

## Third Quarter 2017 Results

October 25, 2017



# Cautionary Statements

## Caution Regarding Forward-Looking Information and Non-GAAP Performance Measures

All statements, other than statements of historical fact, made and information contained or incorporated by reference in or made in giving this presentation and responses to questions is "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking statements are based on expectations, estimates, forecasts and projections as well as beliefs and assumptions made by the Company's management, as of the date of this presentation, and include but are not limited to the Company's guidance on estimated annual metal production, cash costs and capital expenditures; exploration; feasibility studies and their results; projects including not limited to Zinc Expansion Project at Neves-Corvo and Eagle East; and other future performance. Forward-looking statements may be identified by terminology such as, without limitation, "anticipate", "believe", "budget", "contingent", "estimate", "exploration", "expect", "feasibility", "flexibility", "focus", "forecast", "growth", "guidance", "initiative", "opportunities", "optimization", "outlook", "plan", "potential", "project", "projection", "risk", "schedule", "strategy", "target", and "upside", similar such words and phrases or statements that certain actions, events or results may, can, could, would, should, might, indicates, or will be taken, and any similar expressions. Forward-looking statements are necessarily based upon a number of estimates, assumptions and expectations that, while considered reasonable by the Company as of the date of such statements, are inherently subject to known and unknown risks, uncertainties and contingencies. Such risks, uncertainties and contingencies could cause assumptions, estimates and expectations to be incorrect and actual results to differ materially from those projected in the forward-looking statement and, as such, there can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. These risks, uncertainties and contingencies include, without limitation, estimates of future production and operating, cash and all-in sustaining costs; metal and commodity price fluctuations; foreign currency fluctuations; mining operations including but not limited to environmental hazards, industrial accidents, ground control problems and flooding; geology including, but not limited to, unusual or unexpected geological formations, estimation and modelling of grade, tonnes, metallurgy continuity of mineral deposits, dilution, and Mineral Resources and Mineral Reserves, and actual ore mined and/or metal recoveries varying from such estimates; mine plans, and life of mine estimates; the possibility that future exploration, development or mining results will not be consistent with expectations; the expected strike by union workers (and potential further such strikes) at Neves-Corvo, and the potential for and effects of other labour disputes, shortages or other unanticipated difficulties with or interruptions in production; potential for unexpected costs and expenses including, without limitation, for mine closure and reclamation at current and historical operations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental approvals and/or permits, including but not limited to the Alcaparrosa underground mine operating license, the Punta Padrones process operating license and the Ojos del Salado mill tailings line permit at Candelaria which are required by the end of the year; regulatory investigations, enforcement, sanctions and/or related or other litigation; and other risks and uncertainties, including but not limited to those described in the "Cautionary Statement on Forward-Looking Information" in the Company's October 25, 2017 news release, the "Risks and Uncertainties" section of the Company's most recently filed Annual Information Form and in the "Managing Risks" of the Company's full-year 2016 Management's Discussion and Analysis. 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.

This presentation contains certain financial measures such as operating earnings, net cash, net debt, operating cash flow per share and cash costs which have no meaning within generally accepted accounting principles under IFRS and therefore amounts presented may not be comparable to similar data presented by other mining companies. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures or performance prepared in accordance with IFRS. Please see Lundin Mining's MD&A for the quarter ended September 30, 2017 for discussion on non-GAAP measures.

Note: All dollar amounts are in US dollars unless otherwise denoted.

# Participants

<b>Paul Conibear</b>	President & Chief Executive Officer
<b>Marie Inkster</b>	Senior Vice President & Chief Financial Officer
<b>Steve Gatley</b>	Vice President Technical Services

# Operating Highlights – Q3/17

## *Continued Excellent Performance at Candelaria and Eagle* *All Projects Advancing on Schedule and on Budget*



**Candelaria** delivered strong copper production and remains on target to meet full-year production and cash cost guidance

**Neves-Corvo** copper production less-than-planned due to lower recoveries and throughput as result of mine sequencing. Full-year production guidance reduced



**Eagle's** nickel production on plan. Full-year cash cost guidance improved on strong copper by-product production and credits

