lundin mining

Annual Information Form
For the Year Ended December 31, 2017

March 29, 2018

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DEFINITIONS

In this Annual Information Form all units are SI metric unless otherwise noted. Abbreviations are as defined below unless the context otherwise indicates:

$ means United States dollars.

€ means the Euro.

Ag means silver.

Aguablanca or **Aguablanca Mine** means the Aguablanca nickel and copper mine located approximately 100 km north of Seville in the Extremadura region of southern Spain, which was disposed of during 2016.

AIF **means this Annual Information Form.**
BHR or BHR Partners means BHR Newwood Investment Management Limited, a British Virgin Islands company.

Board or **Board of Directors** means the board of directors of the Company.

C1 cash costs means the costs of mining, milling and concentrating, onsite administration and general expenses, property and production royalties not related to revenues or profits, metal concentrate treatment charges, and freight and marketing costs less the net value of by-product credits.

C$ means Canadian dollars.

Candelaria or **Candelaria Mine** or **Candelaria Copper Mining Complex** means the open pit and underground mines located near Copiapó in the Atacama Province, Region III of Chile owned by Minera Candelaria and Minera Ojos del Salado.

Candelaria 2030 EIA means the EIA entitled “Candelaria 2030 - Project Operational Continuity”, which was submitted to the environmental authorities in September 2013 and approved on July 23, 2015.

Candelaria Report means the NI 43-101 technical report entitled “Technical Report for the Candelaria Copper Mining Complex, Atacama Region, Region III, Chile” dated effective November 30, 2017 prepared for Lundin Mining by Jean-François Couture, PGeo, Glen Cole, PGeo, Benny Zhang, PEng, John Nilsson, PEng, Adrian Dance, PEng, and Cameron C. Scott, PEng, each of whom is a Qualified Person.

CBCA means the *Canada Business Corporations Act*.

CCAA means *Companies' Creditors Arrangement Act*.

CIM means the Canadian Institute of Mining, Metallurgy and Petroleum.

CIM Standards means the definitions adopted by CIM Council on May 10, 2014, which are utilized by the Canadian Securities Administrators in NI 43-101.

CLP means Chilean Peso.

CMOC means China Molybdenum Co., Ltd.

Company or **Lundin Mining** means Lundin Mining Corporation, and where applicable, includes its subsidiaries.

Credit Agreement means the amended and restated credit agreement dated October 7, 2013, as amended by a first amending agreement dated October 27, 2014, a second amending agreement dated January 13, 2015, a third amending agreement dated April 27, 2015, a fourth amending agreement dated October 19, 2016, between the Company and a banking syndicate comprised of The Bank of Nova Scotia, ING Capital LLC, Bank of Montreal, Export Development Canada, Bank of America, N.A., Société Générale and Skandinaviska Enskilda Banken AB.

Cu means copper.

DRC means Democratic Republic of the Congo.

Eagle or **Eagle Mine** or **Eagle Project** means the Eagle nickel and copper mine located in the Upper Peninsula of Michigan, USA, in Michigamme Township, Marquette County.

Eagle East means the high grade massive and semi-massive nickel-copper sulphide mineralisation approximately 2 km east of the Eagle deposit.

Eagle Report means the NI 43-101 technical report entitled "NI 43-101 Technical Report on the Eagle Mine, Michigan, USA" dated April 26, 2017, prepared for Lundin Mining by Graham G. Clow, PEng, Normand L. Lecuyer, P.Eng, David W. Rennie, P.Eng, and Brenna J.Y. Scholey, P.Eng, each of whom is a Qualified Person.

EIA means Environmental Impact Study (Estudio de Impacto Ambiental).

Feasibility Study is defined by CIM and contained in the CIM Standards.

EuroZinc means EuroZinc Mining Corporation, which was acquired by the Company on October 31, 2006 and subsequently amalgamated with the Company effective November 30, 2006.

FMC means Freeport-McMoRan Corporation, a wholly-owned subsidiary of Freeport, formerly called Phelps Dodge Corporation.

Freeport means Freeport-McMoRan Inc., a US-based natural resource company with a portfolio of mineral and oil and gas assets, which owns Freeport Cobalt and owned the majority interest in TF Holdings to November 16, 2016 and was indirectly the majority owner and operator of TFM and, where applicable, includes its subsidiaries to November 16, 2016.

Franco-Nevada means Franco-Nevada Corporation.

Freeport Cobalt means Freeport Cobalt Oy, a large-scale cobalt chemical refinery located in Kokkola, Finland and its related sales and marketing companies.

Galmoy or **Galmoy Mine** means the former Galmoy mine located in County Kilkenny, Ireland, which was disposed of by Lundin in March 2017.

GBS means GBS Gold International Inc.

Gécamines means La Générale des Carrières et des Mines, the government of the DRC state mining company.

G&A means general and administrative.

ha means hectare.

Indenture means the indenture dated October 27, 2014 between the Company and U.S. Bank National Association, as trustee.

IOCG means iron oxide copper gold.

km means kilometre.

Lakota means Lakota Resources Inc.

LOM means life of mine estimate.

Lundin DRC Holdings Ltd. means a Bermuda company indirectly owned by the Company that owned 30% of TF Holdings and was disposed of in April 2017.

m means metre.

Mandate means the Company's audit committee mandate.

MCP means mine closure plan.

MD&A means Management's Discussion and Analysis of results of operations and financial condition of the Company.

Minera Candelaria or **CCMC** means Compañía Contractual Minera Candelaria.

Minera Ojos del Salado means Compañía Contractual Minera Ojos del Salado.

Mineral Reserves are an estimate, as defined by the CIM and contained in the CIM Standards.

Mineral Resources are an estimate, as defined by the CIM and contained in the CIM Standards.

mm means millimetre.

Moody's means Moody's Investors Service.

mtpa means million tonnes per annum.

Neves-Corvo or **Neves-Corvo Mine** means the copper and zinc mine situated approximately 220 km southeast of Lisbon in the Alentejo district of southern Portugal.

Neves-Corvo Report means the NI 43-101 technical report entitled "NI 43-101 Technical Report for the Neves-Corvo Mine, Portugal" dated June 23, 2017 prepared for Lundin Mining by Richard Ellis, BSc, MSc (MCSM), CGeol, EurGeol, FGS, and Phil Newall, BSc (ARSM), PhD (ACSM), CEng, FIMMM, each of whom is a Qualified Person.

Ni means nickel.

NI 43-101 means National Instrument 43-101 "Standards for Disclosure For Mineral Projects" adopted by the Canadian Securities Administrators.

NI 52-110 means National Instrument 52-110 "Audit Committees" adopted by the Canadian Securities Administrators.

North Australia means North Limited of Australia.

NSR means net smelter return.

Order means (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

oz means ounces.

PAC means Pedro Aguirre Cerde, a concentrator located at Candelaria.

Pb means lead.

PGM means platinum group metals.

Phelps Dodge means Phelps Dodge Corporation, a copper mining company which was acquired by Freeport in 2007.

Preliminary Economic Assessment or **PEA** is as defined in NI 43-101.

Purchase and Sale Agreement means the purchase and sale agreement dated October 6, 2014 among the Company, LMC Bermuda Ltd., Franco-Nevada and Franco-Nevada (Barbados) Corporation effective as of July 28, 2015 and as amended on November 4, 2016 and June 20, 2017.

QA/QC is the combination of quality assurance, the process or set of processes used to measure and assure the quality of a product, and quality control, the process of ensuring products and services meet consumer expectations.

QEMSCAN™ Quantitative Evaluation of Minerals by SCANning electron microscopy

Qualified Person means a qualified person as defined in NI 43-101.

RBI means RB Energy Inc.

Rio Tinto means the Rio Tinto Group.

S&P means Standard & Poor's Ratings Services.

SAG means semi-autogenous grinding.

SEC Guide 7 means the United States Securities and Exchange Commission Guide 7 under the United States Securities Act of 1933, as amended.

SEDAR means the System for Electronic Document Analysis and Retrieval.

SEK means Swedish kronor.

SERNAGEOMIN means Chile's Servicio Nacional de Geología y Minería.

SG means specific gravity.

Sirocco means Sirocco Mining Inc.

Somincor means Sociedade Mineira de Neves-Corvo, S.A. (Portugal), a wholly-owned indirect subsidiary of the Company that owns the Neves-Corvo Mine located in Portugal.

Stock Purchase Agreement means the definitive stock purchase agreement dated October 6, 2014 between the Company and a subsidiary of Freeport for the purchase of Candelaria from Freeport which was completed on November 3, 2014.

Stock Purchase Agreement – BHR means the definitive stock purchase agreement dated November 15, 2016 between the Company, Tenke Holdings Ltd. and BHR for the sale of the Company's indirect interest in TF Holdings.

Sumitomo means Sumitomo Metal Mining Co., Ltd and Sumitomo Corporation and, where applicable, includes their subsidiaries.

TC/RC means Treatment Charge (TC) and Refining Charge (RC).

Technical Reports means the Candelaria Report, Eagle Report, Neves-Corvo Report, and Zinkgruvan Report.

Tenke or **Tenke Fungurume** or **Tenke Fungurume Mine** means the Tenke copper and cobalt mine located in the southeast region of the DRC (formerly, Katanga Province).

TF Holdings means TF Holdings Limited (formerly, Lundin Holdings Ltd.), a Bermuda company owned 30% by Lundin DRC Holdings Ltd. and 70% by CMOC International DRC Holding Ltd., a wholly-owned subsidiary of CMOC, which owns a controlling 80% interest in TFM.

TFM means Tenke Fungurume Mining SA, a Congolese company that owns the Tenke Fungurume mine.

tpa means tonnes per annum.

tpd means tonnes per day.

TSF means tailings storage facility.

TSX means the Toronto Stock Exchange.

TSX-V means the TSX Venture Exchange.

US means the United States.

Wheaton PMC means Wheaton Precious Metals Corporation (formerly Silver Wheaton Corp. and Silverstone Resources Corp.)

ZEP means the Zinc Expansion Project.

Zinkgruvan or **Zinkgruvan Mine** means the Zinkgruvan zinc and lead mine located approximately 250 km south-west of Stockholm in south-central Sweden.

Zinkgruvan Report means the NI 43-101 technical report entitled "NI 43-101 Technical Report for the Zinkgruvan Mine, Sweden" dated November 30, 2017 prepared for Lundin Mining by Richard Ellis, BSc, MSc (MCSM), CGeol, EurGeol, FGS, Philip King, BSc, CEng, FIMMM, and Tim Daffern, BEng, CEng, MBA, FIMMM, FAusIMM, MSME, MCIM, ACSM, each of whom is a Qualified Person.

Zn means zinc.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of applicable Canadian securities laws. All statements other than statements of historical facts included in this AIF, including but not limited to statements regarding the prospects of the industry and the Company's prospects, plans, future financial and operating performance and business strategy, constitute forward-looking information. Forward-looking information is based on current expectations, estimates, forecasts and projections as well as beliefs and assumptions made by the Company's management. Such statements include, in particular, statements about the Company's plans, prospects, position, future results, and business strategies; the timing and amount of future production; costs of production; permitting timelines; timing and possible outcome of pending litigation (including but not limited to that described under "Legal Proceedings" section of this AIF); the Company's Technical Reports, or any Preliminary Economic Assessment (or PEA) or Feasibility Study, including, without limitation, with respect to Mineral Resource and Mineral Reserve estimates, life of mine estimates (or LOM), and mine and mine closure plans (or MCPs); the parameters and assumptions underlying the Mineral Resource and Mineral Reserve estimates and financial analysis; anticipated market prices of metals, currency exchange rates, and interest rates; the Company's anticipated capital and operating costs for its material mineral properties; the development and implementation of the Company's Responsible Mining Management System; the Company's ability to comply with contractual and permitting or other regulatory requirements; the receipt and maintenance of all necessary permitting and approvals; the Company's intentions with respect to exploration and development activities at its projects (including but mot limited to Eagle East, Los Diques Tailings Storage Facility (TSF) at Candelaria and Zinc Expansion Project (or ZEP) at Neves-Corvo); and expectations regarding the results of operations and production at the Company's mines. Words such as "anticipate", "assumption", "continue", "contingent", "endeavour", "estimate", "expect", "exploration", "feasibility", "flexibility", "forecast", "focus", "foresee", "future", "guidance", "initiative", "intend", "likely", "model", "objective", "opportunity", "option", "outlook", "PEA", "phase", "plan", "potential", "predict", "preliminary", "project", "probable", "proposed", "prospect", "risk", "seek", "strategy", "study", "target" or "uncertainty", or or similar terminology or statements that certain actions, events or results "could", "may", "might", "should", "would", or "will" be taken, occur, or be achieved, or the negatives or variations of any of the foregoing terms or expressions, are intended to identify such forward-looking information. Forward-looking information is based on various factors and assumptions including, without limitation, the expectations and beliefs of management that the Company can access financing, appropriate equipment and sufficient labour, future price of metals, anticipated costs, ability to achieve goals, and that the political environment in which the Company operates will continue to support the development and operation of mining projects. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, metal price volatility, discrepancies between actual and estimated production, Mineral Reserve and Mineral Resource estimates, and metallurgical recoveries, mining operational and development risks, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), changes in national and local government legislation, taxation, controls or regulations and/or change in the administration of laws, policies and practices, expropriation or nationalization of property and political or economic developments in jurisdictions in which the Company carries on business, or may carry on business in the future, delays, suspensions or technical challenges associated with capital projects, higher prices for fuel, steel, power, labour and other consumables, currency fluctuations, the speculative nature of gold exploration, the global economic climate, dilution, share price volatility, competition, loss of key employees, additional funding requirements and defective title to mineral claims or property. Although the Company believes that the 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 and statements are subject to a variety of known and unknown risks and uncertainties, and ultimately, actual events or results may differ materially from those reflected in the forward-looking information. Risks and uncertainties that may impact the Company's performance include, without limitation, risks associated with operating in foreign countries; uncertain political and economic environments; community activism, shareholder activism. and risks related to negative publicity with respect to the Company or the mining industry in general; changes in laws, regulations or policies including but not limited to those related to permitting and approvals, environmental management, labour, trade relations, and transportation; risks associated with business arrangements and partners over which the Company does not have full control; risks associated with acquisitions and related integration efforts; competition; development or mining results not being consistent with the Company's expectations; estimates of future production; operating and cash costs estimates; allocation of resources and capital; litigation; uninsurable risks; volatility in metal prices; the estimation of asset carrying values; funding requirements and availability of financing; indebtedness; foreign currency fluctuations; interest rate volatility; changes in the Company's share price, and equity markets, in general; changing taxation regimes; counterparty and credit risks; health and safety risks; risks related to the environmental impact of the Company's operations and products and management thereof; unavailable or inaccessible infrastructure and risks related to ageing infrastructure; risks inherent in mining including but not limited to risks to the environment, industrial accidents, catastrophic equipment failures, unusual or unexpected geological formations, or unstable ground conditions; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; ore processing efficiency; risks relating to attracting and retaining of highly skilled employees; ability to retain key personnel; the potential for and effects of labour disputes (including but not limited to at Neves-Corvo) or other unanticipated difficulties with or shortages of labour or interruptions in production; the price and availability of energy and key operating supplies or services; the inherent uncertainty of exploration and development, and the potential for unexpected costs and expenses; risks associated with the estimation of Mineral Resources and Mineral Reserves and the geology, grade and continuity of mineral deposits including but not limited to models relating thereto; natural phenomena such as earthquakes, flooding, and unusually severe weather; potential for the allegation of fraud and corruption involving the Company, its customers, suppliers or employees, or the allegation of improper or discriminatory employment practices, or human rights violations; security at the Company's operations; breach or compromise of key information technology systems; materially increased or unanticipated reclamation obligations; risks related to mine closure activities; ; risks related to legacy sites; title risk and the potential of undetected encumbrances; risks associated with the structural stability of waste rock dumps or tailings impoundments; and other risks and uncertainties, including but not limited to those described in the "Risk and Uncertainties" section of this AIF and the "Managing Risks" section of the Company's annual management's discussion and analysis available under the Company's SEDAR profile at www.sedar.com. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, forecast or intended. 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 information. Accordingly, there can be no assurance that forward-looking information will prove to be accurate, and so readers are advised not to place undue reliance on forward-looking information. The forward-looking information contained herein speaks only as of the date of this AIF. The Company does not undertake to update such forward-looking information unless required under applicable laws.

1. INTRODUCTION

1.1. Date of Information

All information in this AIF is as of December 31, 2017 unless otherwise indicated.

1.2. Currency

The Company reports its financial results and prepares its financial statements in US dollars. All currency amounts in this AIF are expressed in US dollars, unless otherwise indicated. The period-end US dollar exchange rates for the Company's principal operating currencies and for the Canadian dollar were as follows:

As at December 31	2017	2016	2015
Canadian dollar (C$)	1.2518	1.3427	1.3840
Chilean Peso (CLP)	614.75	669.47	710.16
Euro (€)	0.8338	0.9487	0.9185
Swedish krona (SEK)	8.2322	9.0971	8.3524

1.3. Accounting Policies and Financial Information

Financial information is presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and with interpretations of the International Financial Reporting Interpretations Committee which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting.

1.4. Technical Information

In this AIF, the definitions of Proven and Probable Mineral Reserves and Measured, Indicated and Inferred Mineral Resources are those used by Canadian Securities Administrators and conform to the definitions utilized by the CIM in the CIM Standards. Where Mineral Resources are stated alongside Mineral Reserves, those Mineral Resources are inclusive of, and not in addition to, the stated Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Any Preliminary Economic Assessment is preliminary in nature and this AIF refers to Preliminary Economic Assessments that are based on Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves.

Unless otherwise stated, the scientific and technical information in this AIF has been reviewed and approved by Mr. Stephen Gatley, Vice President, Technical Services of Lundin Mining and Mr. Graham Greenway, Group Resource Geologist of Lundin Mining. Each is a "Qualified Person" under NI 43-101. Messrs. Gatley and Greenway are not independent of Lundin Mining for purposes of NI 43-101 as Mr. Gatley is an officer of Lundin Mining and Mr. Greenway is Group Resource Geologist of the Company.

The estimates of Mineral Reserves and Mineral Resources discussed in this AIF may be affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing and other relevant issues. The Company's current Technical Reports, which are available on SEDAR under the Company's profile at www.sedar.com, contain further details regarding Mineral Reserve and Mineral Resource estimates, classification, reporting parameters, key assumptions and risks for each of the Company's material mineral properties.

1.5. Other

The Company's website is provided herein for informational purposes only. Information contained on the Company's website should not be deemed to be a part of this AIF.

2. CORPORATE STRUCTURE

2.1. Name, Address and Incorporation

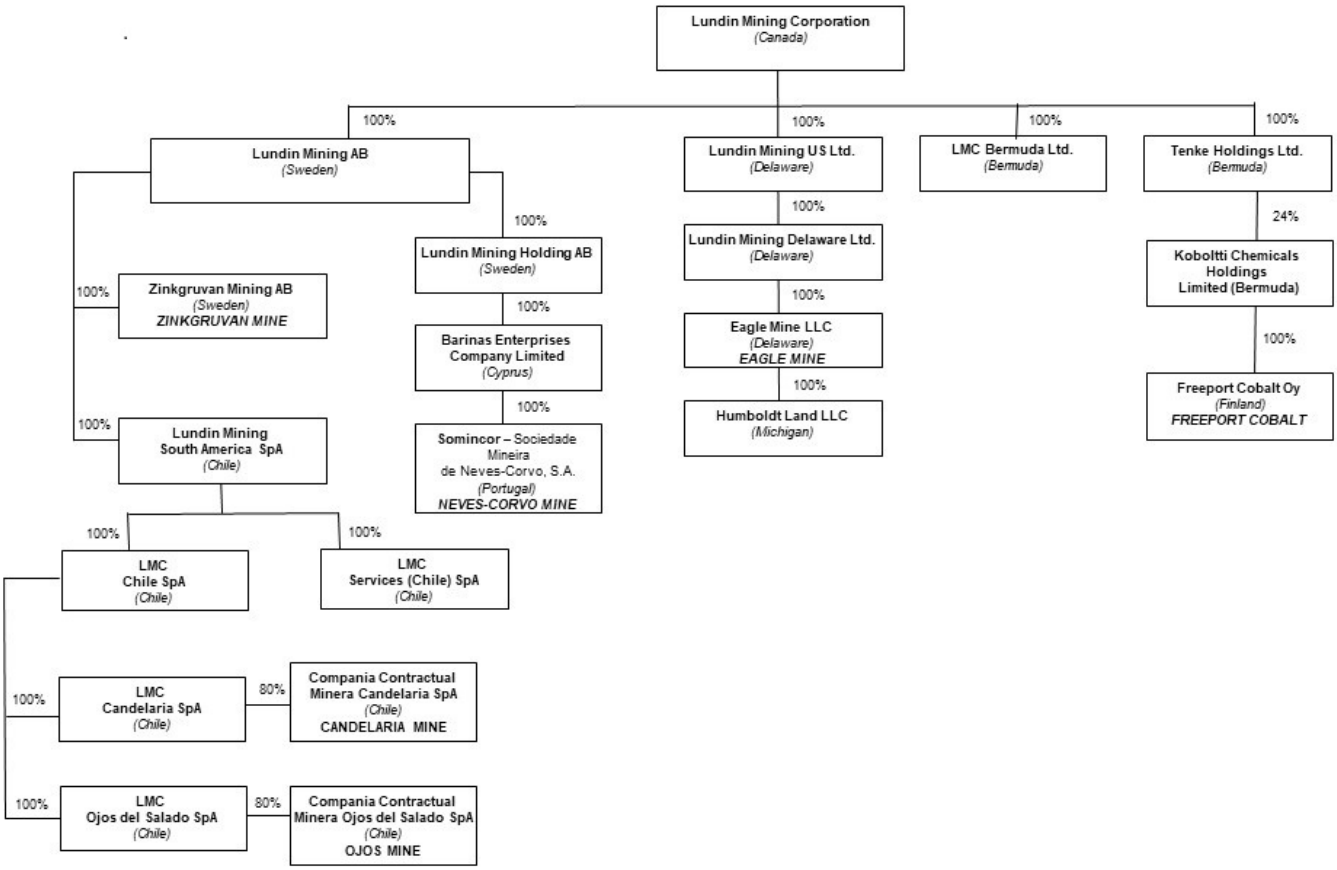
Lundin Mining was incorporated by Articles of Incorporation on September 9, 1994, under the CBCA as "South Atlantic Diamonds Corp." and subsequently changed its name to "South Atlantic Resources Ltd." on July 30, 1996, and to "South Atlantic Ventures Ltd." on March 25, 2002. The Company changed its name to "Lundin Mining Corporation" on August 12, 2004.

