

## NEWS RELEASE

# LUNDIN MINING ANNOUNCES EAGLE EAST FEASIBILITY STUDY RESULTS AND PROVIDES A PROJECT UPDATE

**Toronto, April 10, 2017 (TSX: LUN; OMX: LUMI) Lundin Mining Corporation** (“Lundin Mining” or the “Company”) is pleased to announce the results of a Feasibility Study, including an updated Mineral Resource estimate and a maiden Mineral Reserve estimate, on the high grade Eagle East nickel/copper mineralization, as well as provide an update on the project progress.

*(This news release contains forward-looking information about expected future events and financial and operating performance of the Company. We refer to the risks and assumptions set out in our Cautionary Statement on Forward-Looking Information located on page 5. All currency figures are in US\$ unless otherwise stated.)*

### **Highlights**

- The Feasibility Study demonstrates the viability of mining Eagle East as an extension of the current Eagle Mine with an incremental estimated post-tax net present value (“NPV”) of \$205 million at an 8% discount rate and an estimated internal rate of return (“IRR”) of 47%. The estimated pre-production capital cost is \$102 million.
- Given the robust results of the Feasibility Study, the Company has approved the full development of Eagle East subject to the successful receipt of amendments to the mining permit.
- An updated Mineral Resource estimate comprising 1.29 million tonnes classified as Indicated grading 5.2% Ni and 4.2% Cu and an additional 0.29 million tonnes of Inferred grading 1.7 % Ni and 1.4% Cu.
- The Feasibility Study indicates that these Mineral Resources can be mined with no significant changes to the current mine, ore transport, mill, and tailings infrastructure.
- Similar mining methods to Eagle are proposed and a maiden Probable Mineral Reserve of 1.54 Mt at 3.7% Ni and 3.0% Cu has been estimated. Mining of this Mineral Reserve will significantly increase nickel and copper production from 2020 and extend estimated mine life to at least 2023.
- The Michigan Department of Environmental Quality has approved the initial Eagle East access ramp development within the existing Eagle mine boundary. An application for a modification to the existing Part 632 mining permit to allow the mining of Eagle East, with a supporting Environmental Impact Assessment, was submitted in late March 2017 and a decision is expected prior to the end of 2017.
- Eagle East exploration/access ramp development has progressed well since commencement in July 2016. At the end of Q1 2017, a total of 938 metres of centreline advance had been completed together with the purchase of additional mobile mining equipment and installation of mining infrastructure. Ongoing drilling has enabled a Probable Reserve classification, a mine plan update and improved forecast return on investment.

Mr. Paul Conibear, President and CEO of Lundin Mining stated, “The results of the Feasibility Study on Eagle East confirm robust project economics and demonstrate significant incremental value to our Eagle Mine operations. The successful permitting and development of Eagle East will extend the life of the operation to the continuing benefit of our shareholders, employees, and local economy. Early decline ramp development has progressed on schedule and within budget. We continue with exploration efforts to find additional mineable mineralization”.

### ***Mineral Resource Estimate***

The Eagle East massive and semi-massive nickel-copper sulphide mineralization is located approximately two kilometers east and 600 m below the Eagle Mine deposit. Since discovery of the Eagle East mineralization in July 2014, over 108,000 m of diamond drilling have been completed in 96 holes to locate and define the deposit which now has dimensions of approximately 550 m long, 40 to 50 m high and 30 to 40 m wide (see Figures 1 and 2). The estimation of Indicated and Inferred Mineral Resource is tabulated below. Exploration drilling is continuing at Eagle to systematically test the Eagle East conduit and deep peridotite and gabbro targets.

#### **Eagle East Mineral Resource Estimate, December 31, 2016, NSR cut-off \$142/t,**

<b>Category</b>	<b>Tonnes, 000s</b>	<b>Ni (%)</b>	<b>Cu (%)</b>	<b>Co (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Pt (g/t)</b>	<b>Pd (g/t)</b>
Indicated	1,293	5.2	4.2	0.1	0.5	15.3	1.7	1.3
Inferred	290	1.7	1.4	-	0.2	6.0	0.5	0.3

### ***Feasibility Study***

Following the robust results from the Preliminary Economic Assessment on Eagle East in June 2016, a Feasibility Study has now been completed refining and optimizing the development plans to a higher level of definition.