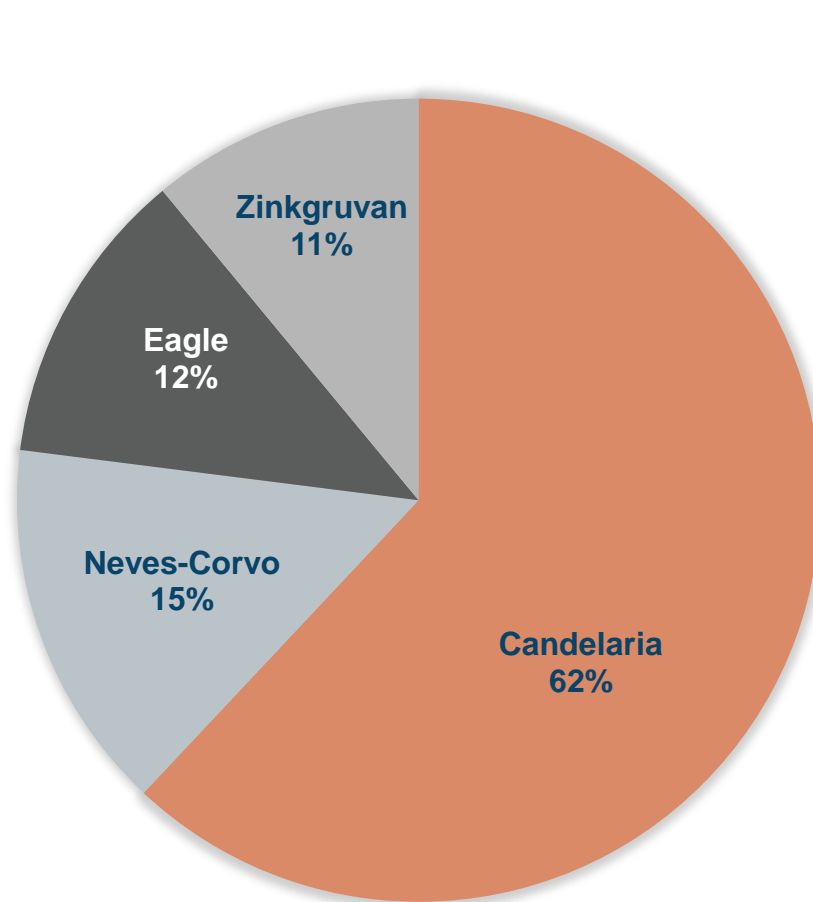


**Zinkgruvan** production slightly below plan on mill throughput with low ore stockpile on surface. Cash cost guidance improved while production guidance lowered

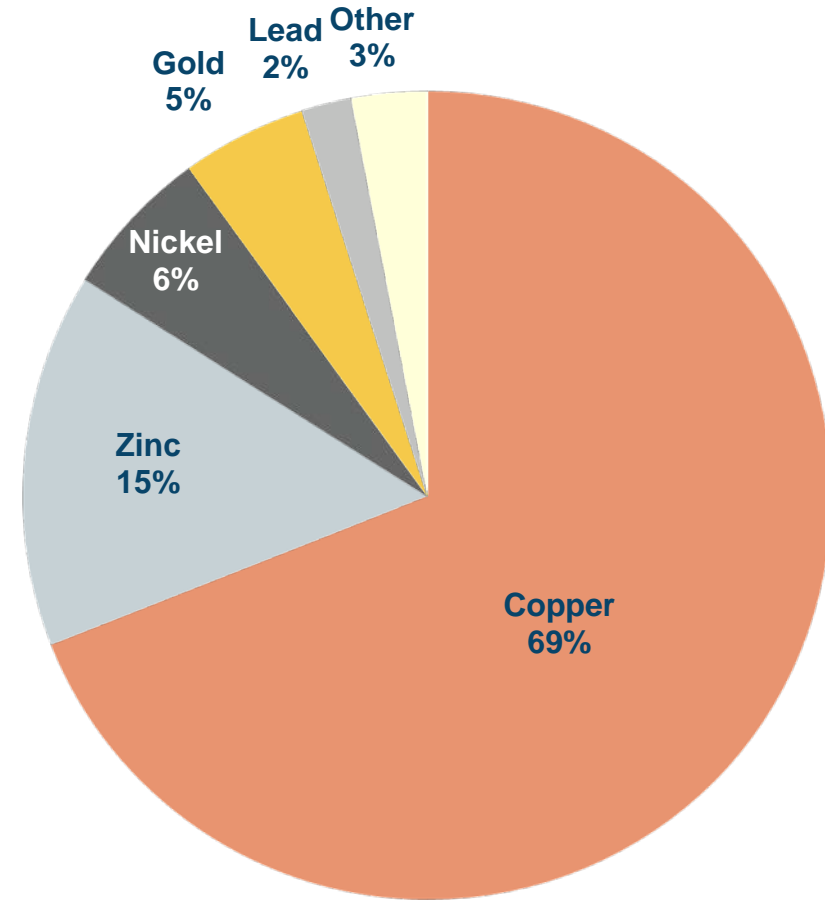
**Neves-Corvo** zinc plant running well. Production guidance lowered to include allowance for labour action. Zinc Expansion Project on schedule and budget