The Company amalgamated with EuroZinc effective November 30, 2006 and with Tenke Mining Corp. effective July 31, 2007.

The Company's registered and records office and corporate head office is located at 150 King Street West, Suite 1500, Toronto, Ontario, Canada M5H 1J9.

2.2. Inter-Corporate Relationships

A significant portion of the Company's business is carried on through its various subsidiaries. The following chart illustrates the Company's material subsidiaries, including their respective jurisdiction of incorporation and the percentage of votes attaching to all voting securities of each subsidiary that are beneficially owned, controlled or directed, directly or indirectly, by the Company as at December 31, 2017:



3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1. Three Year History

Recent Developments

2017

- On February 22, 2017, the Company declared its first dividend of C$0.03 per share for payment in April 2017.
- On March 22, 2017, all of the issued and outstanding shares of Galmoy Mines Limited, the owner of the Galmoy Mine, were sold to an affiliate of the Lanes Group plc, who has in turn assumed all of the assets and liabilities of Galmoy.
- On April 19, 2017 the Company completed the sale of its indirect interest in TF Holdings to an affiliate of BHR Partners for $1.136 billion. The Company's effective 24% interest in Tenke was held through its 30% indirect interest in TF Holdings.
- On April 27, 2017, the Company filed an updated Technical Report for the Eagle Mine. The Eagle Report incorporates updates to Eagle mine's operations and the results of a Feasibility Study on the high-grade Eagle East nickel/copper mineralization. Refer to the news release of the same date entitled "Lundin Mining Files Updated Technical Report for the Eagle Mine" on the Company's website (www.lundinmining.com).
- On May 11, 2017, the Company reported the results of a Feasibility Study on the ZEP at its Neves-Corvo mine. Refer to the news release of the same date entitled "Lundin Mining Announces Neves-Corvo Zinc Expansion Project Feasibility Study Results" on the Company's website. On June 23, 2017, the Company filed an updated Technical Report for the Neves-Corvo Mine in Portugal, incorporating the results of the Zinc Expansion Project Feasibility Study previously announced on May 11, 2017. Refer to the news release entitled "Lundin Mining Files Updated Technical Report for the Neves Corvo Mine" dated June 23, 2017 on the Company's website.
- On September 5, 2017, the Company reported its Mineral Resource and Mineral Reserve estimates as at June 30, 2017. On a consolidated and attributable basis, contained metal in the Proven and Probable Mineral Reserve categories totaled 3,232 kt of copper, 3,415 kt of zinc and 130 kt of nickel. Refer to the news release entitled "Lundin Mining Announces 2017 Mineral Resource and Mineral Reserve Estimates" dated September 5, 2017 on the Company's website.
- On November 20, 2017, the Company redeemed all of its 7.50% Senior Secured Notes due 2020 at the redemption price of 103.75% of the principal amount of the 7.50% Senior Secured Notes due 2020 for a total redemption price of $570.6 million plus accrued and unpaid interest in accordance with the Indenture.
- On November 30, 2017, the Company filed an updated Technical Report for the Candelaria Copper Mining Complex in Chile, and an updated Technical Report for the Zinkgruvan Mine in Sweden. Refer to the news release of the same date entitled "Lundin Mining Files Updated Technical Reports for Candelaria and Zinkgruvan" on the Company's website.

2016

- On May 9, 2016, the Company received notice from Freeport that it had entered into an agreement to sell its indirect interest in TF Holdings to CMOC, subject to the Company's right of first offer to acquire Freeport's indirect interest in TF Holdings.
- On June 29, 2016, the Company reported a maiden Inferred Mineral Resource estimate for Eagle East. Eagle East is located 2 km east and 650 m below the Eagle deposit. The Company also announced the results of a Preliminary Economic Assessment that indicate that these

Inferred Mineral Resources can potentially be mined with no significant changes to the current mine, ore transport, mill and tailings disposal infrastructure. Similar mining methods to Eagle are proposed and the potential mine production will significantly increase nickel and copper production from 2020 and extend the mine life to at least the end of 2023. Given the results of the Preliminary Economic Assessment, the Company initiated a Feasibility Study on Eagle East. Refer to the news release of the same date entitled "Lundin Mining Announces Eagle East Mineral Resources, PEA Results and Project Commencement" on the Company's website.

- On October 20, 2016, the Company executed an amending agreement to its $350 million revolving credit facility that reduced the costs of borrowing and extended the term to June 2020, from October 2017.
- On November 15, 2016, the Company entered into the Stock Purchase Agreement - BHR to sell its indirect interest in the Tenke Fungurume Mine by selling its indirect shareholdings in TF Holdings to an affiliate of BHR Partners, a Chinese private equity firm, for $1.136 billion in cash and contingent consideration of up to $51.4 million, consisting of $25.7 million if the average copper price exceeds $3.50 per pound and $25.7 million if the average cobalt price exceeds $20 per pound, both during a 24-month period beginning on January 1, 2018. In connection with its announced sale, Lundin Mining waived its right of first offer which allowed Freeport to complete its sale of its interest to CMOC on November 16, 2016.
- On November 30, 2016, the Company announced that the Board of Directors approved a dividend policy (the "Dividend Policy") providing for the payment of a regular quarterly dividend of C$0.03 per common share commencing in 2017, subject to Board approval.
- On November 29, 2016, the Company divested of Aguablanca in Spain through the transfer of all the shares of Rio Narcea Recursos S.A. ("RNR") to Valoriza Mineria, a subsidiary of Grupo Sacyr. The assets of RNR included Aguablanca and other exploration licenses. The Company provided funding of approximately €30 million to support environmental, employee and other liabilities.

2015

- On April 7, 2015, the Company reported Mineral Reserve estimates for two orebodies at the Candelaria Mine, known as Susana and Damiana, located to the immediate south and below the current open pit.
- On June 2, 2015, the Company reported that exploration drilling near the Eagle Mine intersected a new zone of high-grade massive and semi-massive nickel-copper sulphide mineralization (now known as Eagle East). The discovery is located approximately two km east of the Eagle deposit, and is a consequence of the step-out drilling program described in the Company's press release dated July 16, 2014.
- On July 23, 2015, the Company received approval of the Candelaria 2030 EIA for the extension of operations and mine life for the Candelaria Mine in Chile, also known as the Candelaria 2030 Project.
- On July 29, 2015, the Company reported it had completed an updated mine plan and annual sustaining capital cost estimate for Candelaria. The new plan was expected to result in an improved production and operating cost profile over the next four-year period, as compared to the mine plan that was summarized in the previous technical report for the Candelaria Mine.

4. SIGNIFICANT ACQUISITIONS

There were no significant acquisitions during 2017.

5. DESCRIPTION OF THE BUSINESS

Lundin Mining is a diversified Canadian base metals mining company with operations in Chile, the US, Portugal, and Sweden, primarily producing copper, zinc and nickel. In addition, Lundin Mining holds an indirect 24% equity stake in the Freeport Cobalt business, which includes a cobalt refinery located in Kokkola, Finland.

5.1 Principal Products and Operations

Lundin Mining's principal products and sources of sales are copper, zinc, and nickel concentrates from Candelaria, Eagle, Neves-Corvo and Zinkgruvan. Lundin Mining also holds a minority interest in Freeport Cobalt. Information related to Lundin Mining's segmented information is set forth in Note 25 to the annual consolidated financial statements for the year ended December 31, 2017 and the MD&A for the year ended December 31, 2017 discusses each operation that is separately defined as a segment. Both of these documents are filed on the Company's SEDAR profile at www.sedar.com.

Production from operations was as follows:

Contained metal (tonnes)[1]	2017	2016	2015
Copper[2]	215,921	256,980	282,210
Zinc	149,319	148,050	145,372
Nickel	22,081	24,114	34,380

(1) Includes production from Aguablanca to October 2015.
(2) The Company's attributable share of copper production reflects its 80% interest in Candelaria and 24% interest in the Tenke Fungurume Mine prior to its sale on April 19, 2017.

5.2 Employees

As of December 31, 2017, Lundin Mining had a total of approximately 3,535 employees and 5,072 contract employees located in Canada, Chile, Portugal, Sweden, United Kingdom, United States and other exploration locations for a total equivalent full-time employment of 8,607 people. This includes temporary personnel working on the Eagle East, Candelaria Los Diques, Neves-Corvo Zinc Expansion and other company projects.

The Company's success at mining and marketing its minerals is reliant on the services of key employees and contractors, as well as the development and continued relationships with certain third parties, including geologists, engineers, metallurgists and other personnel with specialized skill and knowledge.

5.3 Foreign Operations

The Company currently owns, among other interests, 80% of Candelaria in Chile, 100% of Eagle Mine in the US, 100% of Neves-Corvo in Portugal, 24% of Freeport Cobalt in Finland, and 100% of Zinkgruvan in Sweden. The Company's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to those described under "Risks and Uncertainties" below. Any changes in regulations or shifts in political attitudes in such foreign countries are beyond the control of the Company and may adversely affect its business. Future development and operations may be affected in varying degrees by such factors as government regulations (or changes thereto) with respect to restrictions on production, export controls, import restrictions, such as restrictions applicable to, among other things, equipment, services and supplies, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use, surface land access, land claims of local people and mine safety. The effect of these factors cannot be accurately predicted. See also "Risks and Uncertainties" below.

5.4 Environmental Protection Requirements

The Company's mining, exploration and development activities are subject to various levels of federal, provincial, state and local laws and regulations relating to the protection of the environment, including requirements for closure and reclamation of mining properties. The Company's total liability for reclamation and closure cost obligations at December 31, 2017 was $245 million. Reclamation expenditures for the year ended December 31, 2017 were $2.2 million. See "Health, Safety, Environment and Community" below and the disclosure regarding environmental matters under the respective descriptions of the Company's material mineral properties herein for further details regarding environmental matters.

5.5 Health, Safety, Environment and Community

Lundin Mining conducts its business responsibly and in a manner designed to protect its employees, nearby communities and the environment. Lundin Mining respects human rights and is committed to achieving a safe, productive and healthy work environment for its employees and contractors. The Company seeks to create sustainable value for employees, business partners and the communities in which it operates. The Company and its operations endeavour to comply with all applicable legal requirements, and to go beyond those requirements where deemed appropriate in the interest of the Company or its stakeholders.

To ensure that Lundin Mining meets its health, safety, environment and community ("HSEC") commitments, the Company has adopted a Responsible Mining Management System, a corresponding Responsible Mining Policy, and a group of supporting management system standards that govern operational activities. The Responsible Mining Policy was formally approved by the Board in 2015.

The objectives of the Responsible Mining Management System are:

- To ensure that formal systems, processes and controls are designed and implemented to achieve a safe, productive and healthy work environment for all employees and contractors.
- To ensure formal systems are in place to avoid or manage social impacts to communities, to uphold fundamental human rights and respect cultures, customs, and values while engaging in open and inclusive dialogue with communities, employees, and others who are affected by the Company's activities.
- To generate shared value through the Company's projects, providing tangible support to local communities and host regions by working with communities, local governments and other organizations to promote sustainable development.
- To avoid, minimize or mitigate environmental impacts of operations and ensure appropriate management and monitoring systems are in place at all times.
- To ensure robust corporate governance processes underpin corporate responsibility commitments while maintaining high standards of ethics in all aspects of the Company's business.

As part of the Responsible Mining Management System, HSEC commitments and objectives are integrated into Company activities as follows:

- The Company evaluates and considers HSEC risks and opportunities during business planning and decision-making processes.
- The Company applies the principles of continuous improvement to HSEC performance though the use of defined targets and objectives.
- The Company has established clear HSEC accountabilities for all employees.
- The Company advises and trains employees and contractors to assist them with meeting HSEC requirements and commitments.

- The Company designs, develops and operates its facilities to minimize the environmental impact of its operations; efficiently using energy, water and other resources; reducing or preventing pollution; and managing waste responsibly.

- The Company develops and maintains operational closure plans and, wherever practicable, progressively rehabilitates non-active operational areas using environmentally sound methods.

- The Company engages its employees, contractors, communities, regulators and other interested parties to ensure that stakeholder concerns are considered in managing business activities.

For the purpose of assurance, Company management regularly monitors and reviews operational activities, and publicly reports HSEC performance against objectives and targets.

For additional information on Lundin Mining's Responsible Mining Policy or HSEC performance, please consult the most recent Sustainability Report which is available on the Company's website at www.lundinmining.com.

5.6 Description of Properties

Lundin Mining's material mineral properties are Candelaria, Eagle, Neves-Corvo and Zinkgruvan. The following summaries below are derived, in part, from the Technical Reports. The information below in this section has been prepared by Mr. Stephen Gatley, Vice President, Technical Services of the Company and Mr. Graham Greenway, Group Resource Geologist of the Company, each of whom is a Qualified Person. For more detailed information in respect of Lundin Mining's material mineral properties, refer to the Technical Reports.

5.6.1.1 CANDELARIA MINE

The following information is based, in part, on the Candelaria Report. Non-material updates since the date of the Candelaria Report are based on the Company's previously filed financial statements and MD&As. The Candelaria Report is available under Lundin Mining's SEDAR profile at www.sedar.com.

5.6.1.1.1 Project Description, Location and Access

The Candelaria Copper Mining Complex comprises two adjacent copper mining operations, Candelaria and Ojos del Salado, that produce copper concentrates from open pit and underground mines. Candelaria is an open pit and underground mine providing copper ore to an on-site concentrator with a capacity of 75,000 tpd per day, and Minera Ojos del Salado comprises two underground mines: Santos and Alcaparrosa. The Santos mine provides copper ore to an on-site concentrator with a capacity of 3,800 tpd, while ore from the Alcaparrosa mine is treated at the Minera Candelaria processing plant. The Candelaria Copper Mining Complex is indirectly owned by Lundin Mining (80%) and Sumitomo (20%).

The Candelaria Copper Mining Complex is located in Chile's Atacama Region, Region III, at an elevation of approximately 650 m above sea level, 20 km south of the city of Copiapó and 650 km north of Santiago. The properties are easily accessed using the public road system. Personnel employed at the Candelaria Copper Mining Complex come primarily from the Copiapó region. Copiapó is a modern city with all regular services and a population of approximately 160,000. Copiapó regional airport is serviced by regional flights from Santiago and other destinations on a daily basis.

The Minera Candelaria property comprises 249 mining exploitation concessions (approximately 5,855 ha) and 65 mining exploration concessions (approximately 6,580 ha). The Ojos del Salado property comprises 192 mining exploitation concessions (approximately 9,273 ha) and 38 mining exploration concessions (approximately 6,848 ha). The tenements are free of mortgages, encumbrances, prohibitions, injunctions, and litigation. The tenements containing the active and future mining activities are not affected by royalties.

Exploration concessions have a duration of two years and the titleholder must pay a fee of approximately $1.60 per hectare to the Chilean Treasury. At the end of this period, they may: (i) be renewed as an exploration concession for two additional years in which case at least 50% of the surface area must be renounced, or (ii) be converted, totally or partially, into exploitation concessions. Exploitation concessions are of indefinite duration and an annual fee is payable to the Chilean Treasury of approximately $8 per hectare.

5.6.1.1.2 History

The Candelaria sulphide deposit was discovered by Phelps Dodge in 1987. A Feasibility Study was completed in 1990 and, following approval by the Chilean government, construction started in October of 1992. Sumitomo acquired a 20% stake in the property in 1992. Production commenced in early 1995.

In 2007, property ownership changed when Freeport acquired Phelps Dodge.

During 2011, a pipeline was completed to bring water from a nearby sewage treatment facility to the Candelaria Mine. A desalination plant at the port of Caldera was built and commissioned in 2013 at a capacity of 500 litres per second.

The Santos underground mine has been in production since 1929, with processing taking place at what is now called the PAC plant. Phelps Dodge became sole owner of Minera Ojos del Salado and the Santos mine and PAC plant in 1985. The PAC plant has been expanded several times to its current capacity of 3,800 tpd. Sumitomo acquired its 20% interest in Minera Ojos del Salado in 2005.

In early 1996, production from the Alcaparrosa underground mine commenced.

In November 2014, Lundin Mining acquired Freeport's interest in the Candelaria Copper Mining Complex.

In 2015, the Candelaria 2030 project, including the new Los Diques tailings management facility, received environmental approval from Chilean regulators. Construction of Los Diques commenced in 2016 after the receipt of the major construction permits. Construction continued throughout 2017 and first tailings were placed during the first quarter 2018.

During 2017, permits were granted to allow the Candelaria Underground operations to expand from 6,000 to 14,000 tpd and the Alcaparrosa environmental permit was extended until 2022.

The Candelaria Copper Mining Complex has been a significant producer of copper since the mid-1990s. In the last four years, annual payable copper and gold metal in concentrates sold varied between 163 and 184 kilotonnes, and 94,000 and 104,000 oz, respectively.

5.6.1.1.3 Geological Setting, Mineralisation and Deposit Type

The Candelaria sulphide deposit is located at the boundary between the Coastal Cordillera and the Copiapó Precordillera. The Coastal Cordillera of Chañaral and Copiapó is composed of Permian to Lower Cretaceous intrusions within a basement of metasedimentary rocks of Devonian to Carboniferous age. Volcanic, volcaniclastic, and marine carbonate rocks represent intra- and back-arc sequences that were deposited during early to mid-cretaceous period.

The Candelaria, Santos, and Alcaparrosa mines are located in the district of Punta del Cobre. The polymetallic sulphide deposits are hosted in volcanic rocks of the Punta del Cobre Formation. Polymetallic sulphide deposits in the Punta del Cobre district are located to the east of the main branches of the Atacama fault zone, a subduction-linked strike-slip fault system stretching over 1,000 km along the Chilean coast and active at least since the Jurassic period. The dominant structural elements of the Punta del Cobre area are the northeast-trending Tierra Amarilla Anticlinorium, a southeast verging fold-and-thrust system, and a series of north-northwest to northwest-trending high-angle faults.

The copper-gold sulphide mineralization found at the Candelaria Copper Mining Complex, which is generally referred to as IOCG mineralization, is located within the thermal aureole of the Lower Cretaceous magmatic arc plutonic suite in the Candelaria-Punta del Cobre district. Depending on lithology and the structural setting, the polymetallic sulphide mineralization can occur as veins, hydrothermal breccias, replacement mantos, and calcic skarns within andesite and tuff units. There are also some localized controls to mineralization in the form of faults, breccias, veins, and foliation. Candelaria has become an exploration model for Andean-type IOCG deposits that display close relationships to the plutonic complexes and broadly coeval fault systems.

The main mineralized body at the Candelaria mine is up to 400 m thick in its central part and thins towards the edges. In east-west sections, the mineralization has a lenticular, downward concave shape with a steep eastern limb and a shallowly dipping western limb. The shape of the mineralized body in north-south section is irregular. In plan view, the extent of the mineralization is approximately 1,400 m by 2,400 m. The mineralized body was folded after its formation. The north-northeast-trending fold axis corresponds to the Tierra Amarilla Anticline.

In the Santos mine, three styles of mineralized bodies are observed: veins, mantos, and breccia bodies. An important vein in the Santos mine is the Isabel Vein, which has a northwest striking orientation, and extends over 1 km in length and between 4 and 30 m in width. Manto-type mineralization occurs as tabular bodies located at two sedimentary horizons located in the floor and roof of the albitophyre. The manto mineralization is characterized by variable iron contents with magnetite common in the north and deeper areas, and specular hematite in the south. Mineralization occurs within breccia bodies which are typically contained with the albitoforo and lower andesite and is formed by steeply west-dipping and north-northwest- to northwest-striking bodies.

Mineralization at the Alcaparrosa mine principally occurs as mantos that trend to the northeast and dip to the west. Ore mineralogy consists of chalcopyrite, pyrite, and magnetite, with trace pyrrhotite, molybdenite, and arsenopyrite. Mineralization at the Alcaparrosa mine also occurs as veinlets defining dense stockwork, breccias as well as fine dissemination in biotite meta-andesites. High-grade bodies are also found in massive veins striking north-northwest, north, and east.

