the pit; and 10 days of production lost to industrial action (*see further details on page 18 of this MD&A*);
- Galmoy: minor change to reflect latest plans for delivery of ore to adjacent mines.

The **revised guidance** for 2010 is as follows:

(contained tonnes)		Revised 2010 Guidance		Previous Guidance	
		Tonnes	**C1 Cost**[1,2]	**Tonnes**	**C1 Cost**[1,2]
Neves-Corvo	*Cu*	**75,000**	**$ 1.30**	*77,000*	*$ 1.25*
	Zn	6,000		*6,000*	
Zinkgruvan	*Zn*	75,000	$ 0.30	*75,000*	*$ 0.30*
	Pb	36,000		*36,000*	
	Cu	1,000		*1,000*	
Aguablanca	*Ni*	**6,500**	$6.25	*7,500*	*$ 6.25*
	Cu	**5,500**		*6,500*	
Galmoy	*Zn*	**12,000**		*14,000*	
(in ore)	*Pb*	4,000		*4,000*	
Total: Wholly-owned operations	*Cu*	**81,500**		*84,500*	
	Zn	**93,000**		*95,000*	
	Pb	40,000		*40,000*	
	Ni	**6,500**		*7,500*	
Tenke: 24.75% attributable share	*Cu*	28,500		*28,500*	

Tenke's attributable share will be reduced to 24.0% from 24.75% upon completion of the agreement announced on October 22, 2010, as noted in the *Tenke Fungurume* highlights discussion above, dealing with the resolution of the Tenke contract review.

Preliminary plans for 2011 indicate: copper production, including our attributable share of Tenke, of 115,000 tonnes; zinc production, including Galmoy, of 125,000 tonnes; and lead production, including Galmoy, of 40,000 tonnes. For individual mines:

- Neves-Corvo: copper production, similar levels to 2010; zinc increasing to around 30,000 tonnes taking into account the commissioning of the expanded zinc capacity in June 2011;
- Zinkgruvan: zinc and lead, similar to 2010; with copper ramping up to around 3,000 tonnes;
- Aguablanca: the mine plan is undergoing comprehensive review; however, production is not likely to be less than present guidance for 2010;

[1] Cash costs are dependent upon exchange rates, assumed as follows: €/US$: 1.40.
[2] Cash cost per pound is a Non-GAAP measure reflecting the sum of direct costs and inventory changes less by-product credits. See Non-GAAP Performance Measures on page 27 of this MD&A.

- Tenke: Freeport is forecasting copper production of around 130,000 tonnes in 2011 (Lundin 24.75% current share - moving to 24% upon completion of the agreement amendments announced on October 22, 2010 as noted in the *Tenke Fungurume* highlights section above).

This guidance will be updated in December 2010 once plans for 2011 are finalized.

- Lombador feasibility study remains on-track for completion in Q1 2011 and a start-up date of 2013 is still being targeted.
- Studies are underway at Zinkgruvan to allow the recently completed copper plant to treat zinc ores in addition to copper, thereby significantly increasing the flexibility of the Zinkgruvan operation.
- Capital expenditure outlook for the year continues to be in the $190 million range. This includes:
  - Sustaining capital in European operations of $90 million.
  - New investment in European operations of $60 million.
  - Investment in Tenke of a maximum of $40 million under current work programs.

Selected Quarterly Financial Information

(USD millions, except per share amounts)	Three months ended September 30 2010	Three months ended September 30 2009	Nine months ended September 30 2010	Nine months ended September 30 2009
Sales	**215.1**	171.1	540.0	489.3
Operating earnings[1]	**120.2**	91.8	265.6	221.0
Depletion, depreciation & amortization	**(30.9)**	(46.5)	(99.7)	(128.6)
General exploration and project investigation	**(6.3)**	(6.5)	(16.6)	(16.0)
Other income and expenses	**(24.6)**	0.7	(5.0)	1.5
Gain (loss) on derivative contracts	**(0.5)**	(24.9)	10.2	(34.1)
Gain (loss) on sale of investments and other assets	**-**	(18.7)	33.0	(18.7)
Gain (loss) on sale of non-core assets	**5.4**	-	5.0	-
Income (loss) from equity investment in Tenke	**17.5**	(1.0)	43.0	(5.3)
Income from continuing operations before income taxes	**80.8**	(5.1)	235.5	19.8
Income tax (expense) recovery	**(21.8)**	8.8	(63.0)	13.2
Income from continuing operations	**59.0**	3.7	172.5	33.0
Gain from discontinued operations	**-**	-	-	5.6
Net income	**59.0**	3.7	172.5	38.6
Shareholders' Equity	**3,039.0**	2,913.1	3,039.0	2,913.1
Cash flow from operations	**47.3**	40.0	208.4	40.4
Capital expenditures (incl. Tenke)	**40.2**	54.7	117.4	146.1
Total assets	**3,696.3**	3,744.4	3,696.3	3,744.4
Net cash (debt)[2]	**125.7**	(132.2)	125.7	(132.2)
Key Financial Data:				
Shareholders' equity per share[3]	**5.24**	5.03	5.24	5.03
Basic and diluted income per share	**0.10**	0.01	0.30	0.07
Basic and diluted income per share from continuing operations	**0.10**	0.01	0.30	0.06
Dividends	**-**	-	-	-
Equity ratio[4]	**82%**	78%	82%	78%
Shares outstanding:				
Basic weighted average	**579,889,803**	579,510,141	579,814,786	540,030,936
Diluted weighted average	**580,262,754**	579,645,695	580,222,350	540,057,884
End of period	**579,924,803**	579,574,131	579,924,803	579,574,131

($ millions, except per share data)	**Q3-10**	Q2-10	Q1-10	Q4-09	Q3-09	Q2-09	Q1-09	Q4-08	Q3-08
Sales	**215.1**	183.1	141.7	256.7	171.1	194.8	123.4	43.5	191.9
Operating earnings	**120.2**	80.8	64.6	152.2	91.8	91.0	38.2	(65.8)	68.9
Impairment charges (after tax)[5]	**-**	-	-	(37.1)	-	-	-	(651.5)	(201.1)
Income (loss) from continuing operations	**59.0**	75.6	38.0	35.1	3.7	43.5	(14.1)	(707.7)	(190.2)
Net income (loss)	**59.0**	75.6	38.0	35.1	3.7	43.5	(8.6)	(728.5)	(199.0)
Income (loss) per share from continuing operations, basic and diluted	**0.10**	0.13	0.07	0.06	0.01	0.08	(0.03)	(1.72)	(0.49)
Income (loss) per share, basic[6] and diluted[6]	**0.10**	0.13	0.07	0.06	0.01	0.08	(0.02)	(1.77)	(0.51)
Cash flow from (used in) operations	**47.3**	78.8	84.9	97.0	40.0	63.7	(63.3)	46.5	46.8
Capital expenditure (incl. Tenke)	**40.2**	39.1	38.1	39.0	54.7	57.8	33.6	105.7	146.8
Net cash (debt)[2]	**125.7**	107.8	10.2	(49.3)	(132.2)	(110.7)	(259.5)	(145.5)	(194.8)

[1] Operating earnings is a Non-GAAP measure defined as sales, less operating costs, accretion of asset retirement obligation ("ARO") and other provisions, selling, general and administration costs and stock-based compensation.

[2] Net cash (debt) is a Non-GAAP measure defined as available unrestricted cash less financial debt, including capital leases and other debt-related obligations.

[3] Shareholders' equity per share is a Non-GAAP measure defined as shareholders' equity divided by total number of shares outstanding at end of period.

[4] Equity ratio is a Non-GAAP measure defined as shareholders' equity divided by total assets at the end of period.

[5] Includes impairment from discontinued operations.

[6] Income (loss) per share is determined for each quarter. As a result of using different weighted average number of shares outstanding, the sum of the quarterly amounts may differ from the year-to-date amount.

Sales Overview

Sales Volumes by Payable Metal

tonnes	YTD 2010	Q3 2010	Q2 2010	Q1 2010	Total 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Copper									
Neves-Corvo	**46,170**	**16,398**	20,252	9,520	82,747	23,126	17,236	22,277	20,108
Aguablanca	**3,234**	**644**	1,418	1,172	6,295	1,653	1,281	1,798	1,563
	49,404	**17,042**	21,670	10,692	89,042	24,779	18,517	24,075	21,671
Zinc									
Neves-Corvo	**4,390**	**1,459**	2,046	885	-	-	-	-	-
Zinkgruvan	**44,748**	**13,713**	18,297	12,738	63,146	17,187	11,167	18,324	16,468
Galmoy*	**4,392**	**2,510**	1,324	558	26,035	(88)	1,569	13,283	11,271
	53,530	**17,682**	21,667	14,181	89,181	17,099	12,736	31,607	27,739
Lead									
Zinkgruvan	**27,318**	**9,735**	9,630	7,953	33,729	10,357	7,571	9,275	6,526
Galmoy*	**1,356**	**791**	436	129	7,541	(9)	805	4,967	1,778
	28,674	**10,526**	10,066	8,082	41,270	10,348	8,376	14,242	8,304
Nickel									
Aguablanca	**4,557**	**1,029**	1,826	1,702	7,582	2,155	1,616	1,766	2,045

* payable metal in sales of ore starting in Q3-2009 (50% attributable to Galmoy – *see MD&A page 19*)

Net Sales by Mine

	Three months ended September 30			Nine months ended September 30		
(US$ millions)	**2010**	2009	Change	**2010**	2009	Change
Neves-Corvo	**135.2**	107.8	27.4	**316.4**	285.0	31.4
Zinkgruvan	**42.2**	29.8	12.4	**116.9**	85.1	31.8
Aguablanca	**32.5**	30.3	2.2	**97.9**	83.9	14.0
Galmoy	**5.2**	3.2	2.0	**8.8**	35.3	(26.5)
	215.1	171.1	44.0	**540.0**	489.3	50.7

Net Sales by Metal

	Three months ended September 30					Nine months ended September 30				
(US$ millions)	**2010**		2009		Change	**2010**		2009		Change
Copper	**138.4**	64%	116.6	68%	21.8	**329.9**	61%	307.7	63%	22.2
Zinc	**26.4**	12%	15.6	9%	10.8	**74.8**	14%	70.0	14%	4.8
Nickel	**23.9**	11%	19.1	11%	4.8	**69.5**	13%	52.8	11%	16.7
Lead	**20.4**	10%	12.0	7%	8.4	**48.9**	9%	40.8	8%	8.1
Other	**6.0**	3%	7.8	5%	(1.8)	**16.9**	3%	18.0	4%	(1.1)
	215.1		171.1		44.0	**540.0**		489.3		50.7

Higher net sales in the current quarter reflect higher metal prices, particularly in copper and nickel which were up 24% and 20%, respectively, compared to the prior year. At Aguablanca, positive price adjustments on prior period sales of $6.4 million were recorded.

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 month the sale is expected to settle and the forward price of the metal at the end of the reporting period. The difference between the estimate and the final price received is recognized by adjusting gross sales in the period in which the sale (finalization adjustment) is settled. The finalization adjustment recorded for these sales depends on the actual price when the sale settles. Settlement dates are typically one to four months after shipment.