# Revenue Breakdown – Q3/17

Sales of \$602M



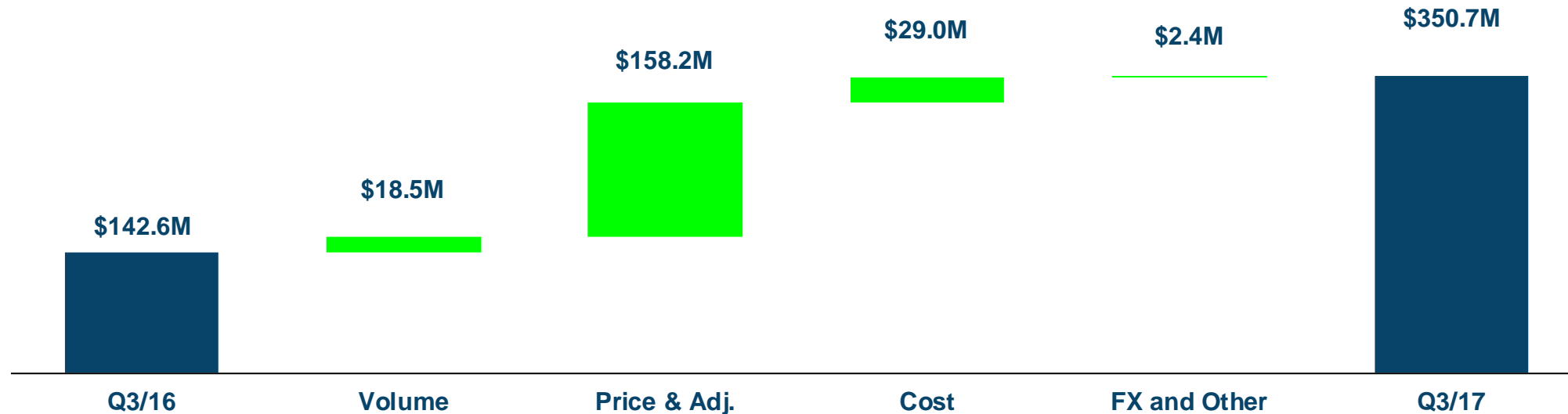
By Operation



By Metal

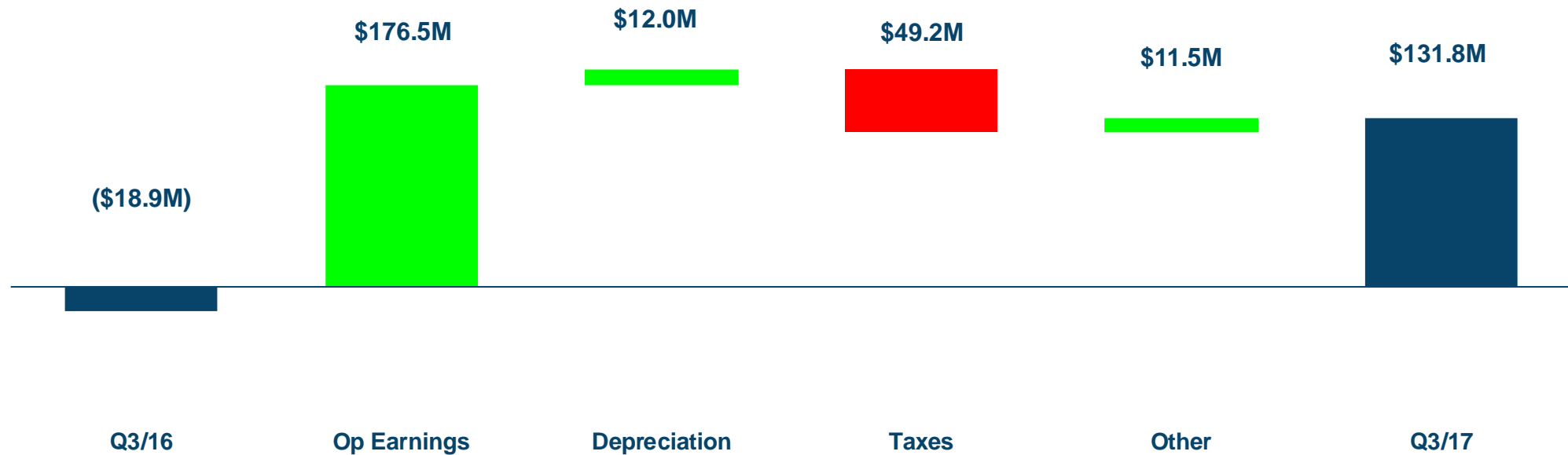
# Operating Earnings – Q3/17

Operating earnings increased 146% compared to the same period last year due primarily to realized metal prices, price adjustments, lower per unit operating costs, and higher sales volumes



# Attributable Net Earnings from Continuing Operations

Net earnings from continuing operations attributable to Lundin Mining shareholders increased compared to the same period last year. Mainly due to comparative changes in operating earnings partially offset by a higher tax expense.