5.6.1.1.4 Exploration

Ongoing exploration is conducted by Candelaria Copper Mining Complex with the primary purpose of supporting mining and increasing estimated Mineral Resources and Mineral Reserves available for mining. Exploration is focused on the known mantos, veins, and breccia masses in proximity to existing underground infrastructure. Historically, this strategy has proven very effective in defining new estimated Mineral Resources and Mineral Reserves available for underground mining. Much of the exploration is conducted from underground, requiring significant underground development to provide adequate drilling stations. Regional exploration is also undertaken on the large properties surrounding the mines to identify targets and define new areas with Mineral Resource estimates. All existing exploration information is being compiled into a comprehensive 3D model to allow for evaluation and prioritization of exploration efforts.

From 2010 to December 2017, more than $210 million was invested in exploration primarily below the Candelaria open pit, to the north and south, and at the three underground mines. This exploration has resulted in a significant expansion of the Mineral Resource and Mineral Reserve estimates of the underground mines, and contributed to the extension of their LOM.

5.6.1.1.5 Drilling

Mineral Resources are estimated based on information obtained from surface and underground drill holes. In 2017, 47 diamond drill holes have been drilled in and around the Candelaria open pit mine. In the Santos and Alcaparrosa mines, 92 and 59 diamond drill holes were drilled, respectively, and 226 holes were drilled in Candelaria underground (North and South sectors). There were also 21 brownfield exploration holes drilled in the district during 2017. Up to 16 drill rigs were employed during the year and a total of 149,758 m were drilled. The drilling and sampling procedures used are consistent with generally recognized industry best practices.

5.6.1.1.6 Sampling, Analysis and Data Verification

Analytical samples informing the Candelaria Open Pit Mineral Resources were prepared and assayed at the Candelaria mine site. Analytical samples informing the Ojos del Salado Mineral Resource estimates were prepared and assayed by Intertek (formerly Vigalab) in Tierra Amarilla, Chile, an independent laboratory. Minera Candelaria uses Intertek in Copiapó as an umpire laboratory. Assays are conducted for copper, silver, gold, zinc and iron. SG is measured systematically over the full sample intervals. The results of the drill program are described in the Candelaria Technical report.

All drilling assay samples are collected by a contractor under the direct supervision of a mine geologist. Samples from Candelaria are processed and analyzed entirely at the mine site. Samples from Ojos del Salado are shipped directly from the property to the Intertek laboratory in Tierra Amarilla, an independent laboratory. Sample security involved maintaining the chain of custody of samples to prevent inadvertent contamination or mixing of samples and rendering active tampering as difficult as possible.

The analytical quality control program implemented at Candelaria and Ojos del Salado includes the use of control samples (coarse and pulp duplicate samples and reference material samples) inserted within all batches submitted for assaying.

Since 2016, exploration data are managed through an AcQuire database, which includes quality control management features for sample coordinates from borehole surveys and data management tools. Sample numbering and labelling is controlled through AcQuire, including insertion of quality control samples and consignment notes to the primary laboratories. Analytical results are received electronically and managed through AcQuire with quality control filters. Samples outside defined limits are rejected by AcQuire and flagged for further investigation. The AcQuire system includes features for reporting analytical results and preparing bias charts and time series plots.

5.6.1.1.7 Mineral Processing and Metallurgical Testing

The Candelaria Copper Mining Complex maintains regular metallurgical testing programs that are incorporated with historical testing results and mill performance into a statistical model to predict and improve the complex's processing performance in terms of mill throughput, metal recovery to concentrate, and final concentrate grade. Metallurgical tests are executed in a number of specialized in-house and commercial facilities. Testing includes rock hardness classification, mineralogy using QEMSCAN™ technology and bench scale flotation testing that is correlated with industrial scale performance in order to predict mill throughput and metallurgical performance. A similar but less intense program is underway for the PAC plant.

New metallurgical tests were initiated in late 2016 as part of a Feasibility Study to evaluate potential throughput increases at the Candelaria mill. The material tested was a blend of ore considered representative of future feedstock. Testwork included SAG and ball mill pilot testing, specific SAG design tests, bench scale flotation kinetic modelling and automated scanning electron microscopy. Results and analysis from this testwork programme were evaluated using the Ausenco Ausgrind methodology to improve confidence in the estimated throughput for the Life of Mine plan.

In parallel with the mill expansion study, a number of process improvement initiatives have commenced focusing on debottlenecking and improving the existing facilities. As part of these initiatives, further variability testwork programmes were initiated. The first study evaluated the potential for mine-to-mill improvements in primary crusher feed size from blasting (both underground and the open pit) and the effect of optimizing the comminution energy input over the whole process. Coupled with this was a geo-metallurgical initiative to characterize the different geological zones adding to the existing database and incorporating more underground sections. The anticipated improvement in copper recovery, with planned improvements to grinding, classification and upgrades to flotation cells, will substantially address the shortfall associated with previous throughput increases. However, lower feed grades will limit the benefits of these initiatives compared with historically high copper grades.

5.6.1.1.8 Mineral Resource and Mineral Reserve Estimates

The Mineral Resources at the Candelaria Copper Mining Complex are estimated from core drilling information stored in a secure central database, and were evaluated using a geostatistical block modelling approach. Separate models were prepared for the Candelaria open pit mine and Candelaria underground (South sector) and the three underground mines (Candelaria North sector, Santos, and Alcaparrosa) using slightly different methodologies and assumptions. During 2017, the Mineral Resource models for the Santos and Candelaria underground mines have each been integrated into one block model per mine. Alcaparossa mine continues to use seven block models and these will be integrated in 2018.

The open pit Mineral Reserve estimate is based on a mine plan and open pit designs developed using modifying parameters including metal prices, metal recovery based on performance of the processing plant, actual operating and sustaining capital cost estimates based on the production schedule and equipment requirements. Open pit optimizations are carried out using Minesight® and Datamine software.

Underground Mineral Reserve estimates at Candelaria underground (North and South sectors), Alcaparrosa and Santos are based on mine plans and designs developed using modifying parameters including metal prices, metal recovery based on performance of the processing plant, actual operating and sustaining capital cost estimates based on the production schedule and equipment requirements. Stope layouts and development plans are developed in MineSight® software with CAE Mine Stope Optimizer used for stope design.

Factors which may affect the Mineral Resources and Mineral Reserve estimates include: dilution and mining recovery, metal prices, smelter, refining and shipping terms, metallurgical performance, geotechnical characteristics of the rock mass, capital and operating cost estimates, and the likelihood of obtaining land title, required permits and environmental, social and legal licenses.

Details of the June 30, 2017 Mineral Resource and Mineral Reserve estimate for the Candelaria Copper Mining Complex are included in Schedule A, attached to this AIF.

5.6.1.1.9 Mining Operations

The Candelaria open pit mine operates with an overall mining rate of approximately 270,000 tpd including 64,800 tpd of ore sent to the Candelaria processing plant. The average grade of the ore that will be mined from the open pit over the remaining life of mine is estimated at 0.53% Cu, while stockpiled work-in-progress material is estimated to have an average grade of 0.34% Cu. The mine currently operates seven electric shovels, 43 haulage trucks, eight production drills, and a fleet of support equipment. A major mine re-capitilization programme has been approved that will see the existing rope shovels replaced with new hydraulic units and the majority of the truck fleet changed for latest generation Cat 793F trucks. Similar upgrades and replacements are proposed to the mine's service and ancillary vehicle fleet.

The open pit was designed to be mined in several phases of development. As of June 2017, five phases of development remain in the LOM plan (Phases 9 to 13). The overall strip ratio is 2.7:1 including ore delivered to stockpiles. The total in-pit waste is 872 million tonnes and the LOM of the open pit mine is 18 years.

The Candelaria underground (North Sector) mine currently produces 7,000 tpd of ore and is planned to ramp up to 10,000 tpd by year 2019. Plans have been developed to commence production in the Candelaria underground (South sector) with access and infrastructure commencing in 2018. Production is due to commence in 2019 and ramp up to 4,000 tpd by 2021. 60 tonne capacity underground trucks are being introduced to replace the existing contractor operated 30 tonne capacity fleet in both mines. The estimated average grade of the combined Candelaria underground mines is 0.89% Cu in the LOM.

The Alcaparrosa underground mine produces 4,300 tpd of ore with an average grade of 0.77% Cu. The Santos underground mine produces 5,000 tpd of ore with an estimated average grade of 0.94% Cu over the remaining LOM. The four underground mines utilize a sublevel stoping mining method for ore extraction. This method is ideal for relatively large, vertical, as well as thick deposits with favourable and stable host rock.

5.6.1.1.10 Processing and Recovery Operations

Minera Candelaria and Minera Ojos del Salado operate their own processing plants. The Candelaria processing plant receives ore from the open pit and Candelaria, Alcaparrosa and Santos underground mines. It has a nominal capacity of 75,000 tpd. The PAC processing plant receives ore from the Santos underground mine and has a design capacity of 3,800 tpd.

The Candelaria processing plant flowsheet is conventional comprising two parallel process lines for grinding and flotation followed by common final concentrate filtration and shipping of bulk copper concentrates. Run of mine ore is trucked to a primary gyratory crusher which then feeds a SAG grinding mill – ball mill circuit with pebble extraction and crushing. The secondary ball mill cyclone overflow constitutes feed to the rougher flotation bank. Rougher concentrate is reground prior to two stage cleaning in column flotation cells. Final flotation copper concentrate with gold and silver by-product metals is thickened, filtered, and stored on site. Final flotation tails are conventionally thickened and disposed in an existing rockfill embankment tailings storage facility. In 2018, tailings disposal will transfer to the new Los Diques facility. Typical metallurgical recoveries average 94% for copper, 75% for gold and 83% for silver.

A Feasibility Study has been undertaken to evaluate potential debottlenecking expansions of the main Candelaria processing plant to add approximately 15-20% throughput capacity. The expansion of the plant has not been advanced, but a number of process improvement initiatives, highlighted during the study, have been initiated. These include upgrades to the primary crusher motor, ball mill repowering, cyclone and cyclone feed pump upgrades, flotation upgrades and pebble crushing circuit upgrades. The forecast cumulative impact of these upgrades is an additional 4,000 tpd of throughput and 1.7% copper recovery.

The PAC concentrator has been in operation since 1929. The PAC concentrator flowsheet comprises a conventional three stage crushing plant. The grinding circuit has three closed circuit ball mills operating in parallel. The ball mill cyclone overflow constitutes feed to the rougher flotation bank. Rougher concentrates are reground prior to cleaning in a column cell with the tailings scavenged with conventional mechanical flotation cells. Final concentrate is thickened and filtered using a ceramic disc filter. Final flotation tailings from the PAC plant are pumped to the main Candelaria tailings storage facilities. Typical metallurgical recoveries average 94% for copper, 72% for gold and 72% for silver.

Copper concentrates containing precious metals are sold on contract to local smelters or trucked to the Punta Padrones port, near Caldera, for export to overseas smelters.

Candelaria Copper Mining Complex has an agreement with a third-party company to process Candelaria's flotation tailings to produce a magnetite concentrate and this produces an additional source of by-product revenue subject to favourable iron ore prices.

5.6.1.1.11 Infrastructure, Permitting and Compliance Activities

The mines of the Candelaria Copper Mining Complex receive electrical power through long-term contracts with AES Gener S.A., a local energy company. The main water supply comes from a desalination plant, which was commissioned in 2013 and is located adjacent to the Punta Padrones port facility. Local treated sewage water is also used by the mines. Copper concentrate is shipped from the Punta Padrones port facility at the port of Caldera. Both the desalination plant and the Punta Padrones port are owned by Minera Candelaria.

The current Candelaria tailings storage facility receives the flotation tails from the Candelaria and PAC processing plants. The remaining tailings storage capacity at the end of 2017 was estimated at 7.1 million cubic metres, sufficient to receive tailings until the June 2018 at the current production throughput.

A new tailings storage facility, known as Los Diques, has been constructed to replace the Candelaria tailings storage facility. The Los Diques facility is located to the southwest of the open pit and plant sites and will have a designed capacity of approximately 600 million tonnes. The Los Diques tailings management facility was a key part of the Candelaria 2030 EIA that was submitted to the environmental authorities in September

2013 and was approved in July 2015. Engineering was completed during 2016, and after receipt of key sectorial permits, construction of the starter dam was initiated. At the end of 2017, construction of the Los Diques tailings facility was well advanced and first tailings were placed in the first quarter 2018.

Chile has a comprehensive regulatory framework for mining and other industrial activities, dating from the mid-1990s and most recently updated in 2013. Although the Candelaria and Ojos del Salado facilities were permitted and developed prior to the modern framework being in place, both now hold numerous environmental approvals stemming from modifications to the original developments. In addition, the two companies hold more than 1,000 permits for construction and operation of the mining and milling facilities, and related infrastructure.

The most recently completed major environmental assessment process was initiated in September 2013 with the submittal of the Candelaria 2030 EIA. This included, among other things, an extension of the operating life of the facilities and the Los Diques tailings storage facility. The EIA received regulatory approval with conditions in July 2015. None of the conditions of approval represent risks to the technical or economic feasibility of the operation.

The following permit applications and approvals were issued for the Candelaria Copper Mining Complex in 2017:

- In December 2016, an EIA was submitted to extend the environmental approval and operating life of the Alcaparrosa mine from 2017 to 2022, and this permit was received in December 2017.
- The approval for the expansion of production from 6,000 to 14,000 tpd at the Candelaria underground mine was received in May 2017.
- Technical permits for the ongoing operation of the process plant and marine terminal, referred to as the Planta & Port Permits for Candelaria 2030, were approved by the SERNAGEOMIN in December 2017. Also, a technical permit for the operation of the Candelaria mine and waste rock area were approved by SERNAGEOMIN in March and August 2017, respectively.
- The Ojos de Salado Tailings Pipeline Environmental Impact Declaration (DIA), for extension of the life of the Ojos del Salado Tailing Pipeline to 2030, was approved November 2017.
- Regulatory review by SERNAGEOMIN of the updated Candelaria MCP continued in 2017 and CCMC updated the existing Candelaria Closure Plan guarantee with SERNAGEOMIN, based on the currently approved MCP.

The Environmental Management Systems of Minera Candelaria and Minera Ojos del Salado have been certified for many years under the international ISO 14001 Standard. Minera Candelaria's re-certification (completed in March 2015), and Minera Ojos del Salado's recertification (completed in September 2016) are both active until expiry in March 2018. A recently completed re-certification process was performed to successfully extend this certification beyond 2018.

Separate MCPs are in place for Minera Candelaria and Minera Ojos del Salado and both have been approved by SERNAGEOMIN. The approved closure costs are $42.4 million for Minera Candelaria and $7.9 million for Minera Ojos del Salado. The closure cost estimate for Minera Candelaria does not currently reflect the developments recently permitted under the Candelaria 2030 EIA, including the Los Diques tailings facility. To address this, CCMC updated the existing Candelaria Closure Plan guarantee in 2017 with SERNAGEOMIN, based on the currently approved MCP. The financial guarantee is planned to be updated again once SERNAGEOMIN approves the updated MCP, which is expected in 2018. Ojos del Salado Closure Plan update was submitted in December 2017.

Minera Candelaria is committed to being a catalyst for sustainable development in the Atacama region. The social performance team engages with stakeholders in the communities nearest the mine and port facilities, namely Tierra Amarilla, Caldera and Copiapo. Outreach offices are located in each of these municipalities; engagement occurs throughout the year and is focused on managing social impacts, risks and opportunities specific to each community. The team bases its activities on a 5-year social performance strategic plan and systems which reflect best practice and international standards in stakeholder engagement, grievance procedures, risk management and community investment.

In 2017, Minera Candelaria dedicated over $4.7 million to strategic community investments focused on education, health services, housing, economic development and cultural heritage. In May 2017, the mine also provided emergency response support to residents of Tierra Amarilla impacted by a major flood event. In partnership with the Lundin Foundation, the social performance team is developing and implementing projects to advance economic diversification, local procurement and innovation in Tierra Amarilla, Caldera and Copiapo. These projects include an initiative that creates opportunities in Caldera for local fishermen to participate in seaweed farming and sustainable fishing practices. As a result of these and other engagements and community investments, Minera Candelaria has made progress in improving stakeholder relationships and socioeconomic development in the communities nearest to the mine.

5.6.1.1.12 Capital and Operating Costs

Total forecast Candelaria C1 cash costs for 2018 are tabulated below using a forecast exchange rate of US dollar/CLP: 625. Unit operating costs have risen partly as a result of increased labour, diesel, energy and consumables prices, but also as a consequence of lower forecast copper production in 2018. Forecast C1 cash costs for 2018 are $1.70/lb Cu.

Candelaria ($/lb Cu)[(1)]	**2018**
Mining costs	0.68
Milling costs	0.76
G&A and other costs	0.31
TC/RCs	0.24
By-product credit, net of TC/RCs	(0.29)
Cash Cost per payable pound of Copper	**1.70**

(1) Includes the impact of the Franco Nevada streaming agreement but excludes any allocation of upfront cash received under the streaming agreement, and capitalized stripping costs.

Total forecast capital costs for Candelaria 2018 are tabulated below. Expenditure will continue in 2018 on the new Los Diques tailings storage facility which is expected to be ready to receive first tailings in the first quarter of the year. Significant investment is also planned on new replacement open pit mine equipment, on the mill optimisation initiatives and on the initial development of the Candelaria Underground (South sector).

The Company capitalizes waste stripping costs when experienced strip ratios are above the average planned strip ratio for each open pit phase under development. During the production phase of the Candelaria open pit mine, waste stripping costs, which provide probable future economic benefits and improved access to the orebody are capitalized to mineral properties. In 2018, capitalized waste stripping is forecast at $200 million.

Candelaria Capital Costs	**Unit**	**2018**
Los Diques TSF	$M	60.0
New Mine Fleet Investment	$M	75.0
Mill Optimisation Project	$M	50.0
Candelaria Underground South	$M	20.0
Other Sustaining	$M	105.0
Total	**$M**	**310.0**
Capitalized Waste Stripping	**$M**	**200.0**
Total Cost	**$M**	**510.0**

5.6.1.1.13 Exploration, Development, and Production

During 2018, the planned exploration program at the Candelaria Mining Complex is expected to total 125,000 m of diamond drilling. A total of 1,995 m of exploration drifting is also planned for the year. Drilling will continue to target lateral extensions of the mineralization, with the objective of generating additional Mineral Resources and Mineral Reserves in open pit and underground mines.

A district exploration program will continue in 2018, building upon the district-wide database and 3D model developed in 2016 with an emphasis on development of new target areas, and possible extensions to known mineralization. Total exploration expenditure in 2018 is forecast at approximately $34 million.

In 2017, the Candelaria Copper Mining Complex produced 183,858 tonnes of copper in concentrate (100% basis). For 2018, forecast production is as tabulated below.

Candelaria (100%)	Unit	2018
Copper Production	'000 Tonnes	130 – 136

The current LOM of the Candelaria open pit is to 2035, while the underground mines, Candelaria (North and South sectors), Alcaparrosa and Alcaparrosa and Santos, have mine LOMs to 2031, 2024 and 2024, respectively.

5.6.1.2 EAGLE MINE

The following information is based, in part, on the Eagle Report. Non-material updates since the date of the Eagle Report are based on (i) the most recent Mineral Resource and Mineral Reserve estimates included in this AIF as Schedule A, and (ii) the Company's previously filed financial statements and MD&As**.** Updates to Mineral Reserve and Mineral Resource estimates are due to mining and exploration activities, and have been reviewed and approved as described in Schedule A. The Eagle Report is available under Lundin Mining's SEDAR profile at www.sedar.com.

5.6.1.2.1 Project Description, Location and Access

The Eagle Mine is located in the Upper Peninsula of Michigan, USA, in Michigamme Township, Marquette County. The property is on the watershed divide of the Yellow Dog River and Salmon Trout River. The closest community to the mine site is Big Bay, 24 km from the property by road. Big Bay is an unincorporated community within Powell Township, Marquette County and has limited services. The closest full-service community is Marquette, approximately 53 km by road from the property. Marquette provides a regional airport, rail and shipping facilities, and a full range of commercial services.

The Humboldt mill property, a former iron ore processing facility, occupying approximately 142 ha, is located approximately 61 km west of Marquette, Michigan. The facility is located in the township of Humboldt, Marquette County, Michigan. Ore from the Eagle Mine is trucked approximately 105 km to the Humboldt mill for processing.

Road access to the mine property is by means of paved roads from the communities of Big Bay to the east, and Marquette to the south. The Humboldt mill is located close to the main US Route 41.

The Eagle Mine, including Eagle East, is 100% owned by Lundin Mining. The surface of the Eagle Mine is on company owned property or property leased from the State of Michigan. The surface lease is valid until July 2022 but is extendable by production and reclamation/post closure monitoring requirements. The land on which the Humbolt mill is located is held by the Company through a series of deeds. The Eagle and Eagle East mineral deposits are covered by both state and private mineral leases with the Mineral Resource estimates split approximately 50:50 between them. The state leases expire in July 2023 but are extendable by production, while the private leases have various expiry dates that are extendable by continued payments or production. Eagle Mine has obligations under state and private royalty agreements ranging from 1.0% to 7.0%.

5.6.1.2.2 History

The Eagle deposit was first drilled in 2002 as part of a nickel exploration program commenced by Rio Tinto in 2000. Following further drilling an initial Mineral Resource was estimated in early 2004.

Following further drilling, feasibility studies, and the receipt of all relevant permits Rio Tinto began construction of the Eagle Mine site in 2010 and began underground development in September 2011. The re-construction work at the Humboldt mill also commenced in 2011.