Access to Eagle East will be via a ramp initially spiraling down beneath Eagle Mine, making use of the existing mine infrastructure, then a twin ramp across to Eagle East followed by a further spiral section to the mineralization (see Figure 3). The total centerline length of the ramp development is 6,669 metres. Ventilation and secondary egress will be provided by dedicated raises and the twin ramp system. Additional geotechnical studies have indicated that the same mining method as Eagle, transverse sub-level stoping with cemented rockfill, can be employed and the estimated Mineral Reserves are tabulated below. The existing mine infrastructure, power supply, temporary waste stockpiling and other facilities are expected to be sufficient to support the mining of Eagle East. All waste from the access ramp development will be temporarily stored and then used as backfill in both Eagle and Eagle East stopes.

#### **Eagle East Mineral Reserve Estimate December 31, 2016, NSR cut-off \$160/t**

<b>Category</b>	<b>Tonnes, 000s</b>	<b>Ni (%)</b>	<b>Cu (%)</b>	<b>Co (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Pt (g/t)</b>	<b>Pd (g/t)</b>
Probable	1,544	3.7	3.0	0.1	0.4	10.6	1.2	0.9

Advanced metallurgical testwork programmes have demonstrated that the Eagle East mineralization has equivalent performance in terms of grinding and flotation to Eagle, and no issues are foreseen with processing the blended Eagle and Eagle East mineralization in the Humboldt processing plant. Eagle tailings are currently

disposed of in the former Humboldt open pit and sufficient capacity exists for the additional tailings volume created by Eagle East. No other additional surface infrastructure is anticipated.

The Feasibility Study has assumed that the Eagle East access ramp initiated in July 2016 continues as described above and that initial ore production is achieved in the first quarter 2020. The high grade mineralization from Eagle East will be blended with the lower grade from Eagle, significantly increasing nickel and copper production and extending the estimated mine life until the third quarter of 2023 (see Figure 4). Total additional nickel and copper in concentrate is estimated at 47.1 and 46.0k tonnes respectively.

The estimated pre-production capital cost for Eagle East is \$102.0 million, including a 9% contingency, with the majority of this expenditure for ramp access, ventilation raises, level development and new mine equipment and infrastructure. Mine operating costs have been estimated from the current Eagle contractor rates with allowances for the increased haulage distance, ventilation and dewatering requirements for Eagle East. Processing, mine to mill ore haulage and G&A costs are the same as the current Eagle operations.

The results of the Feasibility Study demonstrate the robust viability of mining Eagle East as an extension of the current Eagle mine with an incremental estimated post-tax NPV of \$205 million at an 8% discount rate and an estimated IRR of 47% using long term metal prices of \$7.50 and \$8.00/lb Ni and \$3.00/lb Cu. The forecast payback period is approximately 1.5 years from production start and the forecast average combined C1 cash cost during the combined Eagle and Eagle East production period is \$0.49/lb Ni. The key results of the Feasibility Study are tabulated below.

An independently authored National Instrument 43-101 Technical Report on the Eagle Mine incorporating Eagle East will be filed on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) within 45 days of this press release.

<b>Feasibility Study Results Summary</b>	<b>Unit</b>	<b>Eagle East</b>
Potential Production	tonnes 000s	1,544
Head Grades	Ni (%), Cu (%)	3.7, 3.0
Ni, Cu Metal Produced in Concentrate	tonnes 000s	47.1, 46.0
Pre-Production Capital	US\$ millions	102.0
Sustaining Capital	US\$ millions	27.6
Metal Price Assumptions from 2020	\$/lb Ni	7.50 (2020) then 8.00
	\$/lb Cu	3.00
Incremental Post Tax NPV <sub>8</sub>	US\$ millions	205
Incremental Post Tax NPV <sub>0</sub>	US\$ millions	337
IRR	%	47
Average C1 Cash Cost <sup>1</sup>	\$/lb Ni	0.49
Payback	Years	1.5
Breakeven Ni Price, NPV <sub>8</sub> = 0 <sup>2</sup>	\$/lb Ni	3.16

1. C1 cash cost estimates are for Eagle and Eagle East combined during 2020 to 2023
2. Breakeven is for Eagle and Eagle East combined

### ***Permitting and Development Status***

The Michigan Department of Environmental Quality has approved the initial Eagle East access ramp development within the existing Eagle Mine boundary. An application for a modification to the existing Part 632 mining permit to allow the mining of Eagle East, with a supporting Environmental Impact Assessment, was submitted in late March 2017 and a decision is expected by late 2017. While some additional permit modifications are required for the continued mining of Eagle, no other specific permits are required for the mining of Eagle East.