# Financial Highlights – Q3/17

	Q3/17	Q3/16	Δ
Realized Metal Prices <sup>1</sup>			
Copper	\$3.08/lb	\$2.17/lb	42%
Nickel	\$5.06/lb	\$5.10/lb	-1%
Zinc	\$1.43/lb	\$1.07/lb	34%
Revenue	\$602M	\$375M	61%
Operating Earnings	\$351M	\$143M	145%
Attributable Net Income / (Loss) from Continuing Operations	\$157M \$0.18/sh	(\$15M) (\$0.03/sh)	na \$0.21/sh
Cash Flow from Operations <sup>2</sup>	\$250M	\$59M	324%
Operating Cash Flow (before working capital) <sup>2</sup>	\$240M	\$102M	135%
Operating Cash Flow per share <sup>2</sup>	\$0.33/sh	\$0.14/sh	\$0.19/sh

1. LUN average realized price, including impact of provisional price adjustments.

2. Cash Flow from Operations includes changes in non-cash working capital items whereas Operating Cash Flow is a non-GAAP measure defined as Cash Flow from Operations before changes in non-cash working capital items. Please see Lundin Mining's MD&A for the quarter ended September 30, 2017 for discussion on non-GAAP measures.



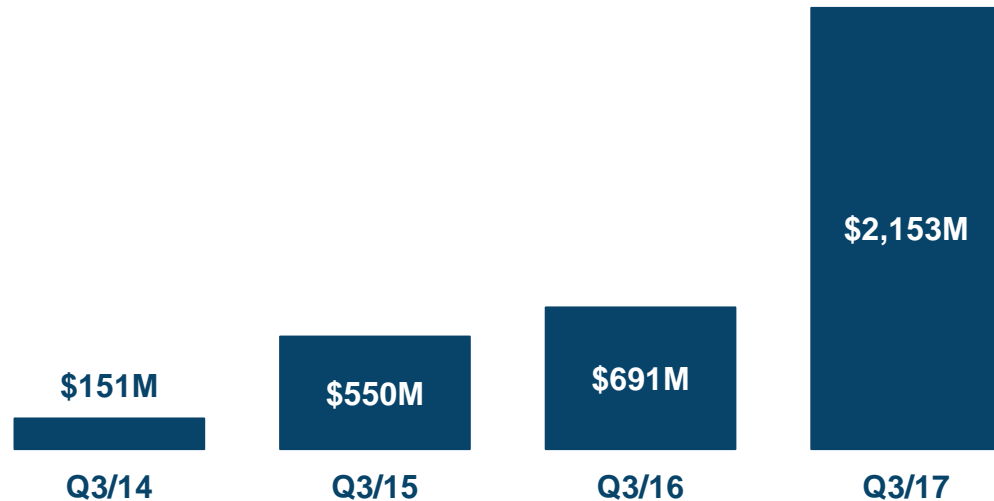
# Balance Sheet Strength and Flexibility

Cash balance at October 25, 2017 of approximately \$2.2B and net cash of approximately \$1.2B

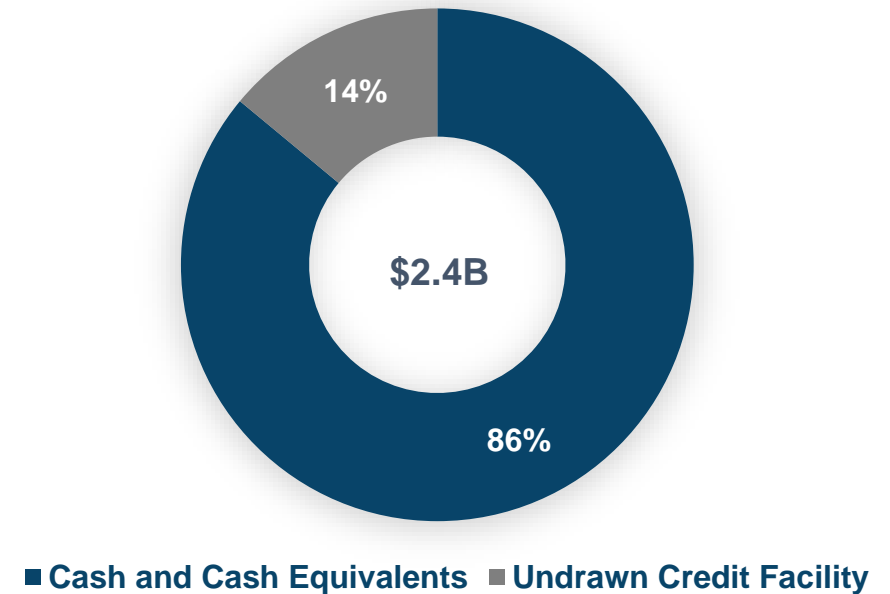
Issued an early redemption notice for \$550M principal of 7.50% Senior Secured 2020 Notes

– to be redeemed at 103.75% principal plus accrued interest

Cash and Cash Equivalents  
(End of Quarter)



Liquidity Position (October 25, 2017)



The Company has senior secured notes outstanding comprised of: \$550M at 7.50% due in 2020, and \$450M (\$445M net outstanding) at 7.875% due in 2022.