In July 2013, Lundin Mining acquired the Eagle Mine project from Rio Tinto and accelerated construction activities. Construction was completed in mid-2014 and commercial production of nickel and copper concentrates was achieved in November of 2014.

In July 2015, the discovery of high grade Ni-Cu mineralisation at Eagle East was announced and in June 2016, an Inferred Mineral Resource estimate was released and a Preliminary Economic Assessment published. Access ramp development was commenced at this time. In April 2017, the results of the Eagle East Feasibility Study were released and a Mineral Reserve estimate reported.

5.6.1.2.3 Geological Setting, Mineralization and Deposit Type

Eagle and Eagle East are part of the same ultramafic intrusive system that hosts high grade primary magmatic Ni/Cu sulphide mineralization. These intrusions are related to the feeder system for the Keweenawan flood basalts, a Large Igneous Provence resulting from mantle-tapping extension during the Midcontinent Rift. Mineralization styles are similar at Eagle and Eagle East, consisting of intrusions of mineralized peridotite with concentrations of sulphide mineralization, mostly within the intrusion, resulting in the accumulation of semi-massive sulphide, and a central core zone of massive sulphide.

The Eagle and Eagle East peridotite intrusives are hosted in Paleoproterozoic metasediments of the Baraga Basin, which rest unconformably on the Archean basement rocks. These sediments are assigned to the Upper Fossum Creek Unit and are mainly composed of an upper siltstone sequence with fine grained turbiditic greywacke sandstone interbeds. The principal host rocks are near-vertical dykes of pyroxene to peridotite composition, which strike in an east-west direction.

Eagle East is located deeper than the Eagle deposit approximately 840 m to 990 m below surface. The host sediments encountered in the surroundings of the Eagle East mineralized zone are mainly siltstones with low proportions of sandstone interbeds. Bedding and foliation are the main structural features present in the sediments and represent the weakest planar orientation found.

Two types of potentially economic mineralization are found in the Eagle and Eagle East deposits: semi-massive sulphides and massive sulphides. The sulphide bodies are tabular, pipe-like, or irregular in shape and, although complexly interrelated, are broadly concordant with the host ultramafics. Contacts between the massive and semi-massive sulphides are relatively sharp. Massive sulphides are observed to extend outward of the host dykes, into the sedimentary country rock where they form flat-lying sills.

Most of the nickel is in pentlandite with a small portion in millerite group minerals and secondary violarite. The majority of pentlandite occurs in granular form with less than 1% to 2% as flame or exsolution lamellae. Copper is primarily in chalcopyrite with lesser secondary cubanite. The distribution of PGMs, gold, and cobalt is still poorly understood; however, assay and metallurgical test correlations indicate that the cobalt is associated with the pyrrhotite/pentlandite. PGMs and gold appear to be related to late stage veining/intrusion and tend to be most abundant in areas with chalcopyrite enrichment. With the exception of cobalt, Eagle East is significantly higher in grade for both precious and base metals than Eagle. Average nickel and copper grade estimates are in the order of 60% higher at Eagle East compared to Eagle.

5.6.1.2.4 Exploration

Exploration activities at Eagle have included geological mapping, geochemistry (indicator mineral sampling and Mobile Metal Ion (MMI) studies from basal tills, dyke lithogeochemistry, sulphur isotype studies, QEMSCAN™ studies), and geophysics (airborne, surface, and underground borehole resistivity and gravity). The main and most successful exploration tool has been diamond drilling in combination with a very robust and predictive deposit model.

Using the conduit model, the most direct and expedient exploration target was to follow the mineralized peridotite conduit at Eagle East to depth with directional drilling. With Eagle as a model, the Eagle East conduit was traced downward to a location where the conduit flattened to horizontal and high metal tenor sulphide droplets had settled to the base of the conduit.

Limited Eagle East Mineral Resource estimation drilling from surface will continue, and the potential exists to intersect additional massive sulphide mineralization in the form of sills or at the base of the eastern portion of the conduit zone. Drilling has also identified another deep-seated target down dip in a vertical gabbro complex below basement rocks. Further drilling is proposed in these areas.

In 2017, exploration efforts continued to trace the extension of the Eagle East conduit system with four surface drill rigs.

5.6.1.2.5 Drilling

Surface and underground exploration drilling is an ongoing operation at the mine with the work undertaken by contractors. The nominal hole spacing of the underground diamond drilling averages 15 m, with surface drilling averaging a spacing of less than 25 m within the Eagle deposit. Drilling at Eagle and Eagle East is restricted to diamond core using various size tools. Down hole surveys at Eagle and Eagle East are predominantly either north seeking (rate) gyros or normal gyro surveys.

In 2017, 39,364 m of surface exploration drilling was completed in efforts to trace the extension of the Eagle East conduit system. Devico directional systems continued to be employed. From underground, 5,221 m of definition/delineation drilling of the Eagle orebody was completed with 52 holes.

5.6.1.2.6 Sampling, Analysis and Data Verification

The entire Mineral Resource estimate at Eagle and Eagle East is based on drill core samples.

Eagle follows documented protocols for core handling and sample preparation. The sampling takes place at an exploration facility in Negaunee. Surface drill holes are split using a diamond saw, while for underground holes the entire core is sampled. In strongly mineralized or ore grade intervals, quarter-core metallurgical samples are taken. The metallurgical samples are not used in Mineral Resource estimation.

Standardized protocols of QA/QC sample insertion using certified reference material, blanks, and duplicates have been used throughout the history of the Eagle project to monitor the quality of the sampling process and assay results. Standards are inserted every tenth sample, blanks also every tenth sample as well as after noticeably high-grade samples. Duplicates are taken every tenth sample, offset by four or five from the nearest standard.

Prior to 2003, drill core samples were shipped to ALS in Reno, Nevada, an independent laboratory, for crushing, splitting, and pulverization. From 2004 to 2015, samples were prepped for analysis at ALS in Thunder Bay, an independent laboratory, and from 2015 onwards, some of the samples have been sent to Minerals Processing Corporation (MPC), located in Carney, Michigan, an independent laboratory.

Sample preparation takes place at either the ALS laboratory in Thunder Bay, Ontario, or at MPC. Both facilities have standard procedures and quality controls for sample preparation to ensure compliance with industry and client standards. Pulps are sent to the ALS laboratory in Vancouver, British Columbia for analysis. Samples are analyzed for multi-elements, oxides and SG.

5.6.1.2.7 Mineral Processing and Metallurgical Testing

Eagle maintains regular metallurgical testing programs that are incorporated with historical testing results and mill performance into a statistical model to predict and improve the complex's processing performance in terms of mill throughput, metal recovery to concentrates, and final concentrate grades. Metallurgical tests are executed in a number of specialized in-house and commercial facilities. Testing includes work index determination, mineralogy using optical and QEMSCAN™ technology and bench scale flotation testing that

is correlated with industrial scale performance in order to predict mill throughput and metallurgical performance.

Metallurgical testwork was conducted on the Eagle East sulphide mineralization to confirm the applicability of the Humbolt Mill process flowsheet for grinding, flotation and metal recovery. This testwork, which was carried out on and off site consisted of mineralogical analyses, batch grinding and flotation testing and locked cycle testing. The testwork indicated that the Eagle East mineralization could be successfully treated in the Humbolt mill.

5.6.1.2.8 Mineral Resource and Mineral Reserve Estimates

Mineral Resources at Eagle are estimated using 3D block modelling with Maptek Vulcan® mining software. Ordinary Kriging is used for grade and density estimation. Mineral Resources at Eagle East are estimated using Datamine Studio RM software. Grades and density values were estimated using the Inverse Power Distance method.

Eagle Mineral Reserves are estimated from the Mineral Resources by designing stopes and sill layouts using Vulcan® software. Eagle East Mineral Reserves are estimated using the same methodology in the Deswik software. A separate NSR cut-off is applied to the two orebodies together with dilution and mining recovery factors.

Factors which may affect the Mineral Resources and Mineral Reserve estimates include: dilution and mining recovery, metal prices, smelter, refining and shipping terms, metallurgical performance, geotechnical characteristics of the rock mass, capital and operating cost estimates, and the likelihood of obtaining land title, required permits and environmental, social and legal licenses.

Details of the June 30, 2017 Mineral Resource and Mineral Reserve estimate for Eagle and Eagle East are included in Schedule A, attached to this AIF.

5.6.1.2.9 Mining Operations

Eagle is a relatively shallow underground mine with access gained via a surface ramp that also serves as the route for waste, ore and backfill haulage. The mine employs transverse bench-and-fill stoping with mining in an up-dip primary secondary sequence. Backfilling is undertaken using cemented and uncemented rockfill. The bench and fill mining method with backfill was selected as it provides the advantages of bulk mining, while maintaining a degree of selectivity and flexibility for the high value, variable and generally competent Eagle mineralisation. Two ventilation shafts are in place, with the downcast shaft also equipped for emergency egress. Ore from the mine is stored in a covered coarse ore stockpile facility prior to transport by road 105 km to the Humboldt mill site.

Eagle East will be accessed by ramp from the bottom of the Eagle mine, with the mine services and infrastructure being extended from Eagle. Eagle East will require no new surface infrastructure and, following geotechnical assessment, will use the same mining method and basic stope dimensions as Eagle. Ore, waste and backfill will be hauled through the ramp in conventional mine trucks.

5.6.1.2.10 Processing and Recovery Operations

The Humboldt mill is a former iron ore processing plant that has been converted for processing Eagle ore. From a covered coarse ore storage facility, the ore is processed using a conventional three stage crushing and single stage ball milling process followed by differential flotation to produce separate nickel and copper concentrates. Metallurgical recoveries of nickel and copper average 84% and 97% respectively. Tailings from the plant are deposited sub-aqueously in the adjacent former Humboldt iron ore open pit. No modifications to the process plant are necessary for the treatment of the Eagle East ore which will be blended with that from Eagle over the final years of the LOM.

Nickel and copper concentrates are stored in a covered concentrate building on site prior to being transported via rail car direct to smelter facilities within North America or to ports for shipment overseas.

5.6.1.2.11 Infrastructure, Permitting, and Compliance Activities

The Eagle Mine and Humboldt mill areas are served by an extensive network of paved roads, a regional airport, rail services, excellent telecommunications facilities, national grid electricity, an ample supply of water and a highly educated work force.

Both the mine and mill operate under a number of local, state and federal permits. All permits are in place for the operation and Eagle has maintained full compliance with the corresponding requirements. In addition to adhering with all legal requirements, Eagle Mine operates using a management system that is aligned with the Lundin Mining's health, safety and environment system standards. This system undergoes annual third-party auditing to ensure continued compliance with all corporate standards and guidance documents.

For Eagle East, the 632 Mine permit amendment for the development of the decline ramp to the property boundary was approved by the Michigan Department of Environmental Quality (MDEQ) in March 2017 and the Mine permit amendment application for development beyond the property boundary, including the exploitation of the Eagle East deposit, was received in November 2017.

In April 2017, a request was submitted for a General Permit Modification to the Inland Lakes and Streams Act (ISLA) Permit for the Humboldt Mill. Approval was received in April 2017.

The Humboldt Part 632 Mine Permit amendment application was submitted in August 2017 to allow placement of additional tailings in the former Humbolt open pit. In association with this process, a routine public meeting was conducted in late November and approval is expected in the third quarter of 2018.

The Mill WTP Discharge Permit application was submitted in June 2017 and remains under review by MDEQ and Eagle submitted a permit application for renewal of the Eagle Mine Groundwater Discharge Permit in Q3 2017, which remains under review by MDEQ.

Eagle Mine is committed to being a catalyst for sustainable development in Marquette County. The social performance team engages with stakeholders in the communities nearest to the mine and an outreach office is located in downtown Marquette. Engagement occurs throughout the year and is focused on managing social impacts, risks and opportunities. The team bases their activities on a 5-year social performance strategic plan and systems which reflect best practice and international standards in stakeholder engagement, grievance procedures, risk management and community investment.

In 2017, Eagle Mine dedicated over $550,000 to strategic community investments focused on education, environment, and economic development. Noteworthy investments include a Community Environmental Monitoring Programme which is a partnership between the mine, the Community Foundation of Marquette County and the Superior Watershed Partnership and Land Trust. Other meaningful community initiatives are the Technical Middle College Partnership, Accelerate UP and the Eagle Emerging Entrepreneurs' Fund, a successful partnership with the Lundin Foundation that has helped launch several thriving local businesses. The social performance team continues to engage constructively and respectfully with the Native American communities in the region. As a result of these and other engagements and community investments, Eagle Mine has sustained strong stakeholder relationships and promoted socioeconomic development in the communities nearest to the mine.

5.6.1.2.12 Capital and Operating Costs

Total forecast Eagle C1 cash costs for 2018 are tabulated below. Unit operating costs are based on the operating experience gained in 2016 and 2017. Unit operating costs have lowered as mine and mill efficiencies have been gained with experience and costs savings have accrued from modifications to the

underground mining and backfilling contracts. Forecast C1 cash costs for 2018 are $1.35/lb Ni, assuming a Cu by-product credit priced at $2.75/lb.

Eagle ($/lb Ni)	2018
Mining costs	1.28
Milling costs	0.86
G&A and other costs	1.64
TC/RCs	1.21
By-product credit, net of TC/RCs	(3.64)
Cash Cost per payable pound of Nickel	**1.35**

Total forecast capital costs for Eagle for 2018 are tabulated below. Sustaining capital includes primarily development to access new upper areas of the Eagle orebody and upgrades to the mill and its water treatment plant. The Eagle East expansionary capital covers the continued ramp access development and equipment purchases.

Eagle	Unit	2018
Sustaining	$M	25.0
Eagle East	$M	30.0
Total	**$M**	**55.0**

5.6.1.2.13 Exploration, Development, and Production

In 2018, near-mine surface exploration will target potential extensions of the Eagle East conduit both laterally and at depth. A total of 35,000 m of drilling from surface are projected. Exploration on regional targets is also being contemplated. Underground delineation drilling will be completed by June 2018 with a total of 550 m planned in 6 holes.

The total exploration expenditure for 2018 is forecast at $18 million.

In 2017, Eagle produced 22,081 tonnes of nickel and 21,302 tonnes of copper in concentrate, respectively. For 2018, forecast production is as tabulated below.

Eagle	Unit	2018
Nickel Production	‘000 Tonnes	14 – 17
Copper Production	‘000 Tonnes	15 – 18

Current estimated Mineral Reserves at Eagle and Eagle East are sufficient for a LOM of 6 years.

5.6.1.3 NEVES-CORVO MINE

The following information is based, in part, on the Neves-Corvo Report. Non-material updates since the date of Neves-Corvo Report are based on (i) the most recent Mineral Resource and Mineral Reserve estimates included in this AIF as Schedule A, and (ii) the Company’s previously filed financial statements and MD&As. Updates to Mineral Reserve and Mineral Resource estimates are due to mining and exploration activities, and have been reviewed and approved as indicated in Schedule A. The Neves-Corvo Report is available for review under Lundin Mining’s SEDAR profile at www.sedar.com.

5.6.1.3.1 Project Description, Location and Access

The Neves-Corvo Mine is owned and operated by the Portuguese company Somincor, which is a 100% owned subsidiary of Lundin Mining. It is situated approximately 220 km southeast of Lisbon in the Alentejo district of southern Portugal. The mine site is located approximately 15 km southeast of the town of Castro Verde and exploits five major orebodies from an underground mine. The ore is processed on-site and

tailings are disposed of in the Cerro de Lobo impoundment approximately 3 km from the plant. Concentrates are dispatched by rail and road for onward shipping to customers.

Neves-Corvo has good connections to the national road network which links with Faro to the south and Lisbon to the north. The mine has a dedicated rail link into the Portuguese rail network and to the port of Setúbal.

There are no major centres of population close to the mine, although a number of small villages with populations numbered in the hundreds are located within the mining concession. Most employees travel to the mine by Company-provided buses or private cars.

The mining operations are contained within a mining concession contract between the State and Somincor that, as of July 1, 2014, covers an area of 28.9 km^2 and are located in the parishes of Santa Bárbara de Padrões and Senhora da Graça de Padrões, counties of Castro Verde and Almodôvar, district of Beja. The concession comprises the Neves-Corvo area with 13.5 km^2 and the Semblana area, covering the Semblana Deposit, with 15.4 km^2. The concession provides the rights to exploit the Neves-Corvo deposits for copper, zinc, lead, silver, gold, tin and cobalt for an initial period of fifty years (from November 24, 1994) with two further extensions of twenty years each. The mining concession provides sufficient surface rights to accommodate the existing mine infrastructure and allow expansion if required.

An exploration concession of 140.6 km^2 that surrounds the combined Neves-Corvo mining concession and exploration targets in the district was granted to Somincor in May 2015. Negotiations for the exploration agreement, which is valid for an initial period of three years with two extensions of one year each, started in early in 2017 and the signature of the exploration agreement is expected during the first half of 2018.

Royalties for the Neves-Corvo area of the mining concession are either a profit-related royalty of 10%, or a revenue-based royalty of 1% (at the State's discretion). Royalties on the Semblana area are a 4% revenue based royalty for copper and associated payable metals and 3.5% for zinc and associated payable metals. The Semblana royalty payments may be reduced by between 2% and 6% of Somincor expenditure on mining related research, social projects and the granting of scholarships.

5.6.1.3.2 History

The Neves-Corvo ore bodies were discovered in 1977. The Portuguese company Somincor was established to exploit the deposit and by 1983, the Corvo, Graça, Neves and Zambujal sulphide deposits had been partially outlined, covering an area of approximately 1.5 km by 2 km. Rio Tinto became involved in the project in 1985, effectively forming a 49%/51% joint venture with the Portuguese State-owned company EDM. The project was reappraised with eventual first production commencing from the Upper Corvo and Graça orebodies in January 1989.

During the development of the mine, high-grade tin ores were discovered, associated with the copper mineralization, which led to the rapid construction of a tin plant that was commissioned in 1990.

The railway link between Neves-Corvo and Setúbal was constructed between 1990 and 1992 for the shipment of concentrates and the hauling of sand for backfill on the return journey. This was followed between 1992 and 1994 by a major mine deepening exercise to access the Lower Corvo orebody through the installation of an inclined conveyor ramp linking the 700 and 550 levels.

In June 2004, EuroZinc acquired a 100% interest in Somincor for consideration of €128 million. In October 2006, EuroZinc merged with Lundin Mining and the Lundin Mining name was retained.

In 2006, zinc production was commenced at Neves-Corvo with processing through the modified tin plant. In June 2007, Wheaton PMC agreed to acquire 100% of the life-of-mine payable silver production from the mine, within the limits of the original concession, as the mine produces around 0.5 million ounces of silver per year in copper concentrate. Zinc production was suspended in November 2008 due to the low prevailing zinc price. In September 2009, the decision was made to expand the zinc plant to a design capacity of 50,000 tpa zinc in concentrate and first zinc production was achieved from the expanded plant in mid-2011.

In mid-2009, a copper tailings retreatment circuit was commissioned to recover both copper and zinc, and in late 2010, tailings disposal changed from subaqueous to paste methods at the Cerro do Lobo facility.

In October 2010, the copper rich Semblana deposit was discovered located 1 km to the northeast of the Zambujal copper-zinc orebody within the Castro Verde exploration concession. In December 2011, following extensive diamond drilling, an initial Inferred Mineral Resource estimate was published, which was further updated in June 2012.

A Feasibility Study examining an expansion of the zinc operations to 2.5 mtpa throughput was completed in 2015. An update to this ZEP Feasibility study was completed in early 2017 and the project approved in May 2017. The ZEP contemplates increasing zinc mining and processing capacity from 1.1 to 2.5mtpa generating an average of 150,000 tpa of zinc in concentrate over 10 years at an estimated capital cost of €257 million. Approval of the ZEP EIA was granted in July 2017, with engineering and underground work commencing thereafter. Full expanded zinc production is anticipated by the end of 2019.

5.6.1.3.3 Geological Setting, Mineralization and Deposit Types

Neves-Corvo is located in the western part of the Iberian Pyrite Belt (IPB), which stretches through southern Spain into Portugal and which has historically hosted numerous major stratiform volcano-sedimentary massive sulphide deposits. At the base, the IPB consists of a pre-orogenic sequence of shales and arenites (phyllites and quartzites) conformably overlain by a 200 to 700 m thick volcanic-sedimentary succession, the Volcanic Siliceous Complex (VSC) of Late Devonian-Early Carboniferous age, 360-342 Ma. The VSC comprises fine grained clastic sediments and felsic to mafic (bimodal) volcanic rocks. The entire sequence shows pervasive hydrothermal alteration.

The Neves-Corvo deposits occur within the VSC. Overlying the mineralization, there is a thrust-faulted repetition of volcano-sedimentary and flysch units. The whole assemblage has been folded into a gentle anticline oriented northwest to southeast plunging to the southeast, resulting in orebodies distributed on both limbs of the fold. All the deposits have been affected by both sub-vertical and low angle thrust faults, causing repetition in some areas.

The mineral deposits at Neves-Corvo are classified as volcano-sedimentary massive sulphide. They typically occur as lenses of polymetallic (Cu, Zn, Sn, Pb) massive sulphides that formed at or near the seafloor in submarine volcanic environments. They formed from accumulations of the focussed discharges of hot metal-enriched fluids associated with seafloor hydrothermal convection, typically in tectonic areas of active submarine volcanism, including rift spreading centres and island arc subduction zones

Seven massive sulphide lenses have been defined at Neves-Corvo comprising Neves, Corvo, Graça, Zambujal, Lombador, Semblana and Monte Branco. The base metal grades are segregated by the strong metal zoning into copper, tin and zinc zones, as well as barren massive pyrite. The massive sulphide deposits are typically underlain by stockwork sulphide zones, which form an important part of the copper orebodies.