Development of the Eagle East access ramp by contract miners has accelerated since starting in July 2016. At the end of March 2017, total advance was 1,155 metres with 938 metres of centreline development in the ramp. Supporting ventilation, power and pumping infrastructure has been extended from the existing Eagle mine and new mine equipment on site to support the additional development. Total expenditure to date is approximately \$7.5 million.

### ***Notes on the Mineral Resource, Mineral Reserve and Feasibility Study***

The Mineral Resource and Mineral Reserve estimates in this news release have been prepared in accordance with Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), classified in accordance with Canadian Institute of Mining Metallurgy and Petroleum's "CIM Definition Standards - For Mineral Resources and Mineral Reserves" 2014.

The Eagle East Mineral Resource and Mineral Reserve estimates have been prepared by or under the supervision of Lundin Mining Qualified Persons as defined in NI 43-101 and audited by independent Qualified Persons on behalf of Lundin Mining.

The Eagle East Mineral Resource and Mineral Reserve estimates are reported above fixed NSR cut-offs of US\$142/t and US\$160/t respectively and are dated December 31, 2016. The NSR is calculated on a recovered payable basis taking in to account nickel, copper, cobalt, gold and PGM grades, metallurgical recoveries, metal prices and realization costs. The metal prices used for the NSR calculations are US\$8.50/lb nickel, US\$2.75/lb copper, US\$1,000/oz gold, US\$1,500 platinum, US\$550/oz palladium and US\$13.00/lb cobalt. The Indicated Mineral Resource estimates are inclusive of those Mineral Resources modified to produce the Probable Mineral Reserve estimates.

The Qualified Persons responsible for the Eagle and Eagle East Mineral Resource and Mineral Reserve estimates are David Rennie, P.Eng., Associate Principal Geologist and Normand Lecuyer, P.Eng., Principal Mining Engineer, respectively, both of Roscoe Postle Associates Inc.

The Qualified Persons who have reviewed and verified the data and estimates in the Eagle East Feasibility Study are David Rennie, Normand Lecuyer, Graham Clow, P.Eng., Principal Mining Engineer and Brenna Scholey, P.Eng., Principal Metallurgist, all of Roscoe Postle Associates Inc.

## About Lundin Mining

Lundin Mining is a diversified Canadian base metals mining company with operations in Chile, the USA, Portugal, and Sweden, primarily producing copper, nickel and zinc. In addition, until its announced sale has been concluded, Lundin Mining holds an indirect 24% equity stake in the world-class Tenke Fungurume copper/cobalt mine in the Democratic Republic of Congo and in the Freeport Cobalt Oy business, which includes a cobalt refinery located in Kokkola, Finland.

On Behalf of the Board,

Paul Conibear  
President and CEO

The information in this release is subject to the disclosure requirements of Lundin Mining under the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was publically communicated on April 10, 2017 at 5:00 p.m. Eastern Time.

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## Cautionary Statement in Forward-Looking Information