# Capital Allocation Strategy

## *Focus on Disciplined Growth*

Invest in high-return brownfield expansion projects and exploration

Service regular dividend

Prudent and accretive management of bond debt and cash positions

- notice provided to redeem \$550M of 7.50% Senior Secured Notes

Keep flexible balance sheet to move quickly on compelling growth opportunities

- participated in three asset sale processes YTD; discontinued all on discipline to investment criteria

Consider other shareholder returns of capital from time-to-time

# 2017 Production and Cash Cost Guidance

C1 cash cost guidance improved for Eagle and Zinkgruvan. Production guidance at Neves-Corvo lowered in part allowing for impact of recent and potential for further labour action.

## Attributable Production<sup>1</sup> and C1 Cash Cost<sup>2</sup> (t and \$/lb, net of by-products)

		Revised Guidance			Previous Guidance				
<b>Copper</b>	Candelaria (80%)	147,000	–	151,000	\$1.20/lb	147,000	–	151,000	\$1.20/lb
	Eagle	19,000	–	22,000		19,000	–	22,000	
	Neves-Corvo	<b>32,000</b>	–	<b>35,000</b>	\$1.00/lb	36,000	–	39,000	\$1.00/lb
	Zinkgruvan			<b>1,000</b>		1,000	–	2,000	
	<b>Total Attributable</b>	<b>199,000</b>	–	<b>209,000</b>		<b>203,000</b>	–	<b>214,000</b>	
<b>Nickel</b>	Eagle	20,000	–	23,000	<b>\$1.10/lb</b>	20,000	–	23,000	\$1.35/lb
	<b>Total</b>	<b>20,000</b>	–	<b>23,000</b>		<b>20,000</b>	–	<b>23,000</b>	
<b>Zinc</b>	Neves-Corvo	<b>70,000</b>	–	<b>73,000</b>		72,000	–	77,000	
	Zinkgruvan	<b>77,000</b>	–	<b>80,000</b>	<b>\$0.35/lb</b>	80,000	–	85,000	\$0.40/lb
	<b>Total</b>	<b>147,000</b>	–	<b>153,000</b>		<b>152,000</b>	–	<b>162,000</b>	

1. Production guidance is based on certain estimates and assumptions, including but not limited to; Mineral Resource and Mineral Reserve estimates, geological formations, grade and continuity of deposits and metallurgical characteristics
2. C1 cash costs are based on various assumptions and estimates, including, but not limited to; production volumes, as noted above, exchange rates (forecast at €/USD:1.20, USD/SEK:8.00, USD/CLP:625) and metal prices (forecast at Cu: \$2.75/lb, Ni: \$4.50/lb, Zn: \$1.30/lb, Pb: \$1.00/lb, Au: \$1,250/oz, Ag: \$16.50/oz), and operating costs. All figures in are in US\$ unless otherwise noted.

# 2017 Capital Expenditure and Exploration Guidance

Capital Expenditures <sup>1</sup> (US\$M)	Revised Guidance	Prior Guidance
Total Capitalized Stripping <sup>2</sup>	120	110
Los Diques Facility	135	135
Other Candelaria Sustaining	80	80
<b>Total Candelaria (100% basis)</b>	<b>335</b>	<b>325</b>
Eagle Sustaining	10	10
Neves-Corvo Sustaining	40	50
Zinkgruvan Sustaining	40	40
<b>Total Sustaining</b>	<b>425</b>	<b>425</b>
Eagle Expansionary	30	30
Zinc Expansion (Neves-Corvo)	30	30
Zinkgruvan Expansionary	5	5
<b>Total Expansionary</b>	<b>65</b>	<b>65</b>
<b>Total Capital Expenditures</b>	<b>\$490M</b>	<b>\$490M</b>

**Los Diques** estimated cost unchanged at \$295M

- on time and on budget for use in early 2018. \$30M remaining for Q4/17 and \$30M for 2018

## Candelaria

- \$10M increase to 2017 capitalized stripping on accelerated volume movement

## Neves-Corvo

- \$10M reduction to full-year sustaining capital projection. Zinc Expansion Project activities progressing on budget and schedule

**2017 exploration guidance maintained at \$75M**

1. Excludes capitalized interest. Amounts forecast above are on a cash basis, and may vary from accrual based estimates.

2. During the production phase, waste stripping costs which provide probable future economic benefits and improved access to the orebody are capitalized to mineral properties. The Company capitalizes waste costs when experienced strip ratios are above the average planned strip ratio for each open pit phase under development.