The mineralized zones lie on both flanks of the Rośario-Neves-Corvo anticline. The mineralised zones of Neves, Corvo, Graça, Zambujal and Lombador are connected by thin massive sulphide “bridges” over the crest of the fold and are conformable with the stratigraphy. Within the area of these five main deposits, this has resulted in an almost continuous complex volume of mineralised rock showing a large range in both style of mineralisation and geological structure.

The Corvo orebody lies between 230-800 m below surface, dips to the northeast at 10-40° and has a strike of approximately 600 m. The orebody attains a maximum thickness of 95 m and consists of a basal layer of copper ore up to 30 m thick, overlain by barren pyrite containing intermittent lenses of copper mineralisation.

The Graça orebody is up to 80 m thick, extends for 700 m along strike, 500 m down dip and ranges in depth below surface from 230-450 m. The orebody is linked to Corvo by a bridge of thin continuous sulphide

mineralization. As with Corvo, much of the copper ore occurs as a basal layer overlain by barren pyrite in which there are also intercalations of copper ore.

The Neves deposit consists of two lenses of mineralization, joined by a thin bridge, which dip north at 0-35°. The maximum true thickness is 55 m with a strike length of 1,200 m and 700 m down dip. The southern lens, Neves South, contains mostly of zinc ore with significant lead, silver and copper grades and minor barren pyrite, underlain by copper ore, which is locally tin-bearing.

The Zambujal orebody comprises significant copper and zinc mineralization straddling the crest of the Neves-Corvo Anticline. It has a thickness of 53 m and plan dimensions of 550 m on strike and 600 m on dip. It contains a succession of zinc rich lenses containing some massive copper mineralisation.

The Lombador deposit is the largest of the five massive sulphide deposits at Neves-Corvo situated on the north-eastern flank of the anticline. It is located at a depth of 400 m at its western end and extends down to a depth of 1,200 m below surface. It dips to the northeast at approximately 35° but steepens at depth and has a shallow plunge to the northwest. The sulphide lens has dimensions of up to 15 m in thickness and extends for approximately 1,400 m down dip and at least 1,600 m along strike.

The Monte Branco deposit was discovered in 2011 from surface exploration drilling. The deposit is located approximately 1.2 km to the south of Semblana and just west of the Cerro do Lobo TSF and comprises six discontinuous lenses that have been strongly affected by tectonic shearing. Monte Branco represents a new centre of strong, concentrated sulphide mineralisation, currently covering approximately 250 m by 200 m in area and at depths of between 540 m and 700 m below surface.

The Semblana deposit is almost flat and has gentle dip (15-20°) to the north and is located at a depth of 790 m below surface. Most drill holes have intersected copper bearing stockwork mineralization, although several small zones of massive copper in lenses have also been identified. The massive copper zone measures approximately 150 m north to south and 100 m east to west, although it is open to the east and west. Stockwork occurs as one continuous zone measuring approximately 700 m north to south and 250 m east to west.

5.6.1.3.4 Exploration

Exploration surrounding the Neves-Corvo mine has focused on the search for further blind massive sulphide deposits. Exploration techniques employed by Somincor at Neves-Corvo include soil geochemistry, geological mapping, various geophysical techniques including airborne magnetics, residual ground gravity survey, airborne gravity survey, ground electromagnetic survey and 3D seismic survey and exploration drilling.

In 2017, exploration work was concentrated on the development of a 3D regional geological model using Gocad modelling software. A total of 13,896 m of surface exploration drilling was undertaken, focusing on the area between Corvo, Zambujal, and Semblana.

5.6.1.3.5 Drilling

Drilling is undertaken using both surface and underground drilling methods. Underground drilling is a continuous activity at Neves-Corvo focusing on the delineating and upgrading of existing Mineral Resource estimates as well as the exploration of peripheral Inferred Mineral Resource estimates. Surface drilling campaigns have been important over the years in stepping out beyond the limits of underground development to explore extensions to mineralisation. Underground drilling is typically undertaken on 35 m spacing, whereas surface drilling is typically undertaken on 70 m to 100 m spacing or greater.

Underground production drilling was largely executed with a 10 m spacing between sections in order to better define the shape and grades of the production panels. As a standard procedure, drill holes are surveyed with a Reflex EZ-Shot tool at 30 m intervals, which provides an accurate location of the drill intersections.

In 2017, 544 underground diamond drill holes were drilled providing a total of 35,577 m of underground production drilling.

5.6.1.3.6 Sampling, Analysis and Data Verification

The sampling methodology, preparation and analyses differ depending on whether the sample is drill core or face sample. All samples are collected by Somincor geological staff with all sample preparation and analysis currently undertaken at the Neves-Corvo mine site and laboratory.

Sample preparation is conducted at the Neves-Corvo sample preparation facility located within the mine site for all samples with the exception of drill core from the Semblana exploration drilling where sample preparation was undertaken at the ALS laboratory in Seville, Spain, an independent laboratory.

Sample analyses is conducted at the Neves-Corvo analytical laboratory located within the mine site for all samples with the exception of drill core from the Semblana exploration drilling. Following sample preparation at ALS, Seville, the Semblana samples were then sent for analysis at ALS, Vancouver, an independent laboratory for analysis.

Laboratory samples were historically analysed using Atomic Absorption and X-Ray Fluorescence ("XRF") methods. Since April 2011 analysis by Inductive Coupled Plasma ("ICP") is also undertaken. Assay results based solely on the XRF analysis for Cu, Pb, Zn, S, Fe, As, Sn, Sb, Bi, Se and In are used for the purposes of Mineral Resource estimation.

Sample collection and transportation of drill core and face samples is undertaken by Somincor Geology Department staff. Somincor conduct a comprehensive QA/QC programme by the routine insertion of certified reference material, blanks and duplicates to monitor the sampling, sample preparation and analytical process. Analysis of QA/QC data is made to assess the reliability of sample assay data and the confidence in the data used for the estimation.

Data entry, validation, storage and database maintenance is carried out by Somincor staff using established procedures. All data are stored in a central SQL database located at the Neves-Corvo mine offices. The SQL database has a series of automated validation tools during import and export for error identification.

Industry standard exploration drill core splitting, sampling, insertion of quality control samples and density measurement protocols and procedures are in place at Neves-Corvo. In addition to drill core sampling, underground grade control sampling is carried out using face sampling in the areas subject to drift-and-fill mining and short diamond drill holes in the bench-and-fill areas. Samples are prepared on-site and analyzed at either the mine's fully accredited assay laboratory facility or by the independent ALS Chemex laboratory in Vancouver, Canada.

Data verification, sample security and QA/QC procedures that conform to industry standards are in place at Neves-Corvo. All drill cores are logged and photographed, and the cores and sampling splits are stored on-site, except for production holes where the entire core, is crushed and sent to be assayed. Traceability records prevent errors of identification and ensure sample history can be followed.

5.6.1.3.7 Mineral Processing and Metallurgical Testing

Neves-Corvo maintains regular metallurgical testing programs that are incorporated with historical testing results and mill performance into statistical models to predict and improve the complex's processing performance. Model outputs are mill throughput, grind requirements, metal recovery to concentrate, and final concentrate grade. Metallurgical tests are executed in a number of specialized in-house and commercial facilities. Testing includes milling work indices, mineralogy using optical QEMSCAN™ and MLA techniques and bench scale flotation testing that is correlated with industrial scale performance in order to predict mill throughput and metallurgical performance.

A comprehensive suite of metallurgical testwork programmes and studies were completed as a part of the ZEP Feasibility Study. These studies included mineralogical, comminution and flotation programmes on

representative samples obtained from drill core. These programmes were carried out at Somincor and third-party facilities, and demonstrated that acceptable zinc recoveries and concentrate specifications could be achieved from the proposed processing circuit.

5.6.1.3.8 Mineral Resource and Mineral Reserve Estimates

Mineral Resources at Neves-Corvo are estimated using three-dimensional interpretation and modelling methods with calculations performed using specialized software Leapfrog® and Vulcan® 3D. The ordinary kriging method of interpolation is used to estimate metal grades and a simple regression formula using the estimated sulphur grades is used to estimate density.

Mineral Reserves are estimated by the Neves-Corvo Mine planning department primarily using Vulcan® 3D software. Stoping volumes are cognizant of the method of access to allow for the cut-off grade boundary and include an allowance for planned and unplanned dilution and ore loss. An effective minimum mining width of 5 m is applied.

The Semblana Mineral Resource was modelled and estimated using Datamine Studio software. Metal grades were estimated using ordinary kriging or inverse distance weighting. Bulk density was estimated using inverse distance weighting.

Factors which may affect the Mineral Resources and Mineral Reserve estimates include: dilution and mining recovery, metal prices, smelter, refining and shipping terms, metallurgical performance, geotechnical characteristics of the rock mass, capital and operating cost estimates, and the likelihood of obtaining land title, required permits and environmental, social and legal licenses.

Details of the June 30, 2017 Mineral Resource and Mineral Reserve estimates for Neves-Corvo and Semblana are included in Schedule A, attached to this AIF.

5.6.1.3.9 Mining Operations

Neves-Corvo is a major underground mine. The principal means of mine access are provided by one vertical 5 m diameter shaft and a ramp from surface. The shaft is used to hoist ore from the 700 m level. The surface is nominally 1,220 m above datum, or 220 mamsl. A conveyor decline descends from the 700 m level to the 550 m level and provides ore hoisting from the deeper levels of the mine. The mine is highly mechanized and a number of different stoping methods are employed but the most significant are bench-and-fill and drift-and-fill. Backfill is provided by hydraulically placed sand, paste tailings and internally generated waste rock.

New mine infrastructure for ZEP includes a new crusher station on the 260 m level, a conveyor system connecting this to the 700 shaft hoisting facilities, an upgrade to the main hoisting shaft together with extensions to the mines ventilation, pumping and electrical distribution systems. Much of the zinc ore for the ZEP will be mined in deep areas of the Lombador orebody using primarily bench and fill mining methods, with limited amounts of drift and fill.

5.6.1.3.10 Processing and Recovery Operations

The treatment facility at Neves-Corvo comprises two processing plants. The copper plant treats copper ores and has a maximum capacity of approximately 2.6 mtpa and the zinc plant, which treats zinc or copper ores was expanded to 1.0 mtpa capacity during 2011. Both processing plants comprise conventional crushing, rod and ball mill grinding circuits with flotation cells and concentrate thickening and dewatering. In mid-2009, modifications to the copper plant were completed to regrind and recover additional copper and zinc concentrate from the copper tailings stream. A similar modification to the zinc plant was commissioned in late 2014.

Modifications to the existing zinc plant for the ZEP project include new surface stockpile and feeder facilities, an expanded grinding circuit including a new SAG and VertiMill, expanded flotation capacity, expanded zinc and lead thickeners and filters and associated expansions and upgrades to ancillary services.

Copper and zinc concentrates are transported by rail to a dedicated port facility at Setúbal, Portugal from where they are shipped to smelter customers. Lead concentrate is containerised and trucked to ports for overseas shipment.

Tailings disposal was changed from subaqueous to sub-aerial paste deposition during 2010 following approval by the Portuguese authorities. Tailings are thickened and pumped from a facility located at the Cerro de Lobo tailings impoundment, 3 km from the mine site. Feasibility studies are underway on expanding the tailings facilities to accommodate the additional tailings from the expanded processing facilities.

Copper, zinc and lead concentrates from the mine are sold to a variety of smelter customers that are primarily European based. Multi-year sales contracts are normally agreed with customers and treatment, refining and penalty charges are typical of those for copper, zinc and lead sulphide concentrates.

5.6.1.3.11 Infrastructure, Permitting and Compliance Activities

The Neves-Corvo area in southern Portugal is well served by excellent transport facilities including a dedicated railhead to the mine site, a major highway within 25 km and the international airport of Faro 80km to the south.

Fresh water is supplied to the mine via a 400 mm diameter pipeline from the Santa Clara reservoir, approximately 40 km west of the mine. Supply capacity is 600 m^3/hr and storage facilities close to the mine hold 30 days' requirements. The total water requirement for the mine and plant is estimated at over 350 m^3/hr with as much as 75% of the volume being reused. The mine is connected to the national grid by a single 150 kV, 50 MVA rated, overhead power line 22.5 km long.

The Neves-Corvo Mine operates under an Integrated Pollution Prevention and Control Licence granted by the Portuguese Environmental Agency, Agência Portuguesa do Ambiente ("APA") in 2008. The licence includes conditions covering environmental management systems, tailings and waste rock disposal, water and energy consumption, emissions to atmosphere, emissions to water courses and water treatment, noise, industrial waste disposal, emergency and closure planning.

Key environmental issues include the acid-generating potential of the ore and waste rocks; the close proximity of the Oeiras River to the mine site; the groundwater is a significant aquifer and connects to local water supplies and the Oeiras River; and the dispersal of dust and noise from the mine site. The mine permit requires that closure plans for the mine are updated every five years, and an accumulating closure fund is in place to cover final closure costs.

In 2017, Somincor completed an administrative process at the request of the APA to review and update the Environmental License. The new Environmental License, now named the Single Environmental Title ("SET") or Título Único Ambiental ("TUA") in Portuguese, was issued in August 2017. The changes to the Environmental License ("EL") incorporated consideration of the operational change from sub-aqueous to sub-aerial paste tailings deposition.

A construction license for a new Water Treatment Plant and completion of the associated engineering works was obtained from the mining authority, the Direção-Geral de Energia e Geologia ("DGEG"), and the Local Council of Almodôvar in 2017, with the construction works completed in 2017. The Somincor Environmental License update included the new Water Treatment Plant, with the issuance of the TUA by the DGEG and APA/ARH (Administration of the Hydrographic Region, a Department within APA).

Somincor submitted an Environmental Impact Study (Portuguese acronym "EIA") in late November 2016 to the Portuguese authorities, in support of the ZEP. The ZEP EIA was reviewed by the APA and approval was received in July 2017. None of the conditions of approval are material to the project schedule or budget.

The next step in the ZEP permitting process is the Relatório de Conformidade Ambiental do Projecto de Execução ("RECAPE"), which is a detailed review of basic engineering data to confirm consistency with the project definition presented in the EIA, with respect to environmental impacts. Somincor completed the

RECAPE documentation for ZEP, referred to as RECAPE 1, in October 2017. The public consultation for RECAPE 1 was completed in December with the project currently under evaluation by the committee, with final decision expected in early 2018. The associated RECAPE1 Municipal Construction permit application package was prepared and submitted to the authorities in December 2017, with approval expected within a short period following receipt of the RECAPE1.

In addition, preparations for the ZEP-associated tailings facility expansion, referred to as RECAPE2, were initiated in late 2017.

Somincor is in process updating the MCP and undertaking a site-wide hydrogeological investigation.

Somincor is committed to being a catalyst for sustainable development in the Baixo Alentejo region of Portugal. The social performance team engages with stakeholders in the communities nearest the mine, namely Castro Verde, Almodôvar, Aljustrel, Mértola and Ourique. Engagement occurs throughout the year and is focused on managing social impacts, risks and opportunities specific to each community. The team bases their activities on a 5-year social performance strategic plan and systems which reflect best practice and international standards in stakeholder engagement, grievance procedures, risk management and community investment.

In 2017, Somincor dedicated over $300,000 to strategic community investments focused on education, health, and culture. In partnership with the Lundin Foundation, the social performance team is developing and implementing projects to advance local supplier development and economic diversification. The mine's commitment to safety extends to host communities whereby Neves-Corvo created an emergency response academy to build local communities' capacity to respond to fires and other safety risks. As a result of these and other engagements and community investments, Somincor has significantly broadened and deepened stakeholder relationships and socioeconomic development in the communities nearest to the mine.

5.6.1.3.12 Capital and Operating Costs

Total forecast Neves-Corvo C1 cash costs for 2018 are tabulated below using a forecast exchange rate of US dollar/€: 0.8333. Unit operating costs are forecast to improve slightly from 2017 benefitting from improved by-product revenue. Forecast C1 cash costs for 2018 are $1.30/lb Cu, assuming a Zn by-product credit priced at $1.30/lb.

Neves-Corvo ($/lb Cu)	**2018**
Mining costs	1.36
Milling costs	0.54
G&A and other costs	0.71
TC/RCs	0.33
By-product credit, net of TC/RCs	(1.64)
Cash Cost per payable pound of Copper	**1.30**

Total forecast capital costs for Neves-Corvo for 2018 are tabulated below. ZEP capital expenditure is forecast at $190 million while sustaining capital includes primarily underground development, and replacement and upgrades of the underground mining equipment.

Neves-Corvo	**Unit**	**2018**
ZEP Project	$M	190.0
Underground development	$M	23.0
Mobile equipment	$M	17.0
Other sustaining	$M	15.0
Total	**$M**	**245.0**

5.6.1.3.13 Exploration, Development, and Production

The 2018 underground drilling campaign will include 45,625 m of production drill holes to improve the definition of the mining panels in the Lower Corvo, Neves North and South, Zambujal and Lombador North and South orebodies.

Plans for 2018 surface exploration include 18,000 m of drilling within the exploration lease, along with subsequent borehole electro-magnetic surveys. Targeting will be based on updates to the 3D integrated model, including new geologic cross sections and new structural interpretation from the 3D seismic data. Total drilling meterage may be increased depending on results. The total forecast exploration expenditure in 2018 is $5 million.

In 2017, Neves-Corvo produced 33,624 tonnes of copper and 71,356 tonnes of zinc in concentrate. For 2018, forecast production is as tabulated below.

Neves-Corvo	Unit	2018
Copper Production	'000 Tonnes	39 - 44
Zinc Production	'000 Tonnes	68 - 73

The current copper and zinc Mineral Reserves at Neves-Corvo will support a LOM of over 10 years with copper production, based on current Mineral Reserves estimates, gradually decreasing, and planned zinc production, with the completion of the ZEP project, substantially increasing.

5.6.1.4 ZINKGRUVAN MINE

The following information is based, in part, on the Zinkgruvan Report. Non-material updates since the date of the Zinkgruvan Report are based on the Company's previously filed financial statements and MD&As. The Zinkgruvan Report is available under Lundin Mining's SEDAR profile at www.sedar.com.

5.6.1.4.1 Project Description, Location and Access

The Zinkgruvan Mine is owned and operated by Zinkgruvan Mining AB ("ZMAB") which is a 100% indirect subsidiary of Lundin Mining. It is located approximately 200 km southwest of Stockholm in south central Sweden. The mine site is approximately 15 km from the town of Askersund and comprises a deep underground mine, a processing plant and associated infrastructure and tailings disposal facilities. Concentrates are trucked from the mine to the inland port of Otterbäcken on Lake Vänern from where they are shipped via canal and sea to European smelter customers.

Zinkgruvan has good local road access and is close to the main E18 highway linking Stockholm and Oslo. Rail and air links are available at the town of Örebro some 60 km distant. Lake Vänern, the largest lake in Sweden, is 100 km distant and provides access to coastal shipping via a series of inland canals and the port of Göteborg.

The mining operations are contained within two exploitation concessions covering the deposit and its immediate area. The Zinkgruvan concession was amalgamated from a large number of smaller rights in 2000, has an area of 254 ha and is valid until 2025. The neighbouring Klara concession was granted in 2002, has an area of 355 ha and is valid until 2027. A third mining concession, the Marketorp concession, which is 40 km due east of Zinkgruvan, has an area of 70 ha and is valid until 2026, although no mining operations exist on this property. These exploitation concessions are automatically extendable for periods of 10 years provided the concession is being regularly exploited.

In addition, the mine currently holds five exploration concessions in the area totaling 5,700 ha with a variety of expiry dates. Initially, an exploration concession is valid for three years. During this time, if the holder wishes to extend the concession period, an application to the Mining Inspectorate must be submitted. If adequate exploration is deemed to have been undertaken by the Mining Inspectorate during the initial three years, then a first renewal of the concession can be applied for. The first renewal period is for three years.

A second renewal of up to 4 years can then be applied for if special reasons for the second renewal can be demonstrated by the applicant. A third renewal of up to 5 years can be granted by the Mining Inspectorate if exceptional reasons can be demonstrated and that extensive work has been undertaken within the concession and that further exploration will likely result in conversion to an exploitation concession.

For exploitation concessions granted before 2005, there are no mining royalties in Sweden. The corporation tax rate in Sweden is 22%. The Zinkgruvan Mine owns sufficient freehold surface land to accommodate the existing and planned mine infrastructure.

The Zinkgruvan Mine is operating under a recently extended environmental licence that is valid until 2026.

5.6.1.4.2 History

The Zinkgruvan deposit has been known since the 16th century but it was not until 1857 that large scale production commenced under the ownership of the Belgian company Vieille Montagne. The initial processing plant for these operations from the 1850s to the late 1970s was in Åmmeberg on the shores of Lake Vättern with ore transported approximately 5 km from the mine site by narrow gauge railway.

In the mid-1970s, Vieille Montagne made a decision to significantly expand production to 600,000 tpa. A new shaft, named P2, was sunk to access deeper ore and the Åmmeberg facilities were replaced by a new concentrator and tailings facility built adjacent to the mine site.