Reconciliation of realized prices

2010 ($ millions)	Quarter ended September 30, 2010 **Copper**	**Zinc**	**Nickel**	**Lead**	**Total**
Sales invoiced at shipment date	123.4	36.0	21.2	21.7	202.3
Adjustments for provisionally priced sales fixed/settled during the quarter	(1.8)	(0.1)	5.4	0.7	4.2
Period end price adjustments for unfixed sales	25.1	0.6	1.0	0.9	27.6
Sales before TC/RC	146.7	36.5	27.6	23.3	234.1
Other metal sales					5.9
Less: TC/RC					(24.9)
Total Net Sales					**215.1**
Payable Metal (tonnes)	**17,042**	**17,682**	**1,029**	**10,526**	
Realized prices, $ per pound	$ 3.90	$ 0.94	$ 12.17*	$ 1.00	
Realized prices, $ per tonne	$ 8,606	$ 2,063	$ 26,838	$ 2,214	

**The realized price for nickel in the three months ended September 2010 includes a $2.83 per pound positive price adjustment and is not the average price being received for the Company's nickel sales. This also affects TC/RCs paid in the quarter.*

2009 ($ millions)	Quarter ended September 30, 2009 **Copper**	**Zinc**	**Nickel**	**Lead**	**Total**
Sales invoiced at shipment date	112.6	20.8	36.6	14.5	184.5
Adjustments for provisionally priced sales fixed/settled during the quarter	9.8	1.5	7.5	0.1	18.9
Period end price adjustments for unfixed sales	3.8	(0.7)	(13.8)	(0.1)	(10.8)
Sales before TC/RC	126.2	21.6	30.3	14.5	192.6
Other metal sales					7.9
Less: TC/RC					(29.4)
Total Net Sales					**171.1**
Payable Metal (tonnes) **	**18,517**	**11,273**	**1,616**	**7,477**	
Realized prices, $ per pound	$ 3.09	$ 0.87	$ 8.51	$ 0.88	
Realized prices, $ per tonne	$ 6,815	$ 1,916	$ 18,750	$ 1,939	

***Excludes Galmoy ore sales.*

Outstanding receivables (provisionally valued) as of September 30, 2010

Metal	**Tonnes payable**	**Valued at $ price per lb**	**Valued at $ price per tonne**
Copper	14,604	3.63	8,014
Zinc	15,427	0.96	2,122
Lead	14,101	0.97	2,137
Nickel	566	10.62	23,404

Operating Results

Operating Costs

Cost of sales related to mining operations in the current quarter was $87.1 million, compared to $71.3 million for the same period in 2009. Excluding an $8.1 million royalty charge relating to 2008, the increase is $7.7 million. Generally, gross unit costs (before by-product credits) were higher owing to remedial plans following earlier production disruptions. Actual costs are showing very little price inflation. Gross unit cost increases were largely offset by higher by-product credits. (*See additional commentary under individual mine discussion*).

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization decreased by $15.6 million to $30.9 million in the third quarter of 2010, compared to $46.5 million in the third quarter of 2009. This decrease is attributable to: lower production levels; revised reserve and resource estimates at Neves-Corvo; certain non-recurring adjustments owing to estimate changes at Zinkgruvan; and the effects of a weaker euro.

	Three months ended September 30			**Nine months ended September 30**		
Depreciation by operation ($ millions)	**2010**	2009	Change	**2010**	2009	Change
Neves-Corvo	**23.6**	33.3	(9.7)	**70.1**	90.3	(20.2)
Zinkgruvan	**2.6**	3.8	(1.2)	**10.0**	11.8	(1.8)
Aguablanca	**4.6**	9.2	(4.6)	**19.3**	25.9	(6.6)
Other	**0.1**	0.2	(0.1)	**0.3**	0.6	(0.3)
	30.9	46.5	(15.6)	**99.7**	128.6	(28.9)

Other Income and Expense Items

Other income and expense items are as follows:

	Three months ended September 30			**Nine months ended September 30**		
($ millions)	**2010**	2009	Change	**2010**	2009	Change
Selling, general and administrative	**5.1**	5.1	-	**13.9**	17.5	(3.6)
Stock-based compensation	**0.7**	1.6	(0.9)	**1.9**	4.7	(2.8)
Other income and expenses	**2.2**	(1.0)	3.2	**(0.7)**	(3.8)	3.1
Interest and bank charges	**3.3**	3.0	0.3	**7.2**	11.3	(4.1)
Foreign exchange loss (gain)	**19.1**	(2.8)	21.9	**(1.5)**	(9.0)	7.5
Loss (gain) on derivative contracts	**0.5**	24.9	(24.4)	**(10.2)**	34.1	(44.3)
Gain on sale of non-core assets	**(5.4)**	-	(5.4)	**(5.0)**	-	(5.0)
	25.5	30.8	(5.3)	**5.6**	54.8	(49.2)

Foreign Exchange Loss (Gain)

The foreign exchange loss relates to the revaluation of US$ cash and receivables in the European operations. Comparing the exchange rates from June 30, 2010 to September 30, 2010, the euro, C$ and SEK all strengthened against the US$. Accordingly, the relative value of these US$-based assets decreased, resulting in a foreign exchange loss in the current quarter. Period end exchange rates in the third quarter of 2010 were €1.00:$1.36 (Q2-2010: €1.00:$1.23) and $1.00:SEK6.74 (Q2-2010: $1.00:SEK7.77).

Loss (Gain) on Derivative Contracts

During the quarter, the Company paid $1.1 million in settlement of the remaining derivative contracts representing 3,000 tonnes of copper. As at September 30, 2010, the Company no longer has any outstanding derivative contracts.

Gain on Sale of Non-core Assets

During the third quarter of 2010, the Company sold non-core mining properties in Spain for proceeds of $8.0 million which resulted in a gain of $5.4 million. The Company received $1.0 million at the time of closing, and will receive the remaining $7.0 million over the next 12 months.

Current and Future Income Taxes

Current tax expense (recovery)	**Three months ended September 30**			**Nine months ended September 30**		
($ millions)	**2010**	2009	Change	**2010**	2009	Change
Neves-Corvo	**16.2**	10.7	5.5	**26.2**	24.6	1.6
Zinkgruvan	**5.7**	2.6	3.1	**15.8**	7.3	8.5
Aguablanca	**(3.6)**	-	(3.6)	**1.1**	-	1.1
Galmoy	**0.1**	0.1	-	**0.3**	0.6	(0.3)
Other	**(14.5)**	(5.6)	(8.9)	**(13.8)**	(5.8)	(8.0)
Current tax expense	**3.9**	7.8	(3.9)	**29.6**	26.7	2.9

The corporate tax rates in the countries where the Company has mining operations range from 25% in Ireland to 30% in Spain. To date, the Company has paid a total of $39.6 million in income taxes in 2010, $35.1 million in Portugal, $4.1 million in Sweden, $0.3 million in Ireland and $0.1 million in Spain.

Future tax expense (recovery)	**Three months ended September 30**			**Nine months ended September 30**		
($ millions)	**2010**	2009	Change	**2010**	2009	Change
Neves-Corvo	**2.7**	(12.4)	15.1	**16.4**	(24.2)	40.6
Zinkgruvan	**(3.2)**	(0.3)	(2.9)	**(3.9)**	(0.8)	(3.1)
Aguablanca	**(0.5)**	(10.2)	9.7	**3.9**	(14.8)	18.7
Galmoy	**-**	-	-	**-**	-	-
Other	**18.9**	6.3	12.6	**17.0**	(0.1)	17.1
Future tax expense (recovery)	**17.9**	(16.6)	34.5	**33.4**	(39.9)	73.3

Total tax expense for the current quarter was $21.8 million, compared to a tax recovery of $8.8 million in the third quarter of 2009. The increase is attributable to: higher income; reduction in loss carry-forwards; and a 2.5% increase in the corporate income tax rate in Portugal.

Mining Operations

Production Overview

(tonnes)	YTD 2010	Q3 2010	Q2 2010	Q1 2010	Total 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Copper									
Neves-Corvo	**50,906**	**19,353**	20,342	11,211	86,462	22,150	19,756	22,189	22,367
Aguablanca	**4,221**	**1,156**	1,432	1,633	6,989	1,718	1,595	1,803	1,873
	55,127	**20,509**	21,774	12,844	93,451	23,868	21,351	23,992	24,240
Zinc									
Neves-Corvo	**5,525**	**2,237**	1,446	1,842	501	293	208	-	-
Zinkgruvan	**53,660**	**15,916**	20,624	17,120	70,968	19,598	13,439	17,896	20,035
Galmoy*	**7,462**	**4,418**	2,388	656	29,932	120	1,504	14,066	14,242
	66,647	**22,571**	24,458	19,618	101,401	20,011	15,151	31,962	34,277
Lead									
Zinkgruvan	**28,034**	**9,641**	10,286	8,107	36,183	10,289	7,261	8,972	9,661
Galmoy*	**2,064**	**1,261**	667	136	7,669	104	850	3,506	3,209
	30,098	**10,902**	10,953	8,243	43,852	10,393	8,111	12,478	12,870
Nickel									
Aguablanca	**5,234**	**1,363**	1,715	2,156	8,029	2,324	1,784	1,960	1,961

* Starting in Q3-2009, this represents payable metal in sales of ore treated at a adjacent mine (50% attributable to Galmoy – *see MD&A page 19*)

Cash Cost Overview

	Cash cost / lb[1] (US dollars) Three months ended September 30		Cash cost / lb[1] (local currency) Three months ended September 30	
	2010	2009	**2010**	2009
Neves-Corvo (Local in €)				
Gross cost	**1.27**	1.23	**0.99**	0.83
By-product **	**(0.08)**	(0.02)	**(0.07)**	(0.02)
Net Cost – Cu/lb	**1.19**	1.21	**0.92**	0.81
Zinkgruvan (Local in SEK)				
Gross cost	**0.83**	0.79	**6.05**	5.66
By-product **	**(0.72)**	(0.59)	**(5.20)**	(4.30)
Net Cost - Zn/lb	**0.11**	0.20	**0.85**	1.36
Aguablanca (Local in €)				
Gross cost	**9.74**	8.12	**7.55**	5.69
By-product **	**(3.81)**	(3.13)	**(2.96)**	(2.20)
Net Cost - Ni/lb	**5.93**	4.99	**4.59**	3.49

**By-product is after related TC/RC

[1] Cash cost per pound is a non-GAAP measure. See Non-GAAP Performance Measures on page 27 of this MD&A.

Cash Cost Overview

	Cash cost / lb[1] (US dollars) Nine months ended September 30		Cash cost / lb[1] (local currency) Nine months ended September 30	
	2010	2009	**2010**	2009
Neves-Corvo (Local in €)				
Gross cost	**1.40**	1.12	**1.07**	0.83
By-product **	**(0.08)**	(0.02)	**(0.06)**	(0.02)
Net Cost – Cu/lb	**1.32**	1.10	**1.01**	0.81
Zinkgruvan (Local in SEK)				
Gross cost	**0.78**	0.63	**5.80**	5.57
By-product **	**(0.54)**	(0.37)	**(4.01)**	(3.49)
Net Cost - Zn/lb	**0.24**	0.26	**1.79**	2.08
Aguablanca (Local in €)				
Gross cost	**8.88**	7.04	**6.79**	5.26
By-product **	**(2.83)**	(2.60)	**(2.18)**	(2.01)
Net Cost - Ni/lb	**6.05**	4.44	**4.61**	3.25

**By-product is after related TC/RC

[1] Cash cost per pound is a non-GAAP measure. See Non-GAAP Performance Measures on page 27 of this MD&A.