# Candelaria



Copper / Gold / Silver – Region III, Chile

# Candelaria

Q3/17 copper production of 49.2 kt (100% basis)

- \$1.17/lb copper cash cost
- on target to meet full-year production guidance

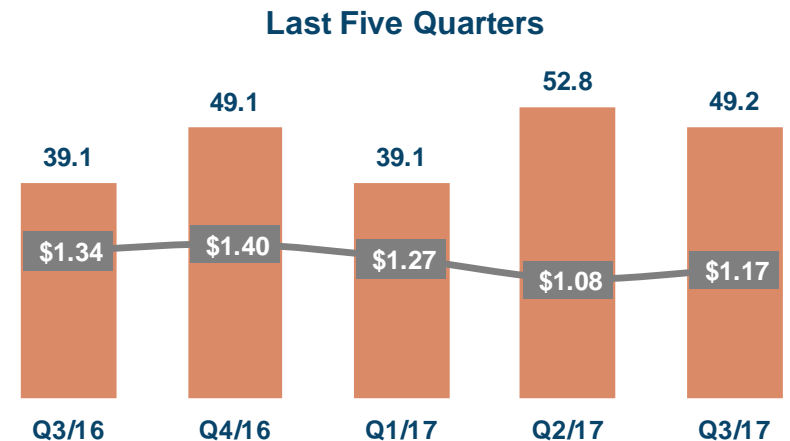
## Candelaria optimization work progresses

- accelerated UG mining, refined open pit plan and fleet reinvestment program to be reflected in 2018 guidance
- permits received to expand production of Candelaria UG to 14ktpd. Currently mining at ~8ktpd
- studies progressing on incremental plant improvements as well as ~15%-20% throughput increase

## Los Diques tailings facility construction progressing well

- water being introduced behind the dam; targeting first tailings placement in Q1/18
- pulling forward construction of lifts 2 and 3 to take advantage of synergies with mine operations

**Copper Production & Cash Cost**  
(100% basis; kt & \$/lb Cu, net of by-product credits)



# Candelaria – Los Diques Tailings Facility



October 2017





Q3/17 production of 7.9 kt copper and 19.6 kt zinc

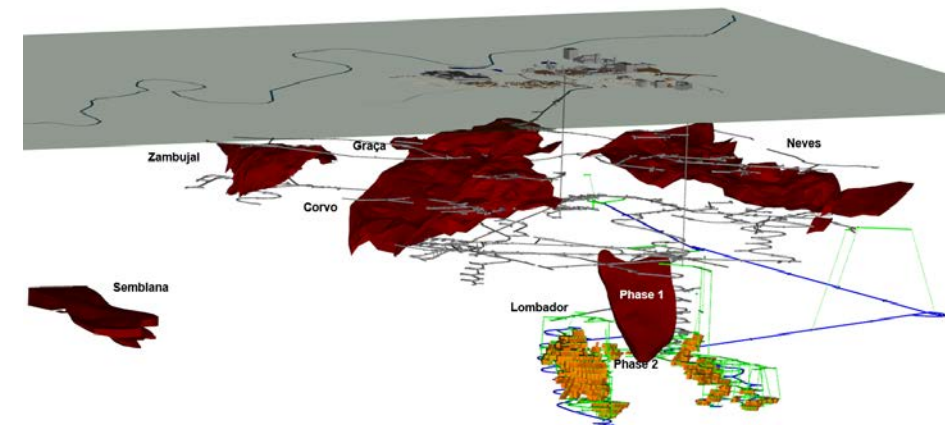
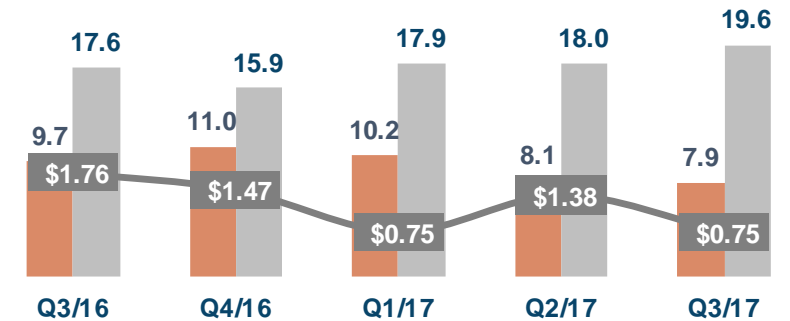
- \$0.75/lb copper cash cost
- mine sequencing and complex ore metallurgy impacting ore type availability and throughput
- full-year copper and zinc production guidance lowered, in part to include allowance for labour action in Q4/17

## Zinc Expansion Project (ZEP)

- capital cost maintained at approximately €260 million estimated initial capital, \$30M to be spent in 2017
- total development advanced 2 km. Plant construction to commence Q1/18 subject to permits
- on target for doubling of current zinc production levels forecast by H2/19