*Certain of the statements made and information contained herein is "forward-looking information" within the meaning of applicable Canadian securities laws. Such statements include, but are not limited to, the results of the Eagle East Feasibility Study, including, without limitation, Mineral Resources, Mineral Reserves, economics (such as net present value (or NPV), internal rate of return (or IRR) and C1 cash costs), payback and payback period, breakeven, and life of mine, all of which are estimates (and the parameters and assumptions underlying, and realization of such estimates); capital expenditure estimates; metal price assumptions; and permitting and development expectations, and the results thereof. Words such as "assume", "budget", "concept", "estimate", "expect", "feasibility", "forecast", "foresee", "indicate", "schedule", "study" and "viability", or variations of these terms or similar terminology or statements that certain actions, events or results "may" or "will" occur or be achieved are intended to identify such forward-looking information. Although the Company believes that the assumptions, estimates and expectations reflected in the forward-looking information contained herein are reasonable, these statements by their nature involve risks and uncertainties, and are not guarantees of future performance. Forward-looking information is based on a number of assumptions, and 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. Such risks and uncertainties include, without limitation, those relating to foreign currency fluctuations; inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; associated with the estimation of Mineral Resources and Mineral Reserves, and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; the inherent uncertainty of production and cost estimates, and the potential for unexpected costs and expenses; commodity price fluctuations and volatility of metal prices; uncertain political and economic environments; and changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits, as well as other risks and uncertainties including but not limited to those described in the Risks and Uncertainties section of the Company's most recently filed Annual Information*

*Form and in the Managing Risks section of each of the Company's 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, nickel, lead and zinc; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment where the Company operates will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward- looking statements, except to the extent required by applicable law.*

Figure 1 – Eagle and Eagle East long section showing exploration drill hole traces and the route of the proposed ramp to Eagle East