Neves-Corvo Mine

Neves-Corvo is an underground mine, 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 regular processing of zinc-rich ores was suspended in November 2008 and the zinc facility adapted to also treat copper ore. Expansion of the zinc plant to 50,000 tpa is currently underway, targeting full ramp up in 2011.

Operating Statistics

	YTD 2010	**Q3 2010**	Q2 2010	Q1 2010	Total 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Ore mined, copper (tonnes)	**1,761,245**	**630,304**	649,641	481,300	2,509,460	633,337	619,567	620,155	636,401
Ore mined, zinc (tonnes)	**72,846**	**38,960**	16,133	17,753	-	-	-	-	-
Ore milled, copper (tonnes)	**1,748,765**	**603,340**	674,628	470,797	2,569,603	632,696	642,605	622,822	671,480
Ore milled, zinc (tonnes)	**100,331**	**38,960**	18,506	42,865	-	-	-	-	-
Grade per tonne									
Copper (%)	**3.4**	**3.8**	3.5	2.8	3.9	4.0	3.6	4.3	3.9
Zinc (%)	**5.7**	**6.5**	6.6	4.6	-	-	-	-	-
Recovery									
Copper (%)	**86**	**85**	86	86	86	88	84	84	86
Zinc (%)	**73**	**80**	77	66	-	-	-	-	-
Concentrate grade									
Copper (%)	**24.1**	**23.9**	24.1	24.4	24.8	24.9	24.5	25.0	24.8
Zinc (%)	**44.5**	**47.8**	43.2	41.9	-	-	-	-	-
Production- tonnes (metal contained)									
Copper	**50,906**	**19,353**	20,342	11,211	86,462	22,150	19,756	22,189	22,367
Zinc	**5,525**	**2,237**	1,446	1,842	501	293	208	-	-
Silver (oz)	**502,018**	**176,094**	203,035	122,889	722,501	193,345	164,554	168,072	196,530
Sales ($000s)	**316,349**	**135,159**	120,980	60,210	448,742	163,755	107,757	103,818	73,412
Operating earnings ($000s)[1]	**177,956**	**84,786**	67,140	26,030	263,361	106,619	66,874	54,645	35,223
Cash cost (€ per pound)[2]	**1.01**	**0.92**	0.96	1.29	0.81	0.83	0.81	0.80	0.78
Cash cost ($ per pound)[2]	**1.32**	**1.19**	1.20	1.78	1.14	1.22	1.21	1.10	1.01

Operating Earnings[1]

Operating earnings of $84.8 million includes an expense of $8.1 million related to a royalty adjustment in respect of 2008. Excluding this, earnings were $26.0 million higher than the corresponding quarter in 2009. The higher copper price ($29.8 million effect) and the lower euro ($4.8 million effect) were partially offset by lower sales volume ($2.7 million effect) and higher unit costs ($5.9 million effect excluding the royalty adjustment).

Production

Total mined production was well above the corresponding period in 2009 and was in accordance with our expectations. However, copper metal production, while in-line with last year, was some 3,000 tonnes below our own expectations owing to unexpected delays in two high-grade stopes necessitating: alternative feed of much lower grade; and the removal of more waste than planned. The lower grade, and higher penalty elements in the ore, resulted in lower than expected recoveries.

To utilize shaft capacity, over 38,000 tonnes of zinc ore was mined and processed during the quarter.

The production shortfall this quarter cannot be made up in the fourth quarter and as a consequence the expectation for the year for Neves-Corvo has been reduced to 75,000 tonnes of copper at $1.30/lb.

---

[1] Operating earnings is a Non-GAAP measure defined as sales, less operating costs, accretion of ARO and other provisions, selling, general and administration costs and stock-based compensation. See page 27 of this MD&A for discussion of Non-GAAP measures.

[2] Cash cost per pound of payable copper sold is the sum of direct cash costs and inventory changes less by-product credits. See Non-GAAP Performance Measures on page 27 of this MD&A.

Cash Costs

Cash costs in US dollars remained in-line with the corresponding quarter in 2009 and with the previous quarter. Gross costs are higher ($0.18/lb effect) although this now includes the cost of mining zinc (estimated to be around $0.08/lb, similar to the by-product credit). These costs are offset by: the positive impact of a weaker euro ($0.12/lb effect); higher by-product credits related to the zinc ($0.06/lb effect); and lower copper TC/RCs ($0.02/lb effect).

Neves-Corvo Zinc Expansion Project

The zinc expansion project at Neves-Corvo, designed to produce a minimum of 50,000 tpa of contained zinc from existing ore bodies, is advancing on schedule and on budget. Production is expected to build from early 2011 reaching full production rates during the third quarter of 2011. The estimated cost of the project is €43 million and it is approximately 60% complete.

Lombador Zinc/Copper/Lead Project

A feasibility study is now underway and expected to be completed during the first quarter of 2011. Key components of the study include incorporation of latest reserve and resource data, finalization of mine design, engineering of the milling circuit and further testwork on recovery of lead. A technical report will be filed following completion of this study.

The ramp into Lombador commenced in 2009 and is presently at the 480 level. It is expected to reach the 300 level (approximately 900 metres below surface) by the second quarter of 2012. An exploration drive will be developed on the 335 level to allow underground exploration of the remainder of the Lombador orebody.

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 and processing facility with associated infrastructure and a present nominal production capacity of 1 million tonnes of ore throughput.

Operating Statistics

	YTD 2010	**Q3 2010**	Q2 2010	Q1 2010	Total 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Ore mined, zinc (tonnes)	**717,637**	**234,236**	244,945	238,456	990,655	269,976	205,955	252,971	261,753
Ore milled, zinc (tonnes)	**729,274**	**245,543**	257,731	226,000	1,028,234	268,839	225,097	276,747	257,551
Grade per tonne									
Zinc (%)	**8.1**	**7.3**	8.8	8.2	7.5	8.0	6.5	7.0	8.3
Lead (%)	**4.5**	**4.5**	4.7	4.3	4.1	4.5	3.8	3.8	4.4
Recovery									
Zinc (%)	**91**	**89**	91	92	92	91	91	92	93
Lead (%)	**85**	**86**	85	84	85	84	85	85	86
Concentrate grade									
Zinc (%)	**52.9**	**51.8**	53.4	53.5	52.6	52.4	52.7	53.0	52.4
Lead (%)	**75.2**	**74.2**	76.9	74.3	74.4	74.5	72.8	74.9	75.3
Production – tonnes (metal contained)									
Zinc	**53,660**	**15,916**	20,624	17,120	70,968	19,598	13,439	17,896	20,035
Lead	**28,034**	**9,641**	10,286	8,107	36,183	10,289	7,261	8,972	9,661
Silver (oz)	**1,372,962**	**507,866**	478,106	386,990	1,861,029	505,026	414,555	480,077	461,371
Sales ($000s)	**116,852**	**42,233**	38,963	35,656	137,281	52,167	29,800	34,925	20,389
Operating earnings ($000s)[1]	**63,421**	**24,459**	19,995	18,967	74,775	32,502	16,123	17,841	8,309
Cash cost (SEK per pound)[2]	**1.79**	**0.85**	2.12	2.33	1.97	1.69	1.36	2.05	2.58
Cash cost ($ per pound)[2]	**0.24**	**0.11**	0.28	0.33	0.26	0.23	0.20	0.26	0.31

Operating Earnings[1]

Operating earnings of $24.5 million were $8.3 million above the corresponding quarter in 2009. The increase is attributable to higher sales volume ($4.2 million effect), higher metal prices ($5.2 million effect) slightly offset by an increase in unit costs before by-product credit ($1.1 million effect).

Production

Production was higher than the third quarter of 2009 (Q3 lower than Q2, traditionally lower owing to European summer holidays) owing to higher grade and throughput. The plant was feed-constrained during the quarter as ore pass blockages continued to hinder production. The completion of the daylight ramp in November, and the commissioning of a new ore pass system (Burkland 650-800 levels) in the first quarter of 2011, will considerably improve ore and waste handling from underground and allow for further increases in overall capacity.

Cash Costs

Higher treatment charges ($0.01/lb) and higher costs ($0.04/lb), related to increased mine transportation costs and to unplanned plant maintenance, were more than offset by higher by-product credits ($0.13/lb). Costs remain in the first cost quartile.

Copper Project

The copper plant completed commissioning and will operate during the fourth quarter to achieve expected copper metal production of 1,000 tonnes.

---

[1] Operating earnings is a Non-GAAP measure defined as sales, less operating costs, accretion of ARO and other provisions, selling, general and administration costs and stock-based compensation. See page 27 of this MD&A for discussion of Non-GAAP measures.

[2] Cash cost per pound of payable zinc sold is the sum of direct cash costs and inventory changes less by-product credits. See Non-GAAP Performance Measures on page 27 of this MD&A.

Aguablanca Mine

The Aguablanca nickel-copper mine is located in the province of Badajoz, 80 km by road to Seville, Spain, and 140 km from a major seaport at Huelva. The operations consist of an open pit mine and an on-site processing facility (milling and flotation) with a present production capacity of 1.9 million tpa.

Operating Statistics

	YTD 2010	Q3 2010	Q2 2010	Q1 2010	Total 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Ore mined (tonnes)	**1,060,881**	**272,825**	390,646	397,410	1,441,903	373,626	361,676	389,364	317,237
Ore milled (tonnes)	**1,116,351**	**300,347**	369,113	446,891	1,912,675	463,175	478,474	486,931	484,095
Grade per tonne									
Nickel (%)	**0.6**	**0.6**	0.6	0.6	0.5	0.6	0.5	0.5	0.5
Copper (%)	**0.4**	**0.4**	0.4	0.4	0.4	0.4	0.4	0.5	0.4
Recovery									
Nickel (%)	**82**	**82**	82	82	77	78	75	77	78
Copper (%)	**93**	**93**	93	92	90	90	91	91	89
Concentrate grade									
Nickel (%)	**7.0**	**7.0**	7.0	7.1	6.8	7.3	6.7	6.6	6.3
Copper (%)	**5.7**	**6.0**	5.8	5.4	5.9	5.5	6.0	6.1	6.1
Production-tonnes (metal contained)									
Nickel	**5,234**	**1,363**	1,715	2,156	8,029	2,324	1,784	1,960	1,961
Copper	**4,221**	**1,156**	1,432	1,633	6,989	1,718	1,595	1,803	1,873
Sales ($000s)	**97,936**	**32,502**	20,776	44,658	125,146	41,256	30,281	34,376	19,233
Operating earnings (loss) ($000s)[1]	**35,991**	**12,989**	(1,538)	24,540	48,854	17,907	11,696	18,468	783
Cash cost (€ per pound)[2]	**4.61**	**4.59**	4.32	4.92	3.15	2.93	3.49	3.57	2.77
Cash cost ($ per pound)[2]	**6.05**	**5.93**	5.43	6.80	4.40	4.31	4.99	4.89	3.62

Operating Earnings[1]

Operating earnings of $13.0 million were $1.3 million above the corresponding quarter in 2009. Higher metal prices and price adjustments ($16.3 million effect), combined with the benefit of a weaker euro ($1.9 million effect), were only partially offset by lower sales volume ($7.5 million effect) and higher costs ($9.4 million effect, relating to the increase of the mine's strip ratio).