## Copper, Zinc Production & Cash Cost (kt & \$/lb Cu, net of by-product credits)

### Last Five Quarters



# Zinkgruvan



Zinc / Lead / Copper – Sweden

# Zinkgruvan

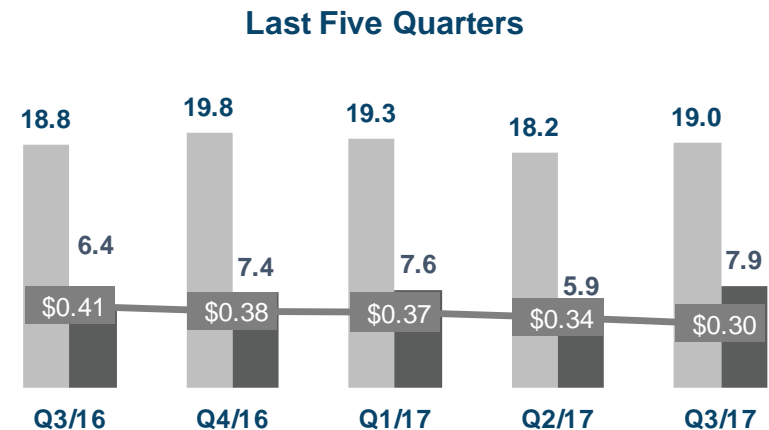
## Q3/17 production of 19.0 kt zinc

- zinc cash costs of \$0.30/lb. Full-year cash cost guidance improved to \$0.35/lb on YTD performance
- production slightly below plan on mill throughput with low ore stockpile on surface
- full-year zinc production forecast lowered on lower headgrade and slightly lower recovery than plan

## Exploration program focus

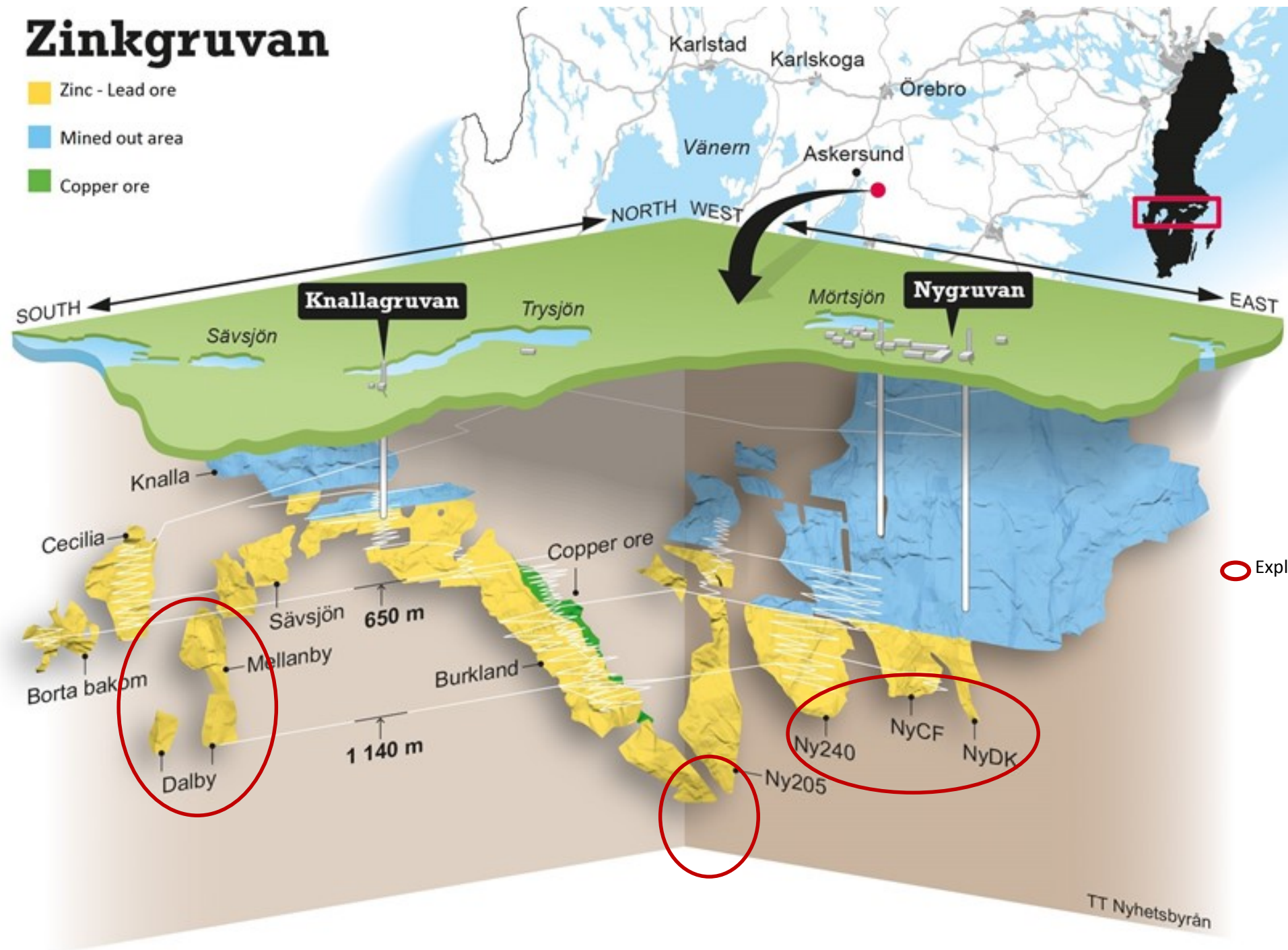
- maintain aggressive program for exploration in 2018 targeted to significantly add to Mineral Resource estimates

## Zinc, Lead Production & Cash Cost (kt & \$/lb Zn, net of by-product credits)



# Zinkgruvan

- Zinc - Lead ore
- Mined out area
- Copper ore



○ Exploration areas

# Eagle



Nickel / Copper / PGMs – Michigan, U.S.A.