In 1990, Vieille Montagne merged into Union Miniere of Belgium, and in 1995, North Australia acquired the Zinkgruvan Mine. In August 2000, Rio Tinto became the owner of the mine following its acquisition of North Australia. In June 2004, Lundin Mining purchased the mine from Rio Tinto.

In December 2004, Wheaton PMC agreed to purchase the LOM silver production from the Zinkgruvan Mine. In October 2007, the Company announced the Zinkgruvan expansion program to increase ore production by 300,000 tpa through the addition of copper to the zinc-lead production.

In late 2010, the copper plant was commissioned and, during 2011, modifications were made to allow the plant's 300,000 tpa ore capacity to be used to also treat zinc/lead ores. In November 2010, an access ramp from the surface to the underground workings was completed, allowing a significant increase in the mine's operational flexibility. In 2015, a low-cost project was approved to increase the overall mill capacity by approximately 10%. This investment, which focused primarily on increased grinding capacity and improved plant availability, was completed in June 2017. Expansion of the existing Enemossen tailings storage facility was initiated in 2016, with the new and adjacent Enemossen East facility receiving first tailings in October 2017.

5.6.1.4.3 Geological Setting, Mineralization and Deposit Types

The Zinkgruvan deposit is located in the southern part of the Bergslagen province of south-central Sweden. The province comprises a Proterozoic aged (1.9 giga-annum or Ga) greenstone belt and hosts massive Zn-Pb, Cu and Ag sulphide ores and banded iron formations. The supracrustal rocks are dominated by felsic metavolcanics successions with limestones and calcsilicates commonly found within the metavolcanics. The province was folded and metamorphosed to upper amphibolite facies during the Svecofennian orogeny (1.9-1.8 Ga).

The Zinkgruvan deposit comprises a stratiform, massive Zn-Pb deposit situated in an east-west striking synclinal structure within the lower Proterozoic Svecofennian supracrustal sequence (1.90 Ga - 1.88 Ga). The deposit exhibits distinctive stratification and extends for more than 5,000 m along strike and to depths of 1,600 m. The orebody thickness ranges from 3 to 40 m. In the central part of the deposit the zinc-lead mineralisation is stratigraphically underlain by a substratiform copper stockwork. Deformation during the Svecofennian orogeny included isoclinal folding resulting in the stratigraphy of the area being overturned. A regional north-northeast to south-southwest trending fault (the Knalla fault) is present in the centre of the property and separates the deposit into two areas. The Nygruvan area, which provided most of the historical mine production, is located to the east and strikes northwest to southeast and dips subvertically to the

northeast. The Knalla area is located to the west of the fault and strikes northeast to southwest and dips variably to the northwest. The Knalla area is further sub-divided into the following areas from northeast to southwest: Burkland, Lindängen (now predominantly depleted by mining), Sävsjön, Mellanby, Dalby, Cecilia and Borta Bakom.

The Zinkgruvan orebodies are dominated by sphalerite and galena and are generally massive, well banded and stratiform. Remobilization of galena and silver has occurred in response to metamorphism and deformation, and is most pronounced in the lead-rich western extension of Nygruvan and in the Burkland area.

Copper stockwork mineralization occurs in the structural hanging wall of the Burkland deposit. Chalcopyrite is the main copper mineral and occurs as coarse disseminations and patches within a marble host rock.

General consensus exists on a syngenetic-exhalative origin for the Zinkgruvan deposit in which lenses of polymetallic (Zn, Pb, Ag (and Cu)) sulphides formed at or near the seafloor in submarine hot spring environments. They formed from accumulations of the focussed discharges of metal-enriched fluids associated with seafloor hydrothermal convection, potentially associated with areas of active submarine volcanism including rift spreading centres.

5.6.1.4.4 Exploration

Drilling is the principle means of near mine exploration. Historical exploration comprised a heliborne magnetic and radiometric survey covering an area of 223 km^2 including the mine site and immediate area was carried out, a GEOTEM® air-borne electromagnetic survey covering an area of 236 km^2 was flown, extensive ground geophysical surveys including magnetic, horizontal-loop electromagnetic and induced polarizaiton were undertaken while geological mapping, conventional till sampling and MMI geochemical surveying were also carried out. A number of possible targets were identified during the exploration programme; however, none of these were tested by drilling and no further work was undertaken on them prior to 2000. Since 2000, exploration has predominantly been focussed on near mine targets rather than regional.

Exploration has focused primarily on replacing mining depletion with new Mineral Resources, initially by exploring the Burkland and the Dalby areas at depth. Due to the depth of the exploration areas and the relatively complex geometry, exploration is mostly done by underground drilling. Underground development has been done in the Mellanby/Dalby area at depths of 650 m and 1,125 m to provide platforms for drilling to test for possible extensions and further evaluate the potential of these areas. More recently, significant exploration has been done from surface on the Dalby area to the mine.

5.6.1.4.5 Drilling

Underground exploration, comprising Mineral Resource estimation and stope definition drilling, is carried out on an ongoing basis. Stope definition holes are drilled from underground with intersections typically on 15 m by 20 m centres. All drill holes are surveyed at 3 m intervals using gyro surveying equipment which provides an accurate location of the drill intersections.

Underground drilling has focussed on the deep levels of Nygruvan, Burkland (including the copper stockwork), Mellanby, Dalby and Borta Bakom. Surface drilling focussed on identifying near surface along strike extensions of Nygruvan and most recently on targeting deep down dip extensions of the Dalby area.

In 2017, 45,165 m of exploration drilling was completed, with 18,607 m from underground and 26,558 m from surface, to explore the possible continuation of the Western field and the Burkland area at depth. In addition, a total of 15,675 m of infill and definition drilling was completed underground.

5.6.1.4.6 Sampling, Analysis and Data Verification

All samples are collected by ZMAB geological staff and all sample preparation is undertaken at the Zinkgruvan mine site facility. Sampling procedures are the same for both underground and surface drill

core. Core boxes are transported from the drill sites to the on-site logging facilities at Zinkgruvan mine. Core sample intervals selected for analyses are halved with splitting performed by an Almonte® core saw.

Sample preparation is carried out on-site at the Zinkgruvan. Jaw crushing is undertaken in a facility located adjacent to the core logging facility while all further stages of sample preparation are undertaken within a section of the Zinkgruvan analytical laboratory. All geological samples are assayed at ACME Analytical Laboratories, Vancouver, Canada, an independent laboratory. The laboratory runs assays using ICP to analyse for 23 elements, including: Zn, Pb, Ag, Cu, Co, Ni, Al, As, Bi, Ca, Cd, Cr, Fe, Hg, K, Mg, Mn, Mo, Na, P, Sb, Sr, and W.

A systematic QA/QC programme was implemented during 2001. The same QA/QC procedures have been in place at Zinkgruvan since 2001 and includes insertion of duplicates, standards and blanks into the sample stream prior to shipment to ACME. External assay checks are carried out by ALS Chemex, Vancouver, an independent laboratory. The results of the assaying are continually reviewed by Zinkgruvan geological staff.

Data entry, validation, storage and database maintenance is carried out by ZMAB geological staff using established procedures. The data used for Mineral Resource estimation is based on only diamond core produced from either surface or underground drilling of generally 56 mm diameter core size. All data are stored in a central Oracle database located at the ZMAB mine offices. Assay values are uploaded into the database from Excel worksheets that have been sent from ACME. Prior to uploading of the assay data, a statistical check of the QA/QC data is undertaken by ZMAB geological staff. In addition, the Oracle database has a series of automated validation tools during import and export for error identification.

5.6.1.4.7 Mineral Processing and Metallurgical Testing

Zinkgruvan makes significant use of historical testing results and mill performance to predict and improve the complex's processing performance in terms of mill throughput, metal recovery to concentrate, and final concentrate grade. Metallurgical tests are also executed in a number of specialized academic and commercial facilities. Testing includes grindability work indices, mineralogy using optical and QEMSCAN™ technology when necessary and bench scale flotation testing. This is correlated with industrial scale performance in order to predict mill throughput and metallurgical performance.

5.6.1.4.8 Mineral Resource and Mineral Reserve Estimates

Mineral Resources at Zinkgruvan are estimated using two methods: the polygonal method and 3D block modelling. The polygonal method is generally used at the early stages of Mineral Resource estimation and is carried out on remnant parts of Nygruvan and Borta Bakom. The remaining areas of Nygruvan and all of Burkland are estimated using block modelling with Microstation® AutoCad and Prorok® software. Ordinary kriging and inverse distance weighting methods are used for grade estimation. Density is estimated using a regression formula based on estimated metal grades.

Mineral Reserves are estimated from Mineral Resource estimates using Prorok® and Microstation® software. In estimating the Mineral Reserves, the mine uses a NSR based variable cut off value together with dilution and mining recovery factors that are based on the mine's long operating experience.

Factors which may affect the Mineral Resources and Mineral Reserve estimates include: dilution and mining recovery, metal prices, smelter, refining and shipping terms, metallurgical performance, geotechnical characteristics of the rock mass, capital and operating cost estimates, and the likelihood of obtaining land title, required permits and environmental, social and legal licenses.

Details of the June 30, 2017 Mineral Resource and Mineral Reserve estimates for Zinkgruvan are included in Schedule A, attached to this AIF.

5.6.1.4.9 Mining Operations

Zinkgruvan is an underground mine with a long history. Mine access is currently via three shafts, with the principal P2 shaft providing hoisting and man access to the 800 m and 850 m levels with the shaft bottom

at 900 m. A ramp connecting the underground workings with surface was completed in 2010 and now provides vehicle access direct to the mine. A system of ramps is employed to exploit estimated Mineral Reserves below the shaft and the deepest mine level is now at approximately 1,250 m below surface. The mine is highly mechanized and uses longhole primary secondary panel stoping in the Burkland area of the mine, and sublevel benching in the Nygruvan area and in the Cecilia area. Recently underhand panel stoping has been introduced to the lower sections of the Burkland and Nygruvan orebodies. All stopes are backfilled with either paste tailings and cement or waste rock.

5.6.1.4.10 Processing and Recovery Operations

The processing plant is located adjacent to the P2 shaft. The run-of-mine zinc/lead ore is milled in two single stage closed-circuit autogenous grinding mills. A bulk flotation stage is followed by lead-zinc separation in the cleaner flotation section to produce separate zinc and lead concentrates. The concentrates are thickened and filtered and then stockpiled under cover. Metallurgical recoveries average approximately 90% for zinc and 82% for lead. Tailings are pumped some 4 km to a dedicated tailings impoundment from which decant water is returned to the process.

A separate 0.3 mtpa copper treatment line in the processing plant was commissioned during 2010. This line was further modified during 2011 to allow it the flexibility to treat zinc-lead ore as well as copper ore. Metallurgical recoveries of copper average 90%.

Zinc, lead and copper concentrates from the mine are sold to a variety of European smelters. Multi-year sales contracts are normally agreed upon with customers and treatment, refining and penalty charges are typical of those for zinc, lead and copper sulphide concentrates. The lead concentrates are particularly high grade and contain elevated levels of silver.

5.6.1.4.11 Infrastructure, Permitting and Compliance Activities

Zinkgruvan has good local road access with rail and air links are available at the town of Örebro approximately 60 km distant. Lake Vänern is 100 km distant and provides access to coastal shipping via a series of inland canals and the port of Göteborg. The mine has ready access to grid power, domestic water and industrial water sources and communications systems.

The Zinkgruvan Mine is operating under a recently extended environmental licence that is valid until 2026. The licence includes conditions covering production levels, tailings disposal, water discharge limits, hazardous materials, process chemicals, water recirculation, noise levels, blast induced vibrations, dust pollution, waste handling, energy use and closure planning.

In early 2017, Zinkgruvan submitted environmental study reports (e.g. noise, vibration, dust emissions and water discharge quality) in accordance with conditions of the Enemossen environmental permit issued in early 2015. These reports are in various stages of review and response with the relevant authorities.

Zinkgruvan is committed to being a catalyst for sustainable development in the Askersund region. The social performance team engages with stakeholders in the communities nearest the mine, namely Zinkgruvan, Åmmeberg and Askersund. Engagement occurs throughout the year and is focused on managing social impacts, risks and opportunities specific to each community. The team bases their activities on a 5-year social performance strategic plan and systems which reflect best practice and international standards in stakeholder engagement, grievance procedures, risk management and community investment.

In 2017, Zinkgruvan dedicated over $140,000 to strategic community investments. Zinkgruvan community investments include a partnership in a project which converted the closed mine shafts from the Knalla Mine into a tourist attraction that created business opportunities for the community. In 2018, Zinkgruvan will launch projects in partnership with the Lundin Foundation to advance the development of local entrepreneurs. Zinkgruvan has also established scholarships to encourage young people into technology and engineering disciplines and supported the establishment with a local community board of a summer swimming school.

5.6.1.4.12 Capital and Operating Costs

Total forecast Zinkgruvan C1 cash costs for 2018 are tabulated below using a forecast exchange rate of US dollar/SEK: 8.00. Unit operating costs have increased marginally over a 2017 with higher labour numbers and consumables costs and a less favourable currency exchange rate. Forecast C1 cash costs for 2018 are $0.45/lb Zn, assuming a Pb and Cu by-product credit priced at $1.00/lb and $2.75/lb, respectively.

Zinkgruvan ($/lb Zn)	2018
Mining costs	0.36
Milling costs	0.17
G&A and other costs	0.17
TC/RCs	0.18
By-product credit, net of TC/RCs	(0.43)
Cash Cost per payable pound of Zinc	**0.45**

Total forecast capital costs for Zinkgruvan for 2018 are estimated at $40 million, as tabulated below. The capital forecast includes approximately $15 million for mine development and $8 million for production and capacity improvements.

Zinkgruvan	Unit	2018
Underground development	$M	15.0
Production and capacity improvements	$M	8.0
Other sustaining	$M	17.0
Total	**$M**	**40.0**

5.6.1.4.13 Exploration, Development, and Production

Exploration activities in 2018 will focus on in-fill, definition, down-dip and step-out drilling mainly in the Burkland, Nygruvan and Dalby areas in order to define new Mineral Resource estimates. In order to establish underground drill platforms to allow drilling of deeper extensions of the Dalby orebody, a total of 400 m of development in the Dalby exploration drive 1,125 m below surface is planned for 2018. In order to get in position to allow drilling the extensions of ore lenses in the Western field, a total of 300 m of development in the Mellanby exploration drive at 650 m below surface is also planned for 2018. A total of 100 m of development is planned in exploration drives in both the Burkland and the Nygruvan areas adding to a total of 900 m of exploration development in 2018.

In total, 43,000 m of exploration drilling is planned with 23,500 m to be completed from underground and 19,500 m from surface, primarily in the Dalby area. A total of 28,000 m of infill and definition drilling, all from underground, is also planned.

In 2017, Zinkgruvan produced 77,963 tonnes of zinc, 28,324 tonnes of lead and 977 tonnes of copper in concentrate. For 2018, forecast production is as tabulated below.

Zinkgruvan	Unit	2018
Zinc Production	‘000 Tonnes	76 – 81
Copper Production	‘000 Tonnes	1 – 2
Lead Production	‘000 Tonnes	22 – 25

The current zinc/lead and copper Mineral Reserve estimates at Zinkgruvan are able to support a LOM in excess of 10 years.

5.6.2 OTHER PROPERTIES

5.6.2.1 Freeport Cobalt

During 2013, Lundin Mining acquired, in partnership with Freeport, a large-scale cobalt chemical refinery located in Kokkola, Finland and the related sales and marketing business. Lundin Mining holds an effective 24% ownership interest, with Freeport holding an effective 56% ownership interest and acting as operator and Gécamines holding a 20% interest. Initial consideration of $348 million, net of cash acquired, was paid at closing. Lundin Mining's share of the investment is based on a 30/70% split with Freeport and will be repaid in full prior to any distributions. Under the terms of the agreement, there was the potential for additional consideration of up to $110 million payable over a period of three years from the acquisition date, contingent upon the achievement of revenue-based performance targets, which period expired in 2016 with no payments for additional consideration having been required.

Subsequent to the acquisition, the operations were re-branded Freeport Cobalt.

The refinery located on the Baltic Sea in Finland processes unrefined cobalt and related metals and manufactures advanced inorganic products for use in a variety of applications in fast-growing end use markets. Freeport Cobalt is one of the world's largest suppliers of cobalt chemicals and powders for use in batteries, pigments, chemicals, catalysts and ceramics and powder metallurgy.

The Kokkola refinery has been in operation since 1968. It has an experienced management team and, employees, and a global sales and marketing footprint that services customers in Asia, Europe and the Americas.

5.6.3 LEGACY SITES

On March 22, 2017, all of the issued and outstanding shares of Galmoy Mines Limited, the owner of the Galmoy Mine, were sold to an affiliate of the Lanes Group plc, which has in turn assumed all of the assets and liabilities of Galmoy.

Lundin acquired the closed Vueltas del Rio gold mine in Honduras as part of the acquisition of Rio Narcea Gold Mines, Ltd. (Canada) in 2007. The Company undertook site reclamation under an approved MCP, including a three-year aftercare monitoring program that was completed in mid-2017. With the support of the Honduran authorities and local communities the Company relinquished its mining concession and has wound down its activities related to Vueltas del Rio.

Production ceased in 2008 at the Storliden zinc-copper mine in northern Sweden. A rehabilitation program was substantially completed in accordance with the approved MCP, with some limited remediation work left to be undertaken in 2018. The site is now subject to a long-term monitoring program.

Zinkgruvan Mining AB continues to work with local regulatory authorities and local communities to define environmental conditions, potential residual ecological and human health risks, and future remediation options for a historic processing and tailing storage site at Åmmeberg, where Vieille Montagne processed Zinkgruvan ore from the 1850s until the late 1970s. The area was reclaimed by Vieille Montagne during the 1980s and is currently used largely as a golf course and marina facility. The results of the updated studies are expected to lead to the local authority's initiation of remediation study work and a resulting remediation plan.

6. RISKS AND UNCERTAINTIES

The Company's business activities are subject to risks, including those described below. Every investor or potential investor in the Company's securities should carefully consider these risks. Any of the following risks could have an adverse effect on the Company, its business and prospects, and could cause actual outcomes and results to differ materially from those described in the forward-looking statements relating to the Company. Additional risks related to the Company's material properties are discussed in the Technical Reports filed by the Company from time to time under the Company's profile on SEDAR at www.sedar.com.

In addition, other risks and uncertainties not presently known by management of the Company or that management currently believes are immaterial could affect the Company, its business and prospects.

The following section discusses various risks to which the Company is exposed. These risks are listed under three main categories: *Strategic/External Risks* related to the external environment in which the Company operates and/or the Company's business strategies; *Financial Risks* related to economic, market, and financial counterparty conditions, among other; and *Operational Risks* including all people, process and system aspects of operations management.

6.1 STRATEGIC/EXTERNAL RISKS

6.1.1 External Stakeholder Relations

The Company places great importance on establishing and maintaining positive relationships with its stakeholders, including the communities in which the Company operates, local indigenous groups, regulators and other stakeholders. There is an increasing level of public concern relating to the perceived effect of mining activities on certain environmental and social aspects such as water consumption and water quality, land use, noise and vibration, dust, mine closure, and employment and economic development opportunities. Increased awareness, globally, for the impacts of climate change has contributed to this growing public concern. Opposition to mining activities by communities or indigenous groups may ultimately affect permitting, operations, and the Company's reputation. Publicity adverse to the Company's operations, partners, or extractive industries generally, could have an adverse effect on the Company and may affect its ability to operate. Further, sustained periods of stress on local economies may increase scrutiny of and pressure on mining operations, The Company maintains active dialogue with stakeholder groups and regularly reviews stakeholder engagement plans. In addition, the Company undertakes various initiatives involving or for the benefit of stakeholder groups in accordance with its responsible mining strategies. While the Company is committed to operating in a socially responsible manner, there can be no assurance that its efforts, in this respect, will mitigate this potential risk.

6.1.2 Regulatory Environment, and Permitting

The Company has operations in Chile, Portugal, Sweden, and the United States, and exploration and inactive mine properties in various countries. These operations are subject to various political, economic and social uncertainties, and local laws and regulations. The implementation of new, or the amendment of, existing laws and regulations affecting the mining and metals industry could have an adverse impact on the Company. Further, global initiatives such as those related to climate change, may result in new restrictions affecting not only the mining sector but also key supply chain partners, such as the shipping industry where new requirements to curb greenhouse gas emissions have been promulgated. The potential inability to timely secure approvals and permits required for the development and operation of the Company's mining assets, as well as licenses and approvals necessary to advance its exploration efforts presents a key risk for the Company. Each phase of a mine life cycle requires certain approvals, permits and licenses, and material delays in or inability to obtain these could result in loss of invested exploration and development capital; inability to develop mining assets along with curtailed mine life; significant increases in operating costs; potential impacts on labour, community, and government relations; and erosion of shareholder value.

Risks related to permitting and approvals may be materially influenced by external stakeholder relations and changes to the regulatory environment in the jurisdictions in which the Company explores and operates. For example, member countries of the European Union and Chile, among other Latin American countries have ratified the Paris Accord on Climate Change thereby confirming their commitment to implement measures designed to prepare for and mitigate the effects of climate change. While the Company is dedicated to maintaining mutually rewarding relationships with all of its stakeholders, there can be no assurance that required key approvals, permits or licenses will be obtained when and as necessary.

The Company is presently complying in all material respects with necessary licenses and permits under applicable laws and regulations to conduct its current operations. However, licenses and permits are subject to change in various circumstances, and permits and approvals may require renewal from time to time, and new permits may need to be obtained in the future.