Production

As reported last quarter, owing to geotechnical issues relating to hydraulic pressure and faulting, it was decided to bring forward a push-back planned for next year resulting in around 1 million tonnes of additional waste removal during 2010. This, and 10 days lost to industrial action, limited mine output.

Production recommenced on October 12, albeit at a reduced rate until all the geotechnical issues are fully dealt with. As a result, annual guidance has been further reduced to 6,500 tonnes of nickel and 5,500 tonnes of copper.

A revised mine plan is being prepared taking into account: reduced mining rates while the geotechnical issues are resolved; lower cut-off grade to reflect expected higher nickel prices; and changes in the block model as a result of the incorporation of new resource drilling data. Preliminary evaluation shows a slightly longer mine life with no material change in the present value of future cash flows.

Cash Costs

Cash cost comparison to last year is not particularly meaningful as a modified milling plan was in operation that restricted ROM ore and utilized oxidised material from stockpiles on surface. Also, following renegotiation of the concentrate off-take agreement, cash costs no longer include TC/RCs as concentrates are sold net. Cash costs are calculated on the basis of payable metal.

---

[1] Operating earnings is a Non-GAAP measure defined as sales, less operating costs, accretion of ARO and other provisions, selling, general and administration costs and stock-based compensation. See page 27 of this MD&A for discussion of Non-GAAP measures.

[2] Cash cost per pound of payable nickel sold is the sum of direct cash costs and inventory changes less by-product credits. See page 27 of this MD&A for discussion of Non-GAAP measures.

Galmoy Mine

The Galmoy underground zinc mine is located in south-central Ireland in County Kilkenny. Operational mining was originally planned to cease in May 2009 but due to positive market factors the mining of remnant high grade ore has continued on a reduced basis. This ore is being shipped to an adjacent mine for processing. Production tonnage is based on a 50% attributable-share to Lundin Mining.

Operating Statistics

	YTD 2010	**Q3 2010**	Q2 2010	Q1 2010	Total 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Ore mined (tonnes)	**87,183**	**50,143**	22,988	14,052	172,903	-	-	68,673	104,230
Ore sold (tonnes)	**53,596**	**27,756**	18,741	7,099	18,318	-	18,318	-	-
Grade per tonne									
Zinc (%)	**21.3**	**23.2**	18.7	21.5	17.7	-	-	19.8	16.8
Lead (%)	**7.7**	**8.5**	7.2	6.2	5.0	-	-	5.5	4.9
Production- tonnes (metal contained)									
Zinc **	**7,462**	**4,418**	2,388	656	29,932	120*	1,504	14,066	14,242
Lead **	**2,064**	**1,261**	667	136	7,669	104*	850	3,506	3,209
Silver	**-**	**-**	-	-	56,044	-	-	24,596	31,448
Sales ($000s)	**8,819**	**5,234**	2,430	1,155	34,820	(475)	3,242	21,707	10,346
Operating earnings (loss) ($000s)[1]	**3,926**	**3,611**	405	(90)	12,480	373	2,007	9,406	694

* Final production adjustment

** Estimated production on a 50% attributable-share to Lundin Mining from ore delivered to an adjacent mine.

Operating Earnings[1]

Selective mining of high-grade areas, and the extraction of high-grade ore for processing at an adjacent mine, yielded earnings of $3.6 million during the quarter.

Production

Production for the quarter reflects the extension of an initial batch test agreement in which ore was delivered to an adjacent mine for processing and is reported based on a 50% attributable-share of the metal contained in ore delivered (after accounting for expected plant recoveries). Additional sales of high grade ore are being considered.

Closure Costs

Mine closure is progressing as planned, and agreement has been reached with the authorities to facilitate draw-down of the restricted funds, designated to cover closure costs. When restricted funds are aggregated with asset sales, the closure of Galmoy is likely to yield a surplus.

[1] Operating earnings is a Non-GAAP measure defined as sales, less operating costs, accretion of ARO and other provisions, selling, general and administration costs and stock-based compensation. See page 27 of this MD&A for discussion of Non-GAAP measures.

Tenke Fungurume

(current holding: Lundin 24.75%, FCX 57.75%, Gécamines 17.5%)

Tenke Fungurume ("Tenke") is a major new copper-cobalt operation in its second year of production. Tenke is located in the southern part of Katanga Province, Democratic Republic of Congo ("DRC"). Freeport-McMoRan Copper & Gold Inc. ("FCX" or "Freeport") is the operating partner. La Générale des Carrières et des Mines ("Gécamines"), the Congolese state mining company, holds a 17.5% free carried interest in the project. Owing to Gécamines carried interest, capital funding is provided by FCX and the Company as to 70% and 30%, respectively.

During 2007, the Ministry of Mines, Government of the DRC initiated a review of the mining contracts in the country including the contract for Tenke Fungurume Mining ("TFM"). Freeport, as operator, led discussions with representatives of the DRC Government regarding the contract review. On October 22, 2010, the Government of the DRC and Freeport announced the successful conclusion of the review of TFM's contracts. The announcement outlined several additional commitments agreed by TFM, including: an increase in Gécamines ownership interest in TFM from 17.5% to 20%; an additional royalty of $1.2 million for each 100,000 metric tonnes of proven and probable copper reserves above 2.5 million metric tonnes; additional payments totaling $30.0 million to be paid in six installments upon reaching certain production milestones; conversion of $50.0 million in intercompany loans to equity; and a payment of $5.0 million for surface area fees. Included in the announcement was the agreement to increase the annual interest rate on advances (to TFM by Freeport and Lundin Mining) from the current rate of LIBOR +2% to LIBOR +6%.

TFM's key fiscal terms, including a 30% income tax rate, 2% mining royalty rate and 1% export fee, are expected to continue to apply and are consistent with the rates in the DRC's current Mining Code.

The Company notes that the shareholding change benefiting Gécamines will be shared proportionately by Lundin Mining and Freeport. As a result Lundin Mining's equity interest in TFM will reduce from 24.75% to 24% at the time of finalization of the amendments to the agreements.

Production Statistics

100% Basis	**YTD 2010**	**Q3 2010**	Q2 2010	Q1 2010	Total 2009	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Ore mined (000 tonnes)	**6,560**	**2,471**	2,389	1,701	6,219	1,891	1,676	1,615	1,037
Ore milled (000 tonnes)	**2,749**	**1,083**	797	869	2,111	715	730	621	45
Grade per tonne									
Copper (%)	**3.6**	**3.2**	3.9	3.7	3.7	4.2	3.7	3.4	-
Recovery									
Copper (%)	**91**	**91**	91	92	92	95	89	92	-
Production – tonnes									
Copper	**88,322**	**31,115**	28,438	28,769	70,001	29,201	24,317	16,483	-
Cobalt	**6,303**	**2,421**	1,651	2,231	2,580	1,928	642	10	-
Income (loss) from equity investment ($000s)	**43.0**	**17.5**	8.3	17.2	0.3	5.6	(1.0)	(3.4)	(0.9)
Cash costs ($ per pound)[1,2]	**0.90**	**0.86**	0.79	1.04	na	na	na	na	na

Income (Loss) from Equity Investment in Tenke

Income of $17.5 million was $9.2 million above the second quarter. The increase is attributable to higher sales volume (cathode sold during the second quarter amounted to 25kt compared to 33kt during the third quarter) and to increased metal prices.

The average price realized for copper sales during the current quarter was $3.36 per pound of cathode sold (Q2-2010: $2.96/lb).

[1] Cash cost per pound of payable copper sold is the sum of direct cash costs and inventory changes less by-product credits. See Non-GAAP Performance Measures on page 27 of this MD&A.

[2] Cash costs are as calculated and reported by FCX as operator. Unit costs attributable to Lundin's share of production may vary slightly from time to time due to marginal differences in the basis of calculation.

The Company recognizes its 24.75% interest in the earnings of Tenke and includes adjustments for GAAP harmonization differences and purchase price allocations.

Production

Copper and cobalt production during the quarter exceeded nameplate capacity.

Milling throughput is now performing consistently above design capacity and, with the procurement of more mine equipment and changes to the mine plan, Freeport are expecting production to increase from 115,000 tpa in 2010 to approximately 130,000 tpa in 2011.

Freeport is continuing to address start-up and quality issues in the cobalt circuit. Corrective actions are producing improvement but it is anticipated to take the next several quarters to fully achieve targets.

Cash Costs

During the quarter, cash operating costs averaged $0.86/lb of copper including cobalt credit. Cash operating cost decreased month by month during the quarter as production of copper and especially cobalt recoveries and sales improved. Lundin expects cash costs will benefit in the future as: higher throughput is achieved from planned de-bottlenecking investments; through successful implementation of ongoing operating cost reduction efforts; and initiatives to improve operating performance in the SO_2 plant and cobalt circuits.

Excess Overrun Facility

At September 30, 2010, the amount owing to FCX on the Excess Overrun Cost facility for the completed Phase I facilities was $148.9 million, down from $188.9 million at June 30, 2010.

Expansion Studies

Expansion study work will continue at least into the fourth quarter of 2010 as a number of new scenarios are being assessed. The capital investment required from Lundin Mining for the year ahead remains uncertain until the results of the feasibility studies have been considered and a final decision made on how to proceed.

Tenke Funding

During the quarter, $8.5 million ($22.9 million year-to-date) was advanced to cover sustaining capital, on-going concession exploration and expansion initiatives.

Lundin Mining's 2010 capital investment for Tenke is expected to be less than $40 million based on the current work plans, not taking into account any expansion scenarios. Currently approved 2010 capital investment includes funding of concession exploration, sustaining capital works including tailings facility additional capacity, expansion feasibility study work, Lundin's portion of the one year anniversary of commercial production asset transfer payment to Gécamines, and additional mining equipment to facilitate incremental production increases.

Exploration Highlights

Portugal

- **Neves-Corvo Mine Exploration (Copper, Zinc)**
  Surface exploration drilling near the Neves-Corvo mine has discovered a sixth massive sulphide deposit to add to the Neves, Corvo, Graça, Zambujal and Lombador deposits. Each of these original five massive sulphide deposits hosts one or more copper-zinc(-tin) orebodies and the discovery of a sixth massive sulphide deposit is a significant event in the history of the mine. This new deposit has been named the **Semblana** deposit and is located approximately one kilometre northeast of the Zambujal orebody in an area which has not previously been drilled. Further details are contained in the Company's news release entitled "Lundin Mining Discovers New Copper Deposit at Neves-Corvo".

  Exploration drilling has currently outlined an area of at least 600 metres by 250 metres of massive sulphide + stockwork mineralization in 7 drill holes. This new deposit remains open in almost all directions and appears to be almost flat-lying. Drill intersections shown above are interpreted to be true thicknesses. Additional BHEM surveying indicates that the conductive sulphide mineralization has significant size potential. There are currently four drill rigs delineating the extent of this new discovery.