# Eagle

Q3/17 production of 5.6 kt nickel and 5.0 kt copper

- cash cost of \$0.63/lb nickel

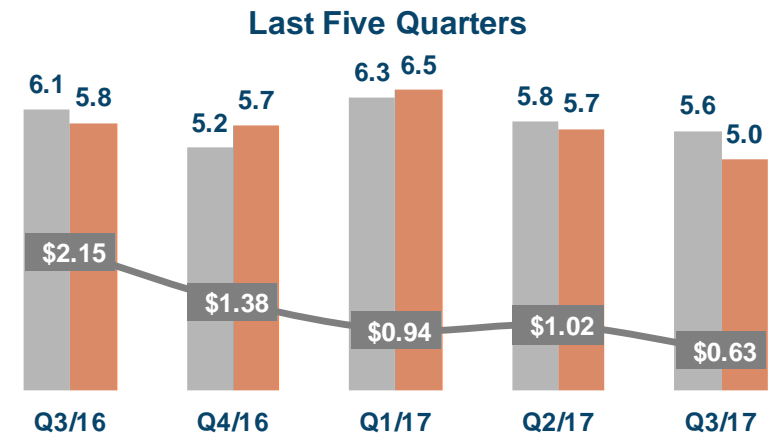
Further 2017 cash cost guidance improvement

- improved to \$1.10/lb nickel, from \$1.35/lb, on strong metal production to date and higher copper by-product credits

Eagle East advancing on schedule and on budget

- \$20M spent YTD, \$10M remaining in Q4/17
- overall ramp development 31% complete
- permitting process progressing with anticipated approval decision expected prior to year-end

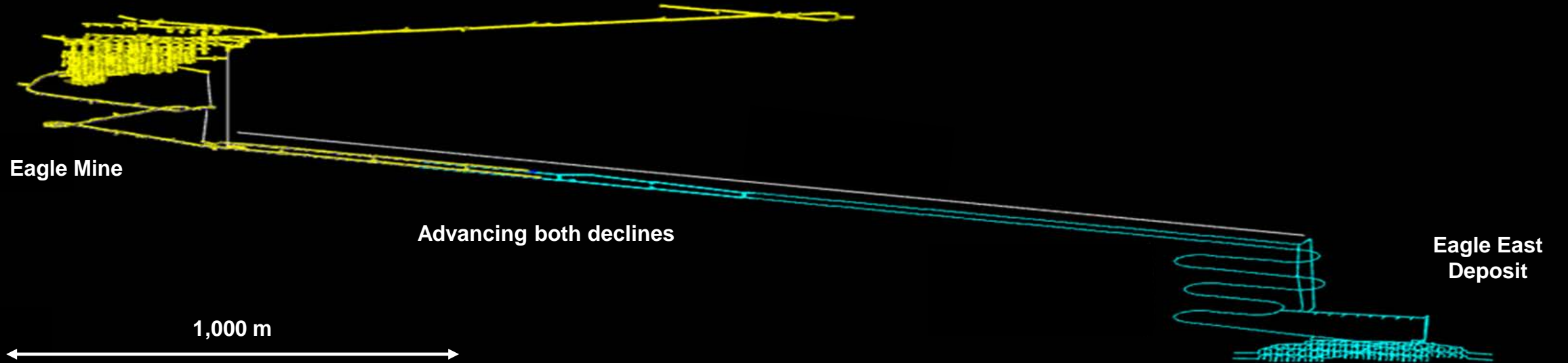
**Nickel, Copper Production & Cash Cost**  
(kt & \$/lb Ni, net of by-product credits)



# Eagle and Eagle East Overview



Existing Access Ramp



Eagle Mine

Advancing both declines

Eagle East Deposit

1,000 m

# Responsible Mining

## Health and Safety

- annually improving our safety performance at all mines

## Environmental Performance

- excellent track record and improving performance each year
- increased reporting and disclosure practices

## Community & Social

- positive community relations and increasing annual social investments at all sites

TMF at Humboldt Mill, Eagle Mine Operations





# Lundin Mining



## High Quality Competitive Mines

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- strong margins at all operations
- demonstrated operational excellence and culture of continuous improvement
- low-risk mining jurisdictions



## Meaningful Scale Growth Oriented

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- exploration upside and high value expansion projects at all operations
- advancing external acquisition initiatives with disciplined criteria



## Financial Strength

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- proven track record for rigorous investment approach, focused on value creation
- substantial flexibility to respond to opportunities

**lundin mining**

TSX: LUN OMX: LUMI