The Company was successful in 2017 in obtaining key renewal or remaining permits for its Candelaria operations, and the new Los Diques tailings management facility, in Chile. In December 2017 the Company also received approval of the Environmental Impact Declaration to extend the life of the Alcaparrosa underground mine to 2022. A number of technical and other permits are required for 2018, and there can be no assurance these will be timely granted or at all. Permitting activities are progressing related to eventual development of the Eagle East deposit at the Eagle Mine, as well as permits related to continued mill water treatment, and tailings discharge. In Portugal, Somincor obtained environmental approval of the ZEP from the Portuguese Environmental Agency Agência Portuguesa do Ambiente ("APA") in July. During the third quarter, Somincor advanced the next major permitting step, referred to as the RECAPE, which entails the review of project design to verify that the project complies with the Detailed Impact Analysis issued in the pre-study or preliminary study phase. The RECAPE application was submitted to the APA in October, and the APA returned a conditional approval with additional requirements. These requirements are under discussion and the Company expects to have them resolved in the first half of 2018 thereby enabling commencement of surface construction related to the ZEP.

The granting, renewal and continued effectiveness of permits and approvals are subject to discretion by the applicable regulatory authority. Certain governmental approval and permitting processes are subject to public comment and can be challenged by project opponents, which may result in significant delays or in approvals being withheld or withdrawn. There can be no assurance that the Company will be able to obtain or maintain all necessary licenses and permits as are required to explore and develop its properties, commence construction or operate mining facilities. Any of these factors could have an adverse effect on the Company, including, but not limited to its results of operations and financial position.

Non-compliance with applicable laws, regulations and permitting requirements (including allegations of such) may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed or causing the withdrawal of mining licenses, and the imposition of corrective measures requiring material capital expenditure or remedial action resulting in materially increased costs of compliance, reputational damage and potentially impaired ability to secure future approvals and permits. The Company may be required to compensate third parties for loss or damage and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

6.1.3 Acquisition and Integration

The strategic acquisition of a mining company, property or asset may change the scale of the Company's business and operation, exposing the Company to new geographic, political, legal, regulatory, operational and financial risks. The Company's assessment and valuation of an acquisition target may be based on estimates or assumptions that ultimately prove to be incorrect. The Company may discover it has acquired a substantial undisclosed liability with little recourse against the seller. Such liabilities could have an adverse impact on the Company's business, financial condition, results of operations and cash flows. Integration efforts may cause an interruption of, or a slowdown in, the activities of the Company's business, or affect the Company's ability to adequately resource its expanded portfolio. The Company may not succeed in identifying suitable acquisition candidates, completing effective due diligence activities, negotiating acceptable terms, and integrating the acquired operations into the Company. There can be no assurance that investments made will yield expected returns. A capital-intensive acquisition may also materially weaken the Company's balance sheet.

6.1.4 Business Arrangements

The Company has business arrangements involving partners for various investments such as Candelaria, and Freeport Cobalt. There may be risks associated with the Company's partners in these arrangements which include, but are not limited to: disagreement on how to develop, operate or finance projects; differences between partners in economic or business goals; lack of compliance with agreements and laws; insolvency of a partner; limits placed on the Company's ability to control decision-making and possible limitations on its ability to sell its interest in a particular project. In April 2017, the Company divested its indirect minority interest in Tenke thereby reducing its exposure to risk related to its partnership with Freeport in respect of Tenke. The Company still holds a minority interest in a cobalt refinery in Finland. There can be no assurance the Company will be able to agree with its investment partners on terms of

divestiture for this asset should it elect to do so. Further, as the Company seeks to increase its asset portfolio, should it acquire a new asset in partnership with another entity, there can be no assurance that such new partnership will not result in material increased risks for the Company.

6.1.5 Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

6.1.6 Mine Development Risks

The Company's ability to maintain, or increase, its annual production of copper, nickel, zinc and other metals is dependent, in significant part, on its ability to bring new mines into production and to expand existing mines. Although the Company utilizes the operating history of its existing mines to derive estimates of future operating costs and capital requirements, such estimates may differ materially from actual operating results. The economic feasibility analysis with respect to any individual project is based upon, among other things, the interpretation of geological data obtained from drill holes and other sampling techniques, feasibility studies (which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed), and base metals price assumptions, the configuration of the orebody, expected recovery rates of metals from the ore, comparable facility and equipment costs, anticipated climatic conditions, estimates of labour, productivity, royalty or other ownership requirements and other factors. Development projects are also subject to issuance of necessary permits and other governmental approvals, sourcing suitable power and water requirements, confirming the availability of appropriate local area infrastructure, receipt of adequate financing and addressing local stakeholder concerns.

The capital expenditures and timeline needed to develop a new mine or expansion are considerable and the economics of and the ability to complete a project can be affected by many factors, including; inability to complete construction and related infrastructure in a timely manner; changes in the legal and regulatory environment; currency fluctuations; industrial disputes, availability of parts, machinery or operators; delays in the delivery of major process plant equipment; inability to obtain, renew or maintain the necessary permits, licenses or approvals; unforeseen natural events and political and other factors. Factors such as changes to technical specifications, failure to enter into agreements with contractors or suppliers in a timely manner, and shortage of capital may also delay the completion of construction or commencement of production or require the expenditure of additional funds. The actual operating results of development projects may differ materially from those anticipated, and uncertainties related to operations are even greater in the case of development projects. There can be no assurance that development projects will be able to be developed successfully or economically or that they will not be subject to the other risks described in this section.

6.1.7 Resource Allocation

Exploration, acquisition, development and operation activities require significant investment of resources and capital. The Company allocates such resources and capital to support business objectives, and the availability of required resources and capital is subject to market conditions and the Company's financial position. There can be no assurance that the Company will not be forced to curtail investments in the growth of the Company, due to changing economic conditions, geo-political events or other factors, and this may impact the Company's future profitability. The Company may not have sufficient personnel with required expertise to successfully deliver on all business objectives, and this may also impact the Company's results.

6.1.8 Litigation

The Company is subject to litigation from time to time and may be involved in disputes with other parties in the future, which may result in litigation. In December 2017, a proposed class action was filed in Ontario against Lundin Mining and certain of its officers and directors and, in January 2017, a second overlapping

action was filed in Quebec, both seeking damages and asserting various claims including alleged misrepresentations and/or failure to make timely disclosure of allegedly material information about Candelaria, in defense of which the Company and other defendants have engaged external counsel. The Company cannot predict the outcome of these actions or any other litigation (see also "Legal Proceedings" below). If the Company cannot resolve disputes favourably, the Company's activities, financial condition, results of operations, future prospects, share price and reputation may be adversely affected.

6.1.9 Legacy Sites

Some of the Company's properties may have been used for mining and related operations for many years before they were acquired and were acquired as is or with assumed legacy environmental liabilities from previous owners or operators. Environmental conditions may exist on these properties that are unknown and/or have been caused by previous or existing owners or operators of such properties, but the remediation of which may be the Company's responsibility. As the Company grows, it may acquire exploration licenses or operating assets that include old mine workings or closed facilities within the licensed concession. Such legacy sites may be subject to local government existing or new requirements for their remediation and care and, where impaired environmental conditions are identified, the Company may be required to resolve these to satisfy regulatory requirements and/or key stakeholders. Such requirements may impose significant conditions and costs on the Company. Zinkgruvan in Sweden, has been in operation for over 160 years, and a historic processing and tailing storage site in nearby Åmmeberg, where Vielle Montagne of Belgium processed Zinkgruvan ore from the 1850s until the late 1970s, is anticipated to require incremental remediation. The Company is working local regulatory authorities and local communities to responsibly assess these conditions. The Company is committed to adhering to its responsible mining practices. There can be no assurance however that additional and potentially onerous requirements will not be imposed on the Company in the future. See also "Legacy Sites" above.

6.1.10 Country Risk

In 2017, the Company divested its minority interest in mining operations in the Democratic Republic of the Congo, thereby significantly reducing its country risk exposure. The Company's current asset portfolio includes operating assets in Chile, Portugal, Sweden and the United States of America, along with a minority interest in a refinery in Finland, and exploration licenses in Peru and Romania.

While country risk exposure is currently considered low, there can be no assurance that the Company's existing or future assets will not be subject to government limitations, restrictions or requirements not presently foreseen. Changes in policy that alter laws regulating the mining industry could have an adverse effect on the Company. There can be no assurance that the Company's assets will not be subject to nationalization, requisition or confiscation, whether legitimate or not, or undue taxation by an authority or body.

Political instability or civil unrest in target jurisdictions for exploration and business development may also curtail the Company's growth efforts.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada.

Changes in policy stance by key sovereign players may result in trade restrictions, increased taxation, or operating costs.

It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have an adverse effect on the Company, including, but not limited to, its operations.

6.1.10 Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, work force health issues, contaminations, labour disputes, changes in regulatory environment, rock bursts, cave-ins, fires, floods, droughts, earthquakes, severe weather events and other natural phenomena, as well as political and social instability. Certain risks may not currently be insurable or may become uninsurable, or required insurance will not be sufficient or available at affordable premiums. The Company may decide not to insure against certain risks as the potential loss associated with risk events is deemed acceptable or as the costs of insurance are deemed excessive for the protection provided. The Company does not maintain insurance against political risks.

6.2 FINANCIAL RISKS

6.2.1 Commodity Prices

Commodity prices, primarily copper, zinc and nickel, are key performance drivers and fluctuations in the prices of these commodities can have a dramatic effect on the results of operations. Prices can fluctuate widely and are affected by numerous factors beyond the Company's control. The prices of metals are influenced by supply and demand, exchange rates, interest rates and interest rate expectations, inflation or deflation and expectations with respect to inflation or deflation, speculative activities, changes in global economies, and geo-political, social and other factors. The supply of metals consists of a combination of new mine production, recycling and existing stocks held by governments, producers and consumers.

If the market prices for metals fall below the Company's full production costs and remain at such levels for any sustained period of time, the Company may experience losses and may decide to discontinue mining operations or development of a project at one or more of its properties. If the prices drop significantly, the economic prospects of the mines and projects in which the Company has an interest could be significantly reduced or rendered uneconomic. Low metal prices will affect the Company's liquidity, and if they persist for an extended period of time, the Company may have to look for other sources of cash flow to maintain liquidity until metal prices recover. A sustained and material impact on the Company's liquidity may also impact the Company's ability to comply with financial covenants under its credit facilities. The Company does not currently hedge metal prices. Any hedging activity requires approval of the Company's Board of Directors. The Company will not hold or issue derivative instruments for speculation or trading purposes.

6.2.2 Asset Valuation

The Company annually undertakes a detailed review of the LOM plans for its operating properties and an evaluation of the Company's portfolio of development projects, exploration projects and other assets. The recoverability of the Company's carrying values of these operating and development properties may be affected by a number of factors including, but not limited to, metal prices, foreign exchange rates, capital cost estimates, mining, processing and other operating costs, metallurgical characteristics of ore, mine design and timing of production. In the event of a prolonged period of depressed prices, the Company may be required to take a material impairment, writing down the carrying value of certain of its operating and/or development properties.

6.2.3 Liquidity and Financing

The Company does not have unlimited financial resources and there is no assurance that sufficient additional funding or financing will be available to the Company or its direct and indirect subsidiaries on acceptable terms, or at all, for further exploration or development of its properties or to fulfill its obligations under any applicable agreements. Lundin Mining is a multinational company and relies on financial institutions worldwide to fund its corporate and project needs. Instability of large financial institutions may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. Disruptions in the capital and credit markets as a result of uncertainty, geo-political events, changing or increased regulation of financial institutions, reduced alternatives or failures of significant financial institutions could adversely affect the Company's access to the liquidity needed for the

business in the longer term. Failure to obtain such additional funding could result in the delay or indefinite postponement of the exploration and development of the Company's properties.

The Company may incur substantial debt from time to time to finance working capital, capital expenditures, investments or acquisitions or for other purposes. If the Company does so, the risks related to the Company's indebtedness could intensify, including: (i) increased difficulty in satisfying existing debt obligations; (ii) limitations on the ability to obtain additional financing, or imposed requirements to make non-strategic divestitures; (iii) imposed hedging requirements, (iv) imposed restrictions on the Company's cash flows, for debt repayment; (v) increased vulnerability to general adverse economic and industry conditions; (vi) interest rate risk exposure as borrowings may be at variable rates of interest; (vii) decreased flexibility in planning for and reacting to changes in the industry in which it competes; (viii) reduced competitiveness as compared to less leveraged competitors; and (ix) increased cost of borrowing.

In addition, the Company's existing credit facilities and other agreements may contain restrictive covenants that limit the Company's ability to engage in activities that may be in the Company's long-term best interest. The Company's failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of repayment of the Company's debt. The Company's ability to make scheduled payments on or refinance its debt obligations, depends on the Company's financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to various external and other risks as outlined elsewhere in this "Risks and Uncertainties" section.

In November 2017, the Company reduced its debt by redeeming all of its 7.5% Senior Secured Notes due 2020. The principal amount of the Notes was $550 million.

6.2.4 Foreign Currencies

The Company's revenue from operations is received in US dollars while a significant portion of its operating expenses are incurred in CLP, EUR, SEK, and other currencies. Accordingly, foreign currency fluctuations may adversely affect the Company's financial position and operating results. The Company regularly reviews its exposure to currency price volatility as part of its financial risk management efforts. Hedging activities approved by the Board may be undertaken, from time to time, to mitigate the potential impact of currency price volatility.

6.2.5 Interest Rates

The Company holds various financial assets, the value of which may be impacted by changes in interest rates. Interest rates may also affect the Company's credit arrangements over time. The Company does not currently hedge interest rate exposure. Any hedging activity requires approval of the Company's Board of Directors. The Company will not hold or issue derivative instruments for speculation or trading purposes.

6.2.6 Equity Markets

The Company's share price may be significantly affected by factors unrelated to the Company's performance. Macro-economic, geo-political, and industry-related events, among others, may affect investor sentiment and have an impact on the price of the Company's common shares. The market price of the Company's common shares may not accurately reflect its long-term value.

6.2.7 Taxation

The Company's operations are subject to local tax regimes which may be complex and subject to changes. Future adverse effects on the Company's financial performance may result from changes in tax regulations. Any change in taxation law or review and assessment thereof could result in higher taxes being payable by the Company. The Company may also be the object of a tax audit by regulators, and such audit may result in an adverse tax ruling. Repatriation of earnings to Canada from other countries may be constrained or subject to withholding taxes. The Company has no control over changes in tax laws or regulations and withholding tax rates.

6.2.8 Counterparties

The Company is subject to credit risk associated with trade receivables. The Company manages this risk through evaluation and monitoring of industry and economic conditions and assessment of customers' financial reports. The Company transacts with credit-worthy customers to minimize credit risk and if necessary, employs pre-payment arrangements and the use of letters of credit, where appropriate, but cannot always be assured of the solvency of its customers over time.

The Company's access to funds under its credit facilities or other debt arrangements is dependent on the ability of the financial institutions that are counterparties to the facilities to meet their funding commitments. Those financial institutions may not be able to meet their funding requirements. Default by financial institutions could require the Company to take measures to conserve cash until the markets stabilize or until alternative credit or other funding arrangements for the Company's business needs can be obtained.

The Company maintains relationships with various banking partners for its operating activities in the jurisdictions in which the Company operates. One or more partners may experience a deteriorating financial condition ultimately resulting in their failure or default. The Company regularly monitors the financial position of its key partners.

6.3 OPERATIONAL RISKS

6.3.1 Health and Safety

Exploration and mining activities represent inherent safety hazards, and maintaining the health and safety of the Company's employees and contractors is of paramount importance to the Company. Health and safety hazard assessments are carried out regularly throughout the lifecycle of the Company's activities, and robust policies, procedures and controls are in place. Notwithstanding continued efforts to adhere to the Company's "zero harm" policy, safety incidents may still occur. Significant potential risks include, but are not limited to, surface or underground fires, rock falls underground, blasting accidents, vehicle accidents, fall from heights, contact with energized sources, and exposure to infectious disease. Employees involved in exploration activities in remote areas may also be exposed to attacks by individuals or animals or violent opposition by local communities that may place the employees at risk of harm. Any incident resulting in serious injury or death could result in litigation and/or regulatory action (including, but not limited to suspension of operations and/or fines and penalties), or otherwise adversely affect the Company's reputation and ability to meet its objectives.

6.3.2 Environment

All phases of mining and exploration operations are subject to extensive environmental regulation. These regulations mandate, among other things, the preparation of environmental assessments before commencing certain operations, the maintenance of air and water quality standards, and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. The transportation of the Company's concentrates may also be affected by environmental amendments to international maritime laws that may impose restrictions on products shipped by vessel. Some laws and regulations may impose penalties for environmental contamination, which could subject the Company to liability for the conduct of others or for its own actions that were in compliance with all applicable laws at the time such actions were taken. Environmental legislation is evolving in a manner that will result in stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and mine closure plans, and a heightened degree of responsibility for companies and their officers, directors and employees. Any future changes in environmental regulation could adversely affect the Company's ability to conduct its operations.

The Company may need to address contamination at its properties in the future, either for existing environmental conditions or for leaks or discharges that may arise from ongoing operations or other contingencies. Contamination from hazardous substances at properties for which the Company is responsible, may subject it to material liability for the investigation or remediation of contamination, as well as for claims seeking to recover for related property damage, personal injury or damage to natural resources.

6.3.3 Mining and Processing

The Company's business operations are subject to risks and hazards inherent in the mining industry, including, but not limited to, unanticipated variations in grade and other geological problems, surface and ground water conditions, water balance and water chemistry, backfill quality or availability, underground conditions, metallurgy, ore hardness and other processing issues, critical equipment or process failure, the lack of availability of input materials and equipment, disruption to water or power supply, ground subsidence, the occurrence of rock wall or ramp collapses, accidents, labour force disruptions, supply chain/logistics disruptions, force majeure events, unanticipated transportation costs, and weather conditions, any of which can materially and adversely affect, among other things, the safety of personnel, the development of properties, production quantities and rates, costs and expenditures, production commencement dates, project completion, contractual obligations and financial covenants.

The Company's processing facilities are dependent upon continuous mine feed to remain in operation. Significant disruption in either mine feed or processing throughput, whether due to equipment failures, adverse weather conditions, supply interruptions, labour force disruptions or other causes, may have an immediate adverse effect on results of operations of the Company.

6.3.4 Production Estimates

The Company prepares estimates and projections of future production, which information is forward-looking. There can be no assurance that such projections will be realized. Lundin Mining prepares production guidance based on existing mine plans and certain assumptions which change from time to time, including the availability, accessibility, sufficiency and quality of Mineral Reserve estimates, costs of production, ability to sustain and increase production levels, the sufficiency of infrastructure, the performance of workforce and equipment, ability to maintain and obtain mining interests and permits and compliance with laws and regulations. Lundin Mining's actual production may vary from estimates for a variety of reasons discussed in this AIF, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the reserves, such as the need for sequential development of orebodies and the processing of new or different ore grades; revisions to mine plans; unusual or unexpected orebody formations; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability, ground instability, floods, and earthquakes; and unexpected labour shortages, strikes, local community opposition or blockades. Failure to achieve the estimated production guidance could have an adverse impact on future cash flows, business, results of operations and financial condition.

6.3.5 Labour Relations

A prolonged labour disruption by employees or suppliers at any of the Company's mining operations or distribution channels could have an adverse effect on the Company's ability to achieve its objectives with respect to such properties and its operations as a whole. In 2017, Candelaria successfully renegotiated agreements with its labour unions, including new groups that organized as permitted under Chile's amended Labor Code. In Portugal, Somincor experienced brief, scheduled labour disruptions during the fourth quarter of 2017. There can be no assurance that Somincor will not experience additional or more prolonged labour disruptions in 2018, or ultimately be successful in reaching an agreement that does not impose material additional operating costs and/or materially delay the advancement of its ZEP plan.

6.3.6 Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges and power and water supplies are important determinants which affect capital and operating costs. Extreme weather damage, sabotage or government or other interference in the maintenance or provision of such infrastructure could adversely affect the activities and profitability of the Company.

6.3.7 Price and Availability of Energy and Key Operating Supplies/Services

The Company's mining operations and facilities are intensive users of electricity and carbon-based fuels. Energy prices can be affected by numerous factors beyond the Company's control, including global and regional supply and demand, weather patterns, political, geo-political and economic conditions and applicable regulatory regimes. The availability of energy and water may be negatively impacted due to a variety of reasons including, fluctuations in climate, severe weather conditions, inadequate infrastructure capacity, equipment failure or the ability to extend supply contracts on economical terms. A catastrophic failure of Candelaria's desalination plant would materially impair water supply to the operation which, until corrected, would result in partial or total suspension of the operations. The prices and various sources of energy the Company relies on may be negatively impacted and any such change could have an adverse effect on profitability.

Key operating supplies such as explosives, reagents, tires and spare parts are necessary for the ongoing operations of the Company's mines and mills. If these supplies become unavailable or their costs increase significantly, the profitability of the Company's operations would be negatively impacted.

Concentrate treatment and transportation costs are a significant component of costs. Increases in treatment costs, rates, or lack of available ocean vessels or rail cars may have an adverse impact on results of operations, cash flows and financial position.