Spain

- **Ossa Morena Belt Regional Exploration (Copper, Gold)**
  Surface drilling at the Alconchel Copper-Gold project area totalled 2,116 metres in 8 completed holes. Drilling intercepted an extensive zone of strong magnetite-bearing altered sediments hosting bedded iron formation and quartz-feldspar-sulphide veining containing locally significant copper and copper-gold mineralization. Most assays are pending but results to date include an intercept of 6.5 metres grading 2.78 % copper, 3.01 g/t gold and 17.0 g/t silver. The target mineralization remains open in all directions. Additional drilling at Alconchel and other copper-gold prospects is planned for early 2011.

Ireland

- **Clare Joint Venture Exploration (Zinc, Lead, Silver)**
  Surface drilling at the Clare JV property in Co. Clare continued at an increased pace with 6 drill rigs. A total of 7,404 metres was drilled in 21 completed holes, 12 of which were in the Kilbricken deposit area. Drilling continues to outline a significant zinc-lead-silver sulphide deposit next to a major fault structure with several new high-grade intersections drilled during the quarter. Hole 52 intersected a 19 metre true-width interval of 7.2% zinc, 1.2% lead and 64.6 g/t silver, including a 7.2 metre section at 17.1% zinc, 2.0% lead and 122.4 g/t silver. Assays for several holes were pending at the end of the quarter. Lundin Mining is earning a majority interest in this property from JV partner Belmore Resources.

Metal Prices, LME Inventories and Smelter Treatment and Refining Charges

During the third quarter of 2010, average prices for copper and lead increased by 3% and 5%, respectively, compared to the prior quarter. During the same period, average price for nickel decreased by 5% and the average price for zinc was unchanged.

		Three months ended September 30			Nine months ended September 30		
(Average LME Prices)		**2010**	2009	**Change**	**2010**	2009	**Change**
Copper	US$/pound	**3.29**	2.65	24%	**3.25**	2.11	54%
	US$/tonne	**7,242**	5,840	24%	**7,169**	4,663	54%
Zinc	US$/pound	**0.91**	0.80	15%	**0.96**	0.67	43%
	US$/tonne	**2,013**	1,757	15%	**2,106**	1,472	43%
Lead	US$/pound	**0.92**	0.87	6%	**0.94**	0.70	35%
	US$/tonne	**2,031**	1,925	6%	**2,066**	1,535	35%
Nickel	US$/pound	**9.61**	7.99	20%	**9.62**	6.23	54%
	US$/tonne	**21,188**	17,614	20%	**21,203**	13,737	54%

The spot treatment charge for copper concentrates increased with the average for the quarter being $24.30 per dmt (Q2-2010: $3.30) with a refining charge of $0.0243 per payable pound of copper contained (Q2-2010: $0.0033). The reason behind the increase is seasonal weakness and lower demand in India and China.

Spot treatment charges for zinc concentrates continued to decrease with the average for the quarter being $100 per dmt of concentrates, flat (without price escalation), compared to an average TC for the second quarter of $135 per dmt, flat. During the quarter, the spot TC increased from $80 per dmt, flat, in July to $110 per dmt, flat, in September.

The spot market for lead concentrates has also moved in favour of the mines during the third quarter of 2010. The average TC during the current quarter was $75 per dmt, flat, (Q2-2010: $102) and at the end of September 2010, the TC had fallen to $55 per dmt, flat.

The long-term contract for the Company's nickel concentrates expired during the second quarter of 2010. In July, the Company finalized a new long-term contract with Glencore International AG at terms in line with recent market conditions. The new arrangement provides for regular monthly delivery and pricing of the concentrates. This should ensure that nickel realizations correlate more closely with LME averages over the year.

Liquidity and Financial Condition

Cash Reserves
Cash and cash equivalents increased by $31.2 million to $172.8 million as at September 30, 2010, from $141.6 million at December 31, 2009. Inflows for the nine months ended September 30, 2010 included operating cash flows of $208.4 million and proceeds of $73.7 from sale of investments and non-core assets. Uses of cash included:

- $ 94.6 million in investment in mineral property, plant and equipment;
- $ 22.9 million investment in Tenke ; and
- $ 145.0 million repayment of the revolving credit facility.

Working Capital
At September 30, 2010, working capital was $226.5 million, compared to $245.6 million at the end of 2009. The decrease in working capital is primarily attributable to higher accounts payable and income tax payable.

Revolving Credit Facility
The Company signed an amended and restated credit agreement in September 2010. The facility was increased from $225.0 million to $300.0 million and extended to a full three-year term, expiring in September 2013.

Aside from a letter of credit issued in the amount of SEK 80 million ($11.9 million), there are no amounts outstanding on the facility.

Shareholders' Equity
Shareholders' equity of $3,039.0 million at September 30, 2010 is $123.8 million higher than the balance of $2,915.2 million at December 31, 2009. This is primarily the net result of the reduction of the deficit by $172.5 million and partially offset by translation adjustments in other comprehensive income of $41.9 million for the nine month period ended September 30, 2010.

Off-Balance Sheet Financing Arrangements
The Company has certain protection for cost overruns relating to the development of Phase I of the Tenke copper/cobalt project. Costs above a certain level were funded by Freeport (*see page 21 of this MD&A for details*).

Changes in Accounting Policies

The Canadian Accounting Standard Boards ("AcSB") confirmed in February 2008 that International financial reporting standards ("IFRS") will replace Canadian GAAP ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company's first mandatory filing under IFRS, which will be the first quarter of 2011, will contain IFRS-compliant financial statements on a comparative basis, as well as reconciliations for that quarter and as at the January 1, 2010 transition date. Although IFRS uses a conceptual framework similar to GAAP, there are significant differences in recognition, measurement and disclosure.

During the third quarter of 2010, the Company substantially completed its preliminary opening balance sheet. As part of the Company's monitoring of the IFRS transition process a special audit committee meeting was held to review the opening balance sheet and the various transitional adjustments. A summary of the Company's accounting policy choices were an integral part of the discussions with management.

The Company's auditors have substantially completed their review of the IFRS conversion at each of the key operations. The completion of their review is scheduled early in the fourth quarter.

The *IFRS 1 First time adoption of IFRS* that will be elected on transition are as follows:

- **Business Combinations:** In choosing to elect this exemption, the company will not be required to apply IFRS 3 business combinations retroactively to past business combinations.
- **Fair value as deemed cost:** This exemption allows the Company to use a previous GAAP revaluation of a mineral property at, or before, the date of transition to IFRS as deemed cost at the date of the revaluation.
- **Cumulative translation differences:** Allows the Company to deem the cumulative translation difference at the date of transition to IFRS as zero.
- **Decommissioning liabilities included in the cost of mineral properties:** In electing this exemption, the Company is able to calculate the ARO asset at the transition date using a simplified method based on the related ARO liability.

In assessing the impact of its conversion to IFRS, the Company identified the following significant differences in its current accounting policies and those that it expects to apply under IFRS:

- **Mineral properties**: Under *IAS 36 Impairment of assets*, for each reporting period, indications of impairment and reverse impairment conditions are evaluated. When such indicators exist, an impairment test is performed whereby the recoverable amount of the asset is compared to the carrying value. Under Canadian GAAP, the application of the impairment test is performed in a two-step process. The first part consists of comparing the recoverable amount (undiscounted cashflows) with the carrying amount. Only when the carrying amount is higher than the recoverable amount is an impairment recognized. During 2007 and 2008, the Company recorded impairment charges on certain mineral properties in the amount of $375 million. The Company has chosen to elect IFRS 1 fair value as deemed cost, with respect to those properties for which impairments were recorded, which will result in no changes to the outcome of previous impairment analysis.
- **Goodwill:** On transition to IFRS a goodwill test must be performed in accordance with IAS 32. The Company has re-assessed its impairment tests and have concluded no changes in the outcomes to these tests under IFRS.

- **Foreign currency considerations**: The Company has analyzed the functional currency under *IAS 21 The effect of changes to foreign exchange rates*. On the basis of the analysis on primary indicators the Company has changed the functional currency of two holding companies.

  As a result of this change, the Company has chosen to elect IFRS 1 and will reclassify all previously recorded translation adjustments from other comprehensive income to retained earnings at the date of transition in the amount $240 million.

- **Asset retirement obligations ("ARO")**: Under *IAS 37, Provisions, Contingent liabilities and contingent assets*, the Company has reassessed its ARO under IFRS. The main changes included the periodic updating of assumptions such as inflation and discount rates. An estimated adjustment has been quantified to reflect the effects of the update of rates, and is not material. The Company has also elected the IFRS 1 adjustment on decommissioning liabilities included in the cost of mineral properties.

During the third quarter, the Company completed the IFRS financial statement shell and will schedule to finalize the financial statements during the later part of this year. The Company will continue to assess the completeness and quality of the disclosures included in these financial statements.

Key deliverables and milestones for the remainder of the year include:

- Finalization of the IFRS opening balance sheet
- Finalization of external auditor review
- Draft IFRS-compliant financial statements

It is expected that all items will be completed within the required timelines for conversion.

Managing Risks

Risks and Uncertainties

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

Outstanding Share Data

As at October 26, 2010, the Company had 579,993,134 common shares issued and outstanding and 7,946,101 stock options and 171,360 stock appreciation rights outstanding under its stock-based incentive plans.

Non-GAAP Performance Measures

The Company uses certain performance measures in its analysis. These performance measures have no meaning within GAAP 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 Canadian GAAP. The following are Non-GAAP measures that the Company uses as key performance indicators.

- Operating earnings

  "Operating earnings" is a performance measure used by the Company to assess the contribution by mining operations to the Company's net income or loss. Operating earnings is defined as sales, less operating costs, accretion of ARO and other provisions, selling, general and administration costs and stock-based compensation. The operating earnings are shown on the statement of operations as "Income before undernoted".

- Cash cost per pound

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

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

Cash costs can be reconciled to the Company's operating costs as shown on the following page:

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

	Three months ended September 30, 2010				Three months ended September 30, 2009			
	Total Tonnes Sold	**Pounds (000s)**	**Cost $/lb**	**Cash Operating Costs (000s)**	**Total Tonnes Sold**	**Pounds (000s)**	**Cost $/lb**	**Cash Operating Costs (000s)**
Operation								
Neves-Corvo (cu)	16,398	36,151	1.19	43,020	17,236	37,999	1.21	45,979
Zinkgruvan (zn)	13,713	30,232	0.11	3,326	11,167	24,619	0.20	4,924
Aguablanca (ni)	1,029	2,269	5.93	13,455	1,616	3,563	4.99	17,779
Galmoy (zn)*	-	-	-	1,264	-	-	-	535
				61,065				69,217
Add: Byproduct credits				34,821				27,798
Treatment costs				(20,762)				(26,378)
Royalties and other				12,006				618
Total Operating Costs				**87,130**				**71,255**

	Nine months ended September 30, 2010				Nine months ended September 30, 2009			
	Total Tonnes Sold	**Pounds (000s)**	**Cost $/lb**	**Cash Operating Costs (000s)**	**Total Tonnes Sold**	**Pounds (000s)**	**Cost $/lb**	**Cash Operating Costs (000s)**
Operation								
Neves-Corvo (cu)	46,170	101,787	1.32	134,359	59,621	131,442	1.10	144,586
Zinkgruvan (zn)	44,748	98,652	0.24	23,676	45,959	101,322	0.26	26,344
Aguablanca (ni)	4,557	10,046	6.05	60,778	5,427	11,964	4.44	53,120
Galmoy (zn)*	-	-	-	4,541	-	-	-	23,719
				223,354				247,769
Add: Byproduct credits				92,537				83,839
Treatment costs				(80,343)				(97,754)
Royalties and other				17,223				7,660
Total Operating Costs				**252,771**				**241,514**

*Operating costs for Galmoy in 2010 include shipment and processing of ore by an adjacent mine.