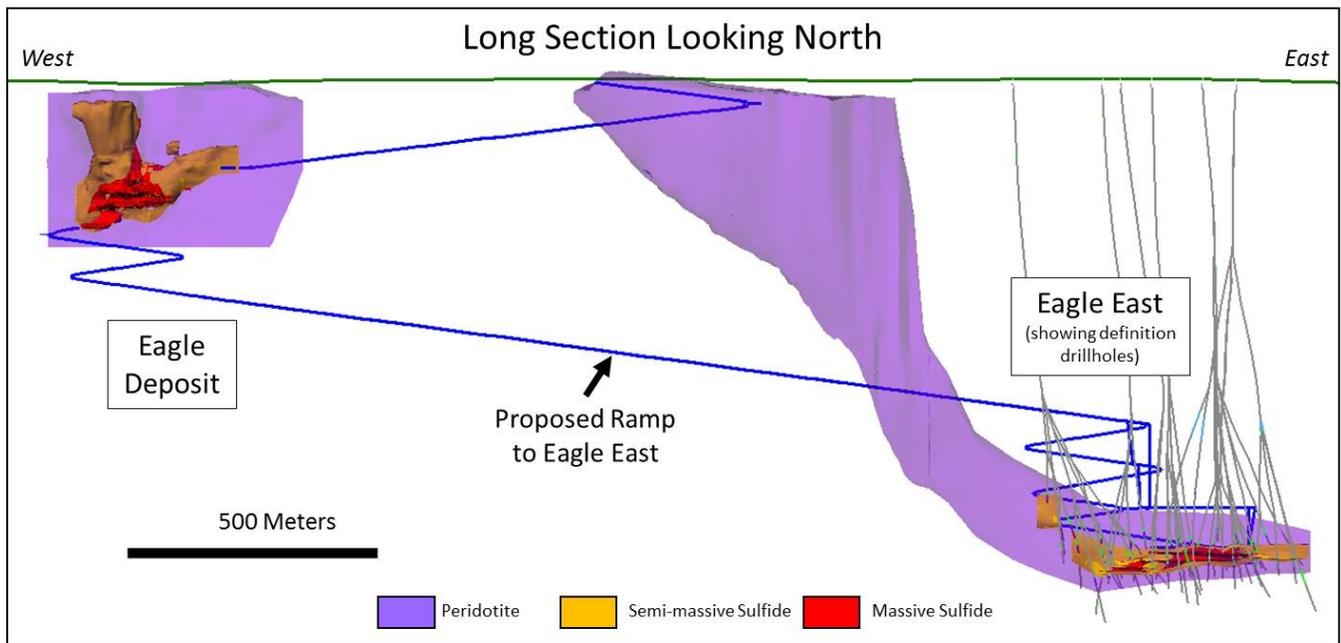
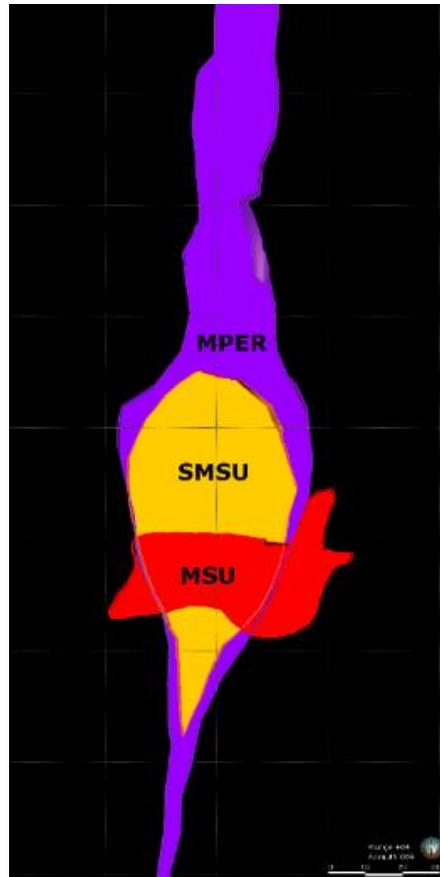
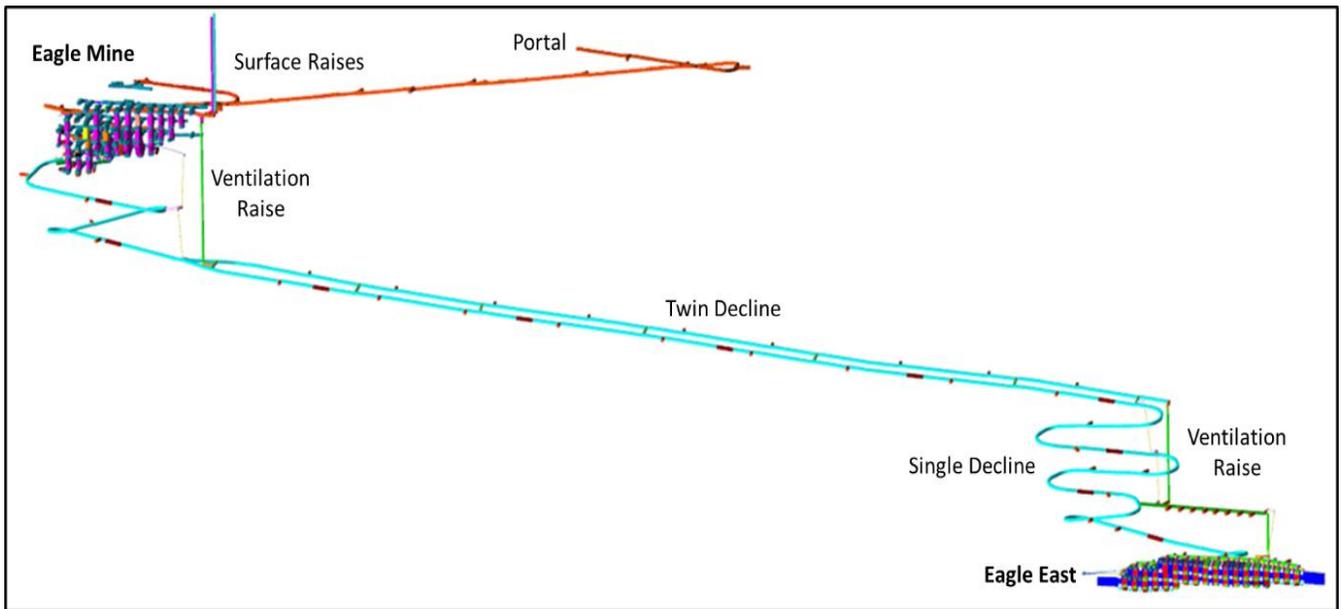


Figure 2 – Eagle East typical cross section showing massive (MSU) and semi-massive sulphide (SMSU) mineralization and the peridotite (MPER)



**Figure 3 – Schematic looking north showing Eagle and Eagle East with the proposed twin ramp access making use of the existing Eagle mine infrastructure**



**Figure 4 – Combined Eagle East and Eagle Mineral Reserve estimate mine production plan and contained nickel and copper metal produced in concentrate compared to the current Eagle Mine Life of Mine plan**