6.3.8 Exploration

Exploration of mineral properties involves significant risk. Very few properties that are explored are later developed into operating mines. Whether a mineral deposit will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal recoverability; metal prices, which are highly cyclical; and government regulation, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environment protection. In addition, political instability and/or community opposition to mining activities in certain jurisdictions may restrict the Company's ability to explore. Furthermore, growing awareness and concern with respect to the impacts of climate change may ultimately result in restrictions with respect to areas where exploration is permitted, for example in regions already under climate-induced stress. The Company cannot provide assurance that its exploration efforts will result in any new commercial mining operations or yield new Mineral Resource and Mineral Reserve estimates.

6.3.9 Mineral Resource and Mineral Reserve Estimates

The Company's reported Mineral Resources and Mineral Reserves are only estimates. No assurance can be given that the estimated Mineral Resources and Mineral Reserves will be recovered or that they will be recovered at the rates estimated. Mineral Resource and Mineral Reserve estimates are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral Resource and Mineral Reserve estimates may require revision based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs, reduced recovery rates or deteriorating ground conditions may render certain Mineral Reserves estimates uneconomic and may ultimately result in a restatement of estimated Mineral Resources and/or Mineral Reserves. Short-term operating factors relating to the estimated Mineral Resources and Mineral Reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades or types, may adversely affect the Company's profitability. Resequencing of mining activities may ultimately impair the LOM.

6.3.10 Staffing

Attracting, motivating, and retaining highly skilled employees is essential to the success of the Company. There can be no assurance, however, that the Company will successfully retain current key personnel or attract additional qualified personnel to manage the Company's current or future needs.

6.3.11 Natural Phenomena

Certain Company operations are located in regions considered to be at high risk of severe natural phenomena such as earthquakes, windstorms, and severe precipitation. The Company regularly reviews its emergency response and crisis management plans. Infrastructure at high-risk locations has been constructed to meet construction standards designed for regions of high seismicity. Chilean operations, in particular, have been the subject of numerous studies to assess the robustness of various mine structures, including tailings management facilities and waste rock dumps. In addition to monitoring equipment in place to detect unusual movement, or presence of water, regular geotechnical reviews are carried out at all Company operations. There is no assurance that a significant natural event may not result in catastrophic losses having an adverse affect on the Company, including, but not limited to its personnel and assets.

Severe drought conditions impacting the regions in which the Company operates may affect its access to adequate water to sustain operations in the normal course, may result in conflict with local communities, or may materially increase operating costs. Conversely, extraordinary storm events may result in localized flooding directly or indirectly impacting mine personnel operations. The scientific community has predicted an increase, over time, in the frequency and severity of extraordinary or catastrophic natural phenomena as a result of climate change. Thus the risk for regions already exposed can be considered more severe.

6.3.12 Fraud and Corruption

As a matter of Company policy, the Company prohibits illegal payments of any kind, directly or indirectly. Employees are required to avoid all situations in which their personal interests conflict or might conflict with their duties to the Company or with the economic interest of the Company. Further, the Company maintains a whistleblower mechanism that employees are encouraged to use to report any suspected inappropriate activity and that triggers an investigation. Notwithstanding, there is no assurance of compliance or that the Company, its customers, suppliers or employees will not be the subject of allegations by third parties of fraud and corruption. Such allegations may result in material reputational damage to the Company, may prompt investigations by regulators or result in litigation, may impact its standing with stakeholders and ultimately adversely impact the Company, including, but not limited to its share price.

6.3.13 Ethics and Business Practices

The Company maintains and requires adherence to policies governing ethical business conduct and practices, including prohibition of illegal payments, and respect for human rights and the individual. All personnel are expected to promote a respectful and inclusive workplace environment irrespective of ethnic background, gender, age or experience. Nevertheless, there is no assurance of compliance and the Company may be subject to allegations of discriminatory practices, harassment, unethical behavior, or breach of human rights.

6.3.14 Security

A number of the Company's operations are located within reasonable proximity of communities, and each operation maintains security controls to prevent illegal ingress onto its property. There is no assurance, however, that unauthorized access onto an exploration or mining concession will not occur. Such illegal ingress may result in injury to personnel or third parties and/or damage to property, as well as illegal mining and theft.

6.3.15 Cyber Security

The Company and its operations rely heavily on various operating and financial systems and data. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapid evolving nature of the threats, targets and consequences. A breach of the Company's information or operational technology systems may result in disruption of business activities, loss of confidential or proprietary data, failure of internal controls over financial reporting, failure to meet obligations and reputational damage. Such a breach may also expose the Company to legal and regulatory action. Policies and procedures are maintained to ensure the security of its information technology systems, and data and system security controls are regularly tested and audited. The Company also relies on third-party service

providers for the storage and processing of various data. These third parties are the subject of external audits and the Company annually reviews the reports of such audits. There can be no assurance, however, that the Company will not suffer a business disruption or loss or corruption of proprietary data, whether inadvertent or otherwise.

6.3.16 Mine Closure

Closure activities typically include ground stabilization, infrastructure demolition and removal, topsoil replacement, regrading and revegetation. Mine closure may have significant impacts on local communities and site remediation activities may not be supported by local stakeholders. To mitigate this risk, the Company develops and regularly updates MCPs for all operations over the LOM, giving consideration to where post-mining land use may benefit local communities. In addition to immediate closure activities, closed mining operations may require long-term surveillance and monitoring.

MCPs are developed in accordance with the Company's corporate standards and to comply with local regulatory requirements. Future remediation costs for inactive mines are estimated at the end of each financial reporting period, including ongoing care, maintenance and monitoring costs. Actual costs realized in satisfaction of mine closure obligations may vary materially from management's estimates. From time to time, regulatory approval for amendments to MCPs and associated permits may be sought, and these could have a significant impact on mine closure costs.

As at December 31, 2017, the Company had $44.8 million in cash in a number of reclamation funds that will be used to fund future site reclamation and mine closure costs at the Company's various mine sites. The Company will continue to contribute to these funds as required, based on an estimate of the future site reclamation and mine closure costs as detailed in the approved MCPs. Changes in environmental laws, regulations and standards can create uncertainty with regards to future reclamation costs and affect the funding requirements. There can be no assurance that the reclamation funds set aside will be sufficient to meet the needs of actual reclamation work in the future.

6.3.16 Waste Management

The mining and milling processes generate waste rock and tailings and the disposal of these materials is regulated. The Company follows strict protocols for compliance with regulatory requirements and permits.

Waste rock dumps and tailings impoundments may be subject to ground movements or deteriorating ground conditions, or extraordinary weather events that may result in structure instability, or impoundment overflow, requiring that deposition activities be suspended. The tailings storage facility infrastructure, including pipelines, pumps, liners, etc. may fail or rupture. The occurrence of such an event may result in environmental release, extended business interruption, damage or harm to third parties, regulatory fines and penalties, revocation or suspension of permits or licenses, material impact to cash flows, balance sheet, share price and reputational damage.

Waste rock dump and tailings storage facilities are the object of continual monitoring, regular inspections and reviews, and annual and other third-party assessments.

6.3.17 Title

Although the Company has investigated the right to explore and exploit its various properties, and obtained records from government offices with respect to all of the mineral claims, licenses, concessions and other rights in and to lands comprising its properties, there is no guarantee of title. Other parties may dispute the title to a property or the property may be subject to prior unregistered agreements and transfers or land claims by aboriginal, native, or indigenous peoples. The title to the Company's properties may be affected by undetected encumbrances or defects or governmental actions. The Company has not conducted surveys of all of its properties and the precise area and location of claims or the properties may be challenged. Title insurance is generally not available for mineral properties.

7. DIVIDENDS AND DISTRIBUTIONS

On November 30, 2016, the Company's Board approved a Dividend Policy. The Company's Dividend Policy anticipates paying four cash dividends per calendar year, the first declared with the release of year-end results; the second declared with the release of first quarter results; the third declared with the release of second quarter results; and the fourth declared with the release of the third quarter results. The declaration, timing, amount and payment of all dividends remain at the discretion of the Board.

In 2017, Company paid an aggregate cash dividend of $0.12 per common share: $0.03 in April, $0.03 in June, $0.03 in September and $0.03 in December.

The Board of Directors reviews the dividend quarterly based on, among other things, the Company's current and projected liquidity profile.

8. DESCRIPTION OF CAPITAL STRUCTURE

As at December 31, 2017, the authorized share capital of the Company consisted of an unlimited number of common shares without nominal or par value of which 728,418,632 common shares were issued and outstanding, and one special share without nominal or par value. The special share is not issued and outstanding at this time.

The holders of common shares are entitled to receive notice of and attend all meetings of shareholders with each common share entitling the holder to one vote on any resolution to be passed at such shareholder meetings. The holders of common shares are entitled to dividends if, as and when declared by the Board of Directors. The common shares are entitled, upon liquidation, dissolution or winding up of the Company, to receive the remaining assets of the Company available for distribution to shareholders.

9. RATINGS

The following table sets out the current ratings of the Company's long-term corporate debt by the rating agencies:

Standard & Poor's	Moody's Investors Service
BB	Ba2
stable outlook	stable outlook

S&P's credit ratings are on a rating scale that ranges from AAA to D, which represents the range from highest to lowest quality. Ratings AAA to BBB- are considered investment grade, and BB+ to D are considered speculative grade. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (–) sign to show relative standing within the major rating categories. S&P's rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. When an event, unexpected change or criteria change occurs that is likely to cause a ratings change in the near term, S&P places the rating on CreditWatch, which replaces the outlook on that rating. CreditWatch highlights the potential direction of a short- or long-term rating. It focuses on identifiable events and short-term trends that may cause ratings to be placed under special surveillance by S&P. These may include mergers, recapitalizations, voter referendums, regulatory action, performance deterioration of securitized assets, or anticipated operating developments. According to the S&P, an obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

Moody's credit ratings are on a rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality. Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a

ranking in the lower end of that generic category. A Moody's rating outlook is an opinion regarding the likely rating direction over the medium term. Ratings outlooks fall into four categories: positive, negative, stable, and developing. A stable outlook indicates a low likelihood of a rating change over the medium term. A negative, positive or developing outlook indicates a higher likelihood of a rating change over the medium term. The time between the assignment of a new rating outlook and a subsequent rating action has historically varied widely, depending upon the pace of new credit developments which materially affect the issuer's credit profile. Obligations rated 'Ba' are judged to be speculative and are subject to substantial credit risk.

Lundin Mining understands that the ratings are based on, among other things, information furnished to the above ratings agencies by Lundin Mining and information obtained by the ratings agencies from publicly available sources. The credit ratings given to Lundin Mining's corporate debt by the rating agencies are not recommendations to buy, hold or sell debt instruments since such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant. Credit ratings are intended to provide investors with (i) an independent measure of the credit quality of an issue of securities; (ii) an indication of the likelihood of repayment for an issue of securities; and (iii) an indication of the capacity and willingness of the issuer to meet its financial obligations in accordance with the terms of those securities. Credit ratings accorded to Lundin Mining's corporate debt may not reflect the potential impact of all risks on the value of debt instruments, including risks related to market or other factors discussed in this AIF. See also "Risk and Uncertainties" above.

Lundin Mining has made payments to S&P and Moody's in connection with the confirmation of ratings assigned to its long-term debt.

10. MARKET FOR SECURITIES

10.1 Exchange Listings

In Canada, the common shares of the Company are listed on the TSX under the symbol "LUN". The common shares of the Company are also listed on the Nasdaq Stockholm under the symbol "LUMI". In addition to trading on the TSX and Nasdaq Stockholm, the Company's common shares also trade on various alternative Canadian and foreign exchanges which cumulatively trade significant volume over the course of the year.

10.2 Trading Price and Volume

The following table provides information as to the price ranges and volume traded by month in 2017 on the TSX.

Month	High (C$)	Low (C$)	Volume
January 2017	8.29	6.49	149,395,953
February 2017	8.94	7.74	127,512,327
March 2017	8.60	7.01	124,925,204
April 2017	7.77	6.96	88,298,061
May 2017	8.03	6.61	94,796,546
June 2017	7.93	6.79	106,398,345
July 2017	9.12	6.98	112,145,522
August 2017	9.90	8.62	134,821,833
September 2017	9.80	8.36	99,384,451
October 2017	10.23	8.59	104,758,785
November 2017	10.22	7.06	226,751,009
December 2017	8.52	6.62	168,424,949

11. DIRECTORS AND OFFICERS

11.1 Name, Address, Occupation and Security Holding of Directors and Officers

The Board of Directors currently comprises eight directors who are elected annually and whose term of office will expire at the Company's annual shareholders' meeting scheduled to be held on or about May 11, 2018. Each director holds office until the next annual meeting of shareholders or until his/her successor is duly elected unless his/her office is earlier vacated in accordance with the by-laws of the Company. The names, provinces and countries of residence of each of the directors and executive officers of the Company as at the date of this AIF, their respective positions and offices held with the Company, their principal occupations within the preceding five years and the number of securities of the Company owned by them as at the date of this AIF are set forth in the following table:

Name, residence and current position(s) held in the Company	Principal occupations for last five years	Served as director since	Number of securities beneficially owned, or controlled or directed
Lukas H. Lundin Vaud, Switzerland *Chairman and Director*	Chairman and Director of the Company since September 1994; chairman, president and/or director of a number of publicly traded resource-based companies.	September 9, 1994	2,271,449 common shares
Paul K. Conibear Ontario, Canada *President, Chief Executive Officer and Director*	President and Chief Executive Officer of the Company since June 30, 2011; and Senior Vice President, Corporate Development of the Company from October 2009 to June 2011.	June 30, 2011	929,314 common shares

Name, residence and current position(s) held in the Company	Principal occupations for last five years	Served as director since	Number of securities beneficially owned, or controlled or directed
Donald K. Charter Ontario, Canada *Director*	A corporate director with experience in executive leadership positions in mining and financial services as well as mergers and acquisitions and finance since 2006. He was the President and Chief Executive Officer of Corsa Coal Corp. from August 2010 to July 2013. Currently a director of, IAMGold, Dream Industrial Real Estate Investment Trust and International Petroleum Corp.	October 31, 2006	67,424 common shares
John H. Craig Ontario, Canada *Director*	Lawyer, partner of Cassels Brock & Blackwell LLP ("Cassels") until December 31, 2016, and Counsel to Cassels since January 1, 2017. Also, a director of a number of publicly traded companies.	June 11, 2003	213,849 common shares
Peter C. Jones Alberta, Canada *Director*	Corporate director and retired executive with over 40 years of experience in the global mining industry. Mr. Jones served as Interim President and CEO of IAMGOLD Corporation, President and Chief Operating Officer of Inco Ltd., and President and Chief Executive Officer of Hudson Bay Mining & Smelting Co. Mr. Jones has been a director of public companies for over 25 years.	September 20, 2013	61,482 common shares
Dale C. Peniuk British Columbia, Canada *Director*	Chartered Professional Accountant (CPA, CA) and corporate director; formerly an assurance partner with KPMG LLP from 1996 to 2006; director of a number of publicly traded companies.	October 31, 2006	50,000 common shares
William A. Rand British Columbia, Canada *(Lead) Director*	President and Director of Rand Investments Ltd. since July 1986; director of a number of publicly traded companies.	September 9, 1994	223,424 common shares
Catherine J. G. Stefan Ontario, Canada *Director*	Corporate director since October 2016. President, Stefan & Associates, a consulting firm, between 1990 and October 2016. Prior thereto, Managing Partner, Tivona Capital Corporation, a private investment firm, from 1999-2008; director of another public company for more than 10 years.	May 8, 2015	55,000 common shares
Stephen T. Gatley United Kingdom *Vice President, Technical Services*	Vice President, Technical Services of the Company since June 2012;	N/A	60,000 common shares

Name, residence and current position(s) held in the Company	Principal occupations for last five years	Served as director since	Number of securities beneficially owned, or controlled or directed
Nicholas J. Hayduk Ontario, Canada *Senior Vice President, Chief Legal Officer and Corporate Secretary*	Senior Vice President, Chief Legal Officer and Corporate Secretary of the Company since March 1, 2017; and Senior Vice President & General Counsel of Kinross Gold Corporation (and various prior senior legal roles) from December 2006 to February 2017.	N/A	Nil
Marie Inkster Ontario, Canada *Senior Vice President and Chief Financial Officer*	Senior Vice President and Chief Financial Officer of the Company since May 2009.	N/A	184,200 common shares
Jean-Claude Lalumiere Ontario, Canada *Vice President, Human Resources*	Vice President, Human Resources since March 20, 2018; Senior Vice President and Chief Human Resources Officer of Empire Life from June 2017 to March 2018; Vice President, Human Resources of Iron Ore Company of Canada from May 2015 to March 2017; and Vice President, Human Resources Inmet Mining Corporation from November 2010 to January 2014	N/A	Nil
Julie A. Lee Harrs Ontario, Canada *Senior Vice President, Corporate Development*	Senior Vice President, Corporate Development of the Company since November 2011.	N/A	29,517 common shares
Jinhee Magie Ontario, Canada *Vice President, Finance*	Vice President, Finance of the Company since May 2009.	N/A	48,000 common shares
Paul M. McRae Algarve, Portugal *Senior Vice President, Projects*	Senior Vice President, Projects of the Company since January 2012.	N/A	42,000 common shares
Peter Richardson Michigan, USA *Chief Operating Officer*	Vice President and Chief Operating Officer since January 25, 2018; and Chief Operating Officer of the Company since September 2017; General Manager at Eagle Mine from August 2015 to September 2017.	N/A	Nil
Derek Riehm Ontario, Canada *Vice President, Environment*	Vice President, Environment of the Company since January 1, 2015; Vice President, Approvals & Permitting of Barrick Gold Corporation from 2011 to 2014.	N/A	28,000 common shares
J. Mikael Schauman Stockholm, Sweden *Vice President, Marketing*	Vice President, Marketing of the Company since February 2007.	N/A	28,000 common shares

Name, residence and current position(s) held in the Company	Principal occupations for last five years	Served as director since	Number of securities beneficially owned, or controlled or directed
Ciara Talbot Ontario, Canada *Vice President, Exploration*	Vice President, Exploration of the Company since March 1, 2018; Director, Exploration (and various other senior exploration roles) from September 1, 2012 to February 1, 2018.	N/A	2,545 Common Shares

Certain directors of the Company have other business interests and do not devote all of their time to the affairs of the Company. See "Conflicts of Interest" below.

The directors and officers of the Company, as a group, beneficially own, or control or direct, directly or indirectly, a total of 4,294,204 common shares, representing approximately 0.59% of the number of common shares of the Company issued and outstanding as of the date of this AIF.

There are currently four standing committees of the Board of Directors. These committees are the Audit Committee, the Corporate Governance and Nominating Committee, the Health, Safety, Environment and Community Committee and the Human Resources/Compensation Committee. The following table identifies the members of each of these Committees:

Audit Committee	Human Resources/ Compensation Committee	Corporate Governance and Nominating Committee	Health, Safety, Environment and Community Committee
Dale C. Peniuk (Chair) William A. Rand Catherine J. G. Stefan	Donald K. Charter (Chair) Peter C. Jones William A. Rand	Catherine J. G. Stefan (Chair) Donald K. Charter Dale C. Peniuk	Peter C. Jones (Chair) Paul K. Conibear John H. Craig

11.2 Corporate Cease Trade Orders or Bankruptcies

Except as noted below, no director or executive officer of the Company is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including Lundin Mining), that:

(a) was subject to an Order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Jones was a director of Lakota between September 2008 and October 2009. In May and August 2009, cease trade orders were issued against Lakota for failure to file financial statements on July 13, 2009. The company was delisted from the TSX-V for failure to maintain the continued listing requirements of the TSX-V. The cease trade order was revoked in 2011.

Except as noted below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including Lundin Mining) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Messrs. Conibear, Craig and Lundin were all directors of Sirocco. Pursuant to a plan of arrangement completed on January 31, 2014, Canadian Lithium Corp. acquired Sirocco. Under the plan of arrangement, Canadian Lithium Corp. amalgamated with Sirocco to form RBI.

In October 2014, RBI commenced proceedings under the *Companies' Creditors Arrangement Act* (the CCAA). CCAA proceedings continued in 2015 and a receiver was appointed in May 2015. The TSX de-listed RBI's common shares in November 24, 2014 for failure to meet the continued listing requirements of the TSX.

Messrs. Conibear, Craig and Lundin were never directors, officers or insiders of RBI. Messrs. Conibear, Craig and Lundin, however, were directors of Sirocco within the 12-month period prior to RBI filing under the CCAA.

Ms. Inkster was Vice President, Finance of GBS from September 2007 to June 2008. On September 15, 2008, GBS put its Australian group of subsidiaries into voluntary liquidation proceedings. In March 2009, GBS announced that it had agreed to transfer its remaining valued assets to the secured promissory note holders pursuant to the terms of a note indenture and general security deed entered into on May 27, 2008. The shares of GBS were suspended from trading on the NEX board of the TSX Venture Exchange and it ceased business.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, officers and controlling shareholders of the Company individually.

11.3 Penalties or Sanctions

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

11.4 Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has

such a conflict will abstain from voting for or against the approval of such participation or the terms of such participation. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties, thereby allowing for their participation in larger programs, the involvement in a greater number of programs or a reduction in financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of Canada, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and the financial position at that time.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors and officers of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers in accordance with the CBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. Other than as disclosed herein, the directors and officers of the Company are not aware of any such conflicts of interest in any existing or contemplated contracts with or transactions involving the Company.

12. AUDIT COMMITTEE

12.1 Overview

The Audit Committee of the Board of