Management's Report on Internal Controls

Management's Report on Disclosure Controls and Procedures

Disclosure controls and procedures 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 operations of disclosure controls and internal control over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the three months ended September 30, 2010.

Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud.

There have been no changes in the Company's internal control over financial reporting during the three month period ended September 30, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

LUNDIN MINING CORPORATION

INTERIM CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands of US dollars)

	September 30, 2010	December 31, 2009
ASSETS		
Current		
Cash and cash equivalents (Note 2)	$ **172,784**	$ 141,575
Accounts receivable (Note 3)	**146,335**	195,370
Inventories (Note 4)	**40,377**	27,519
Prepaid expenses	**5,555**	3,541
	365,051	368,005
Reclamation funds and restricted cash	**59,665**	67,076
Mineral properties, plant and equipment (Note 5)	**1,255,807**	1,310,287
Investment in Tenke Fungurume (Note 6)	**1,699,596**	1,633,740
Investments and other assets (Note 7)	**28,764**	42,508
Future income tax assets	**49,588**	68,707
Goodwill (Note 8)	**237,799**	249,820
	$ **3,696,270**	$ 3,740,143
LIABILITIES		
Current		
Accounts payable	$ **69,121**	$ 59,473
Accrued liabilities	**49,530**	48,235
Income taxes payable	**19,916**	14,657
Current portion of long-term debt and capital leases (Note 9)	**2,517**	2,536
Current portion of deferred revenue	**5,729**	5,667
Current portion of asset retirement obligations and other provisions (Note 10)	**6,484**	5,830
Derivative contracts (Note 11)	**-**	40,557
	153,297	176,955
Long-term debt and capital leases (Note 9)	**44,561**	188,352
Other long-term liabilities	**11,740**	11,936
Deferred revenue	**70,324**	72,230
Provision for pension obligations	**18,154**	16,385
Asset retirement obligations and other provisions (Note 10)	**111,939**	120,954
Future income tax liabilities	**247,226**	238,089
	657,241	824,901
SHAREHOLDERS' EQUITY		
Share capital	**3,482,594**	3,480,487
Contributed surplus	**31,327**	30,415
Accumulated other comprehensive income	**213,302**	265,051
Deficit	**(688,194)**	(860,711)
	3,039,029	2,915,242
	$ **3,696,270**	$ 3,740,143

See accompanying notes to interim consolidated financial statements

APPROVED BY THE BOARD

(Signed) Lukas H. Lundin
Lukas H. Lundin, Director

(Signed) Dale C. Peniuk
Dale C. Peniuk, Director

LUNDIN MINING CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	**2010**	2009
Sales	**$ 215,128**	$ 171,080	**$ 539,956**	$ 489,286
Operating costs	**(87,130)**	(71,255)	**(252,771)**	(241,514)
Accretion of asset retirement obligations and other provisions (Note 10)	**(1,989)**	(1,420)	**(5,750)**	(4,541)
Selling, general and administration	**(5,105)**	(5,085)	**(13,883)**	(17,506)
Stock-based compensation (Note 12)	**(734)**	(1,562)	**(1,940)**	(4,742)
Income from continuing operations before undernoted	**120,170**	91,758	**265,612**	220,983
Depreciation, depletion and amortization	**(30,928)**	(46,527)	**(99,741)**	(128,555)
General exploration and project investigation	**(6,319)**	(6,547)	**(16,592)**	(15,934)
Interest and bank charges	**(3,294)**	(2,971)	**(7,153)**	(11,342)
Foreign exchange (loss) gain	**(19,094)**	2,773	**1,476**	8,962
(Loss) gain on derivative contracts (Note 11)	**(487)**	(24,887)	**10,223**	(34,079)
Income (loss) from equity investment in Tenke Fungurume (Note 6)	**17,500**	(1,028)	**43,005**	(5,316)
Gain on sale of non-core assets (Note 13)	**5,414**	-	**5,007**	-
(Loss) gain on sale of investments and other assets (Note 7)	**-**	(18,661)	**33,019**	(18,661)
Other income and expenses	**(2,190)**	979	**671**	3,771
Income (loss) from continuing operations before income taxes	**80,772**	(5,111)	**235,527**	19,829
Current income tax expense	**(3,868)**	(7,790)	**(29,598)**	(26,698)
Future income tax (expense) recovery	**(17,925)**	16,587	**(33,412)**	39,893
Income from continuing operations	**58,979**	3,686	**172,517**	33,024
Gain from discontinued operations, net of income taxes (Note 14)	**-**	-	**-**	5,573
Net income	**$ 58,979**	$ 3,686	**$ 172,517**	$ 38,597
Basic and diluted income per share from				
Continuing operations	**$ 0.10**	$ 0.01	**$ 0.30**	$ 0.06
Discontinued operations	**-**	-	**-**	0.01
Basic and diluted income per share	**$ 0.10**	$ 0.01	**$ 0.30**	$ 0.07
Weighted average number of shares outstanding				
Basic	**579,889,803**	579,510,141	**579,814,786**	540,030,936
Diluted	**580,262,754**	579,645,695	**580,222,350**	540,057,884

See accompanying notes to interim consolidated financial statements

LUNDIN MINING CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited - in thousands of US dollars)

	Three months ended September 30, 2010	2009	Nine months ended September 30, 2010	2009
Net income	**$ 58,979**	$ 3,686	**$ 172,517**	$ 38,597
Other comprehensive income (loss), net of income taxes				
Changes in the fair value of AFS securities	**5,784**	12,921	**23,283**	32,680
Reclassification of realized gains to net income (Note 7)	**-**	-	**(33,219)**	-
Effects of foreign currency translation	**133,715**	49,565	**(41,913)**	84,212
	139,499	62,486	**(51,849)**	116,892
Comprehensive income	**$ 198,478**	$ 66,172	**$ 120,668**	$ 155,489

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine months ended September 30, 2010
(Unaudited - in thousands of US dollars, except share amounts)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2009	579,592,464	$ 3,480,487	$ 30,415	$ 265,051	$ (860,711)	$ 2,915,242
Exercise of stock options	184,109	918	(271)	-	-	647
Stock-based compensation	-	-	662	-	-	662
Reclassification of realized gains to net income	-	-	-	(825)	-	(825)
Change in fair value of AFS securities	-	-	-	15,876	-	15,876
Net income	-	-	-	-	37,985	37,985
Effects of foreign currency translation	-	-	-	(71,117)	-	(71,117)
Balance, March 31, 2010	579,776,573	$ 3,481,405	$ 30,806	$ 208,985	$ (822,726)	$ 2,898,470
Exercise of stock options	123,230	1,064	(713)	-	-	351
Stock-based compensation	-	-	544	-	-	544
Reclassification of realized gains to net income	-	-	-	(32,394)	-	(32,394)
Change in fair value of AFS securities	-	-	-	1,723	-	1,723
Net income	-	-	-	-	75,553	75,553
Effects of foreign currency translation	-	-	-	(104,511)	-	(104,511)
Balance, June 30, 2010	579,899,803	$ 3,482,469	$ 30,637	$ 73,803	$ (747,173)	$ 2,839,736
Exercise of stock options	25,000	125	(44)	-	-	81
Stock-based compensation	-	-	734	-	-	734
Change in fair value of AFS securities	-	-	-	5,784	-	5,784
Net income	-	-	-	-	58,979	58,979
Effects of foreign currency translation	-	-	-	133,715	-	133,715
Balance, September 30, 2010	579,924,803	$ 3,482,594	$ 31,327	$ 213,302	$ (688,194)	$ 3,039,029

See accompanying notes to interim consolidated financial statements

LUNDIN MINING CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - in thousands of US dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	**2010**	2009
Cash provided by (used in)				
Operating activities				
Net income	**$ 58,979**	$ 3,686	**$ 172,517**	$ 38,597
Items not involving cash				
Accretion of asset retirement obligations and other provisions	**1,989**	698	**5,750**	3,819
Stock-based compensation	**734**	1,562	**1,940**	4,742
Depreciation, depletion and amortization	**30,928**	46,527	**99,741**	128,555
Unrealized foreign exchange loss (gain)	**5,230**	(8,897)	**(2,206)**	(19,614)
Loss (gain) on derivative contracts	**487**	24,887	**(10,223)**	34,079
(Income) loss from equity investment in Tenke	**(17,500)**	1,028	**(43,005)**	5,316
Gain on sale of non-core assets	**(5,414)**	-	**(5,007)**	-
Loss (gain) on sale of investments and other assets	**-**	18,661	**(33,019)**	18,661
Future income tax expense (recovery)	**17,925**	(16,587)	**33,412**	(39,893)
Recognition of deferred revenue	**(1,360)**	(1,312)	**(3,943)**	(3,920)
Gain from discontinued operations	**-**	-	**-**	(5,573)
Other	**2,559**	218	**1,868**	1,524
Changes in restricted cash	**(1,479)**	(3,375)	**(1,378)**	(4,957)
Settlement of derivative contracts	**(1,072)**	(6,430)	**(30,591)**	(6,430)
Reclamation payments and other closure costs	**(1,184)**	(8,364)	**(4,302)**	(17,497)
Other cash receipts	**(200)**	725	**(605)**	1,112
Changes in non-cash working capital items	**(43,343)**	(13,006)	**27,444**	(98,128)
	47,279	40,021	**208,393**	40,393
Investing activities				
Investment in mineral properties, plant and equipment	**(31,761)**	(30,372)	**(94,589)**	(92,369)
Investment in Tenke Fungurume	**(8,478)**	(24,300)	**(22,851)**	(53,700)
Proceeds from sale of properties, plant and equipment	**1,639**	-	**4,176**	-
Proceeds from sale of investments and other assets	**-**	3,500	**71,941**	3,500
Proceeds from sale of non-core assets	**1,000**	-	**1,800**	-
Cash outlay on disposition of discontinued operations	**-**	-	**-**	(20,979)
Other	**(8)**	(2,628)	**(8)**	(2,923)
	(37,608)	(53,800)	**(39,531)**	(166,471)
Financing activities				
Debt repayments	**(400)**	(63,868)	**(146,268)**	(119,597)
Common shares issued	**91**	298	**1,141**	149,121
Other	**(1,684)**	1,731	**(1,684)**	4,003
	(1,993)	(61,839)	**(146,811)**	33,527
Effect of foreign exchange on cash balances	**15,530**	(7,295)	**9,158**	(11,962)
Increase (decrease) in cash and cash equivalents during the period	**23,208**	(82,913)	**31,209**	(104,513)
Cash and cash equivalents, beginning of period	**149,576**	148,098	**141,575**	169,698
Cash and cash equivalents, end of period	**$ 172,784**	$ 65,185	**$ 172,784**	$ 65,185

Supplemental cash flow information (Note 16)

See accompanying notes to interim consolidated financial statements

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

1. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements of Lundin Mining Corporation (the "Company" or "Lundin Mining") are prepared in accordance with Canadian generally accepted accounting principles using the same accounting policies and methods of application as those disclosed in Note 2 of the Company's consolidated financial statements for the year ended December 31, 2009.

These interim consolidated financial statements do not contain all of the information required by Canadian generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the Company's 2009 audited consolidated financial statements.

These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for fair presentation of the respective interim periods presented.

Certain comparative figures have been reclassified to conform to the current period's presentation.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	September 30, 2010	December 31, 2009
Cash	$ 158,858	$ 102,774
Short-term investment	13,926	38,801
	$ 172,784	$ 141,575

3. ACCOUNTS RECEIVABLE

Accounts receivable comprise the following:

	September 30, 2010	December 31, 2009
Trade receivable	$ 114,503	$ 146,721
VAT and other receivable	31,832	48,649
	$ 146,335	$ 195,370

4. INVENTORIES

	September 30, 2010	December 31, 2009
Ore stockpiles	$ 5,966	$ 3,884
Concentrate stockpiles	12,603	2,168
Materials and supplies	21,808	21,467
	$ 40,377	$ 27,519

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

5. MINERAL PROPERTIES, PLANT AND EQUIPMENT

Mineral properties, plant and equipment consist of:

September 30, 2010	Cost	Accumulated depreciation, depletion and amortization	**Carrying Value**
Mineral properties	$ 1,470,680	$ 635,598	**$ 835,082**
Plant and equipment	473,521	201,160	**272,361**
Exploration properties	52,953	-	**52,953**
Assets under construction	95,411	-	**95,411**
	$ 2,092,565	$ 836,758	**$ 1,255,807**

December 31, 2009	Cost	Accumulated depreciation, depletion and amortization	Carrying Value
Mineral properties	$ 1,460,737	$ 561,121	$ 899,616
Plant and equipment	489,527	182,676	306,851
Exploration properties	55,573	-	55,573
Assets under construction	48,247	-	48,247
	$ 2,054,084	$ 743,797	$ 1,310,287

6. INVESTMENT IN TENKE FUNGURUME

	Carrying Value
Balance, January 1, 2009	$ 1,576,743
Advances	56,700
Share of equity income	297
Balance, December 31, 2009	$ 1,633,740
Advances	22,851
Share of equity income	43,005
Balance, September 30, 2010	$ 1,699,596

During the quarter ended September 30, 2010, the Company made cash advances of $8.5 million (for the quarter ended September 30, 2009 - $24.3 million) to fund its portion of Tenke Fungurume Mining Corp S.A.R.L ("TFM") and related expenditures. The Company has an off-balance sheet financing arrangement whereby Freeport McMoRan Copper & Gold Inc. ("FCX") was responsible for funding the Company's share of Phase I project development costs that were in excess of agreed budgets ("Excess Overrun Costs"). The amounts were funded through loans from FCX to the project and are non-recourse to the Company.

During the quarter, $40.0 million ($78.3 million year-to-date) was repaid to FCX by TFM in respect of Lundin's share of the Excess Overrun Costs to fund the initial Phase I project (remaining principal balance, $148.9 million). The remaining principal balance plus accrued interest will be repaid to FCX on a priority basis from future operating cash flows of TFM.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

7. INVESTMENTS AND OTHER ASSETS

Investments and other assets include the following:

	September 30, 2010	December 31, 2009
AFS securities	**$ 23,443**	$ 39,539
Other assets	**5,321**	2,969
	$ 28,764	$ 42,508

During the year, the Company sold AFS securities with a fair value of $40.4 million (December 2009 - $22.5 million) for net proceeds of $40.4 million. An unrealized gain of $33.2 million related to prior year's mark-to-market adjustments were reclassified from accumulated other comprehensive income to net income.

In 2009, the Company completed the sale of its 49% interest in Ozernoe Zinc project for gross proceeds of $35.0 million. A loss on the sale of the investment of $18.7 million was recorded.

8. GOODWILL

Changes to the carrying value of goodwill are as follows:

	Nine months ended September 30, 2010		
	EuroZinc	Rio Narcea	**Total**
Goodwill, beginning of period	$ 180,259	$ 69,561	**$ 249,820**
Effect of changes in foreign exchange rates	(8,674)	(3,347)	**(12,021)**
Goodwill, end of period	$ 171,585	$ 66,214	**$ 237,799**

9. LONG-TERM DEBT AND CAPITAL LEASES

	September 30, 2010	December 31, 2009
Revolving credit facility (a)	**$ -**	$ 141,620
Somincor debt	**36,712**	38,713
Capital lease obligations	**4,784**	4,693
Rio Narcea debt	**5,582**	5,862
	47,078	190,888
Less: current portion due within one year	**2,517**	2,536
	$ 44,561	$ 188,352

a) During September 2010, the Company signed an amended and restated credit agreement. The amended agreement provides for a three year revolving credit facility of $300 million. The interest rate on amounts drawn on the facility will range from LIBOR plus 3% to LIBOR plus 4%. The facility is secured by charges against the Company's mining assets and has covenants customarily required for such debt facilities including minimum tangible net worth and interest coverage.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

10. ASSET RETIREMENT OBLIGATIONS AND OTHER PROVISIONS

The asset retirement obligations and other provisions relating to the operations are as follows:

	Asset Retirement Obligations	Other Mine Closure Costs	**Total**
Balance, December 31, 2009	$ 106,644	$ 20,140	**$ 126,784**
Accretion	3,936	-	**3,936**
Accruals for services	-	1,814	**1,814**
Change in estimate	(2,553)	-	**(2,553)**
Amounts arising from disposition of property	(1,757)	-	**(1,757)**
Payments	(4,302)	-	**(4,302)**
Effect of changes in foreign exchange rates	(3,858)	(1,641)	**(5,499)**
	98,110	20,313	**118,423**
Less: current portion	6,271	213	**6,484**
Balance, September 30, 2010	$ 91,839	$ 20,100	**$ 111,939**

11. DERIVATIVE CONTRACTS

During July 2010, the Company paid $1.1 million to settle the remaining 3,000 tonnes of copper contracts. There are no derivative contracts outstanding as at September 30, 2010.

12. STOCK-BASED COMPENSATION

The Company uses the fair value method of accounting to estimate the fair value for all stock-based compensation to employees, directors and officers. During the quarter ended September 30, 2010, the Company recorded a stock compensation expense of $0.7 million (for the quarter ended September 30, 2009 - $1.6 million) with a corresponding credit to contributed surplus. The unrecognized stock compensation expense for unvested stock options at September 30, 2010 was $1.3 million (September 30, 2009 - $3.8 million).

The continuity of incentive stock options issued and outstanding is as follows:

	Number of Options	Weighted average exercise price (CAD$)
Outstanding, December 31, 2009	9,171,370	$ 6.93
Issued during the period	340,834	4.41
Cancelled/forfeited during the period	(1,165,433)	10.54
Exercised during the period	(332,339)	3.50
Outstanding, September 30, 2010	8,014,432	$ 6.44

13. GAIN ON SALE OF NON-CORE ASSETS

During the quarter, the Company disposed of non-core exploration properties for proceeds of $8.0 million, to be received over a period of one year. Gain on disposition of $5.4 million was recorded.

14. DISCONTINUED OPERATIONS

The Company disposed of the Aljustrel mine in 2009 with a cash outlay of $21.0 million. Gain on disposition of $5.6 million was recorded.

15. SEGMENTED INFORMATION

The Company is engaged in mining, exploration and development of mineral properties, primarily in Portugal, Spain, Sweden, Ireland and the Democratic Republic of Congo (“DRC”). The Company has reportable segments as identified by the individual mining operations at each of its operating mines as well as its significant investment in the Tenke Fungurume mine.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

Segmented Information - Operational

For the three months ended September 30, 2010

	Neves Corvo	Zinkgruvan	Aguablanca	Galmoy	Tenke	Other	Total
Sales	$ 135,159	$ 42,233	$ 32,502	$ 5,234	$ -	$ -	$ 215,128
Income (loss) before undernoted	84,786	24,459	12,989	3,611	-	(5,675)	120,170
Depreciation, depletion and amortization	(23,598)	(2,573)	(4,625)	(16)	-	(116)	(30,928)
General exploration and project investigation	(6,048)	-	(185)	-	-	(86)	(6,319)
Interest and bank charges	(379)	(71)	(25)	-	-	(2,819)	(3,294)
Foreign exchange (loss) gain	(10,465)	(11,855)	(3,642)	-	-	6,868	(19,094)
Loss on derivative contracts	(487)	-	-	-	-	-	(487)
Income from equity investment in Tenke	-	-	-	-	17,500	-	17,500
Other income and expenses	(179)	389	362	320	-	2,332	3,224
Income tax (expense) recovery	(18,901)	(2,438)	4,169	(96)	-	(4,527)	(21,793)
Net income (loss)	$ 24,729	$ 7,911	$ 9,043	$ 3,819	$ 17,500	$ (4,023)	$ 58,979
Capital expenditures	$ 23,314	$ 7,551	$ 814	$ -	$ 8,478	$ 82	$ 40,239

For the nine months ended September 30, 2010

	Neves Corvo	Zinkgruvan	Aguablanca	Galmoy	Tenke	Other	Total
Sales	$ 316,349	$ 116,852	$ 97,936	$ 8,819	$ -	$ -	$ 539,956
Income (loss) before undernoted	177,956	63,421	35,991	3,926	-	(15,682)	265,612
Depreciation, depletion and amortization	(70,122)	(9,978)	(19,275)	(53)	-	(313)	(99,741)
General exploration and project investigation	(13,604)	-	(725)	-	-	(2,263)	(16,592)
Interest and bank charges	(1,003)	(205)	(136)	-	-	(5,809)	(7,153)
Foreign exchange gain (loss)	3,238	(6,466)	2,255	(13)	-	2,462	1,476
Gain on derivative contracts	10,223	-	-	-	-	-	10,223
Income from equity investment in Tenke	-	-	-	-	43,005	-	43,005
Other income and expenses	639	446	301	(447)	-	37,758	38,697
Income tax expense	(42,625)	(11,953)	(5,012)	(300)	-	(3,120)	(63,010)
Net income	$ 64,702	$ 35,265	$ 13,399	$ 3,113	$ 43,005	$ 13,033	$ 172,517
Capital assets*	$ 988,744	$ 215,867	$ 43,493	$ 5,773	$ 1,699,596	$ 1,930	$ 2,955,403
Total segment assets	$ 1,363,006	$ 279,638	$ 204,721	$ 42,033	$ 1,699,596	$ 107,276	$ 3,696,270
Capital expenditures	$ 65,056	$ 27,586	$ 1,792	$ -	$ 22,851	$ 155	$ 117,440

* Capital assets consist of mineral properties, plant and equipment, and investment in Tenke Fungurume.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

Segmented Information - Operational

For the three months ended September 30, 2009

	Neves Corvo	Zinkgruvan	Aguablanca	Galmoy	Tenke	Other	Total
Sales	$ 107,757	$ 29,800	$ 30,281	$ 3,242	$ -	$ -	$ 171,080
Income (loss) before undernoted	66,874	16,123	11,696	2,007	-	(4,942)	91,758
Depreciation, depletion and amortization	(33,277)	(3,784)	(9,222)	(18)	-	(226)	(46,527)
General exploration and project investigation	(4,482)	(42)	(405)	-	-	(1,618)	(6,547)
Interest and bank charges	(283)	(97)	(165)	-	-	(2,426)	(2,971)
Foreign exchange (loss) gain	(2,802)	(3,068)	(727)	(5)	-	9,375	2,773
Loss on derivative contracts	(24,887)	-	-	-	-	-	(24,887)
Loss from equity investment in Tenke	-	-	-	-	(1,028)	-	(1,028)
Other income and expenses	1,316	222	460	219	-	(19,899)	(17,682)
Income tax recovery (expense)	1,778	(2,336)	10,178	(127)	-	(696)	8,797
Net income (loss)	$ 4,237	$ 7,018	$ 11,815	$ 2,076	$ (1,028)	$ (20,432)	$ 3,686
Capital expenditures	$ 18,067	$ 11,184	$ 1,028	$ 16	$ 24,300	$ 77	$ 54,672

For the nine months ended September 30, 2009

	Neves Corvo	Zinkgruvan	Aguablanca	Galmoy	Tenke	Other	Total
Sales	$ 284,987	$ 85,114	$ 83,890	$ 35,295	$ -	$ -	$ 489,286
Income (loss) before undernoted	156,742	42,273	30,947	12,107	-	(21,086)	220,983
Depreciation, depletion and amortization	(90,257)	(11,794)	(25,857)	(54)	-	(593)	(128,555)
General exploration and project investigation	(12,580)	(42)	(692)	-	-	(2,620)	(15,934)
Interest and bank charges	(1,410)	(235)	(422)	-	-	(9,275)	(11,342)
Foreign exchange (loss) gain	(8,639)	(4,313)	1,101	(212)	-	21,025	8,962
Loss on derivative contracts	(34,079)	-	-	-	-	-	(34,079)
Loss from equity investment in Tenke	-	-	-	-	(5,316)	-	(5,316)
Other income and expenses	2,106	463	283	432	-	(18,174)	(14,890)
Income tax (expense) recovery	(367)	(6,497)	14,843	(550)	-	5,766	13,195
Net income (loss) from continuing operations	11,516	19,855	20,203	11,723	(5,316)	(24,957)	33,024
Gain from discontinued operations, net of taxes	-	-	-	-	-	5,573	5,573
Net income (loss)	$ 11,516	$ 19,855	$ 20,203	$ 11,723	$ (5,316)	$ (19,384)	$ 38,597
Capital assets*	$ 1,071,418	$ 190,999	$ 113,916	$ 6,656	$ 1,625,127	$ (1,614)	$ 3,006,502
Total segment assets	$ 1,456,871	$ 345,672	$ 255,872	$ 35,978	$ 1,625,127	$ 24,834	$ 3,744,354
Capital expenditures	$ 61,498	$ 25,065	$ 5,579	$ 125	$ 53,700	$ 102	$ 146,069

* Capital assets consist of mineral properties, plant and equipment, and investment in Tenke Fungurume.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

Segmented Information - Geographical

For the three months ended September 30, 2010

	Portugal	Sweden	Spain	Ireland	DRC	Other	Total
Sales	$ 135,159	$ 42,233	$ 32,502	$ 5,234	$ -	$ -	$ 215,128
Income (loss) before undernoted	84,786	23,915	12,989	3,611	-	(5,131)	120,170
Depreciation, depletion and amortization	(23,603)	(2,588)	(4,625)	(16)	-	(96)	(30,928)
General exploration and project investigation	(5,236)	-	(185)	(898)	-	-	(6,319)
Interest and bank charges	(382)	(1,294)	(25)	-	-	(1,593)	(3,294)
Foreign exchange loss	(10,484)	(4,442)	(3,642)	-	-	(526)	(19,094)
Gain on derivative contracts	(487)	-	-	-	-	-	(487)
Income from equity investment in Tenke	-	-	-	-	17,500	-	17,500
Other income and expenses	(83)	435	4,979	320	-	(2,427)	3,224
Income tax (expense) recovery	(19,023)	(6,517)	4,169	(96)	-	(326)	(21,793)
Net income (loss)	$ 25,488	$ 9,509	$ 13,660	$ 2,921	$ 17,500	$ (10,099)	$ 58,979
Capital expenditures	$ 23,314	$ 7,551	$ 814	$ -	$ 8,478	$ 82	$ 40,239

For the nine months ended September 30, 2010

	Portugal	Sweden	Spain	Ireland	DRC	Other	Total
Sales	$ 316,349	$ 116,852	$ 97,936	$ 8,819	$ -	$ -	$ 539,956
Income (loss) before undernoted	177,956	61,687	35,991	3,926	-	(13,948)	265,612
Depreciation, depletion and amortization	(70,138)	(10,007)	(19,275)	(53)	-	(268)	(99,741)
General exploration and project investigation	(13,436)	-	(725)	(2,417)	-	(14)	(16,592)
Interest and bank charges	(1,012)	(2,761)	(136)	-	-	(3,244)	(7,153)
Foreign exchange gain (loss)	3,186	(5,361)	2,255	(13)	-	1,409	1,476
Gain on derivative contracts	10,223	-	-	-	-	-	10,223
Income from equity investment in Tenke	-	-	-	-	43,005	-	43,005
Other income and expenses	943	890	6,610	(447)	-	30,701	38,697
Income tax expense	(42,825)	(13,961)	(5,012)	(300)	-	(912)	(63,010)
Net income	$ 64,897	$ 30,487	$ 19,708	$ 696	$ 43,005	$ 13,724	$ 172,517
Capital assets*	$ 988,835	$ 216,746	$ 43,493	$ 5,773	$ 1,699,596	$ 960	$ 2,955,403
Total segment assets	$ 1,363,203	$ 307,504	$ 204,721	$ 42,033	$ 1,699,596	$ 79,213	$ 3,696,270
Capital expenditures	$ 65,069	$ 27,586	$ 1,792	$ -	$ 22,851	$ 142	$ 117,440

* Capital assets consist of mineral properties, plant and equipment, and investment in Tenke Fungurume.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

Segmented Information - Geographical

For the three months ended September 30, 2009

	Portugal	Sweden	Spain	Ireland	DRC	Other	Total
Sales	$ 107,757	$ 29,800	$ 30,281	$ 3,242	$ -	$ -	$ 171,080
Income (loss) before undernoted	66,874	15,604	11,696	1,985	-	(4,401)	91,758
Depreciation, depletion and amortization	(33,306)	(3,845)	(9,222)	(18)	-	(136)	(46,527)
General exploration and project investigation	(4,960)	250	(442)	(802)	-	(593)	(6,547)
Interest and bank charges	(284)	(1,363)	(165)	-	-	(1,159)	(2,971)
Foreign exchange (loss) gain	(2,800)	387	(727)	(5)	-	5,918	2,773
Loss on derivative contracts	(24,887)	-	-	-	-	-	(24,887)
Loss from equity investment in Tenke	-	-	-	-	(1,028)	-	(1,028)
Other income and expenses	1,417	(18,425)	460	219	-	(1,353)	(17,682)
Income tax recovery (expense)	1,868	(449)	10,178	(127)	-	(2,673)	8,797
Net income (loss)	$ 3,922	$ (7,841)	$ 11,778	$ 1,252	$ (1,028)	$ (4,397)	$ 3,686
Capital expenditures	$ 18,050	$ 11,308	$ 1,028	$ 16	$ 24,300	$ (30)	$ 54,672

For the nine months ended September 30, 2009

	Portugal	Sweden	Spain	Ireland	DRC	Other	Total
Sales	$ 284,987	$ 85,114	$ 83,890	$ 35,295	$ -	$ -	$ 489,286
Income (loss) before undernoted	156,742	40,084	30,945	11,931	-	(18,719)	220,983
Depreciation, depletion and amortization	(90,341)	(11,921)	(25,857)	(54)	-	(382)	(128,555)
General exploration and project investigation	(11,278)	(1,042)	(749)	(1,970)	-	(895)	(15,934)
Interest and bank charges	(1,419)	(3,672)	(422)	-	-	(5,829)	(11,342)
Foreign exchange (loss) gain	(8,633)	4,202	1,101	(212)	-	12,504	8,962
Loss on derivative contracts	(34,079)	-	-	-	-	-	(34,079)
Loss from equity investments in Tenke	-	-	-	-	(5,316)	-	(5,316)
Other income and expenses	1,128	(17,642)	283	432	-	909	(14,890)
Income tax (expense) recovery	(549)	339	14,843	(550)	-	(888)	13,195
Net income (loss) from continuing operations	11,571	10,348	20,144	9,577	(5,316)	(13,300)	33,024
Gain from discontinued operations, net of taxes	5,573	-	-	-	-	-	5,573
Net income (loss)	$ 17,144	$ 10,348	$ 20,144	$ 9,577	$ (5,316)	$ (13,300)	$ 38,597
Capital assets*	$ 1,070,407	$ 192,100	$ 113,916	$ 6,656	$ 1,625,127	$ (1,704)	$ 3,006,502
Total segment assets	$ 1,455,955	$ 304,994	$ 255,884	$ 35,978	$ 1,625,127	$ 66,416	$ 3,744,354
Capital expenditures	$ 61,503	$ 25,128	$ 5,579	$ 125	$ 53,700	$ 34	$ 146,069

* Capital assets consist of mineral properties, plant and equipment, and investment in Tenke Fungurume.

(Tabular amounts in thousands of US dollars, narrative amounts in US dollars, unless otherwise indicated)

16. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	**2010**	2009
Changes in non-cash working capital items consist of:				
Accounts receivable and other current assets	**$ (30,806)**	$ (31,002)	**$ 9,544**	$ (44,890)
Accounts payable and other current liabilities	**(12,537)**	17,996	**17,900**	(53,238)
	$ (43,343)	$ (13,006)	**$ 27,444**	$ (98,128)
Operating activities included the following cash payments				
Interest paid	**$ 260**	$ 4,846	**$ 3,660**	$ 9,453
Income taxes paid	**$ 27,278**	$ 24,127	**$ 39,627**	$ 25,464

17. SUBSEQUENT EVENT

On October 22, 2010, the Government of the Democratic Republic of Congo and Freeport-McMoRan Copper& Gold Inc. ("FCX") announced the successful conclusion of the review of Tenke Fungurume Mining's ("TFM") contracts. The announcement outlined several additional commitments agreed by TFM, including: an increase in Gécamines ownership interest in TFM from 17.5% to 20%, which will be shared proportionately by Lundin Mining and FCX and, as a result, Lundin Mining's equity interest in TFM will decrease from 24.75% to 24%; an additional royalty of $1.2 million for each 100,000 metric tonnes of proven and probable copper reserves above 2.5 million metric tonnes; additional payments totaling $30.0 million to be paid in six installments upon reaching certain production milestones; conversion of $50.0 million in intercompany loans to equity; and a payment of $5.0 million for surface area fees. Included in the announcement was the agreement to increase the annual interest rate on advances (to TFM by FCX and Lundin Mining) from the current rate of LIBOR +2% to LIBOR +6%.

TFM's existing mining contracts will continue in full force and effect until the revised terms noted above are incorporated into those contracts, including the Amended and Restated Mining Convention and Amended and Restated Shareholders' Agreement, both entered into in 2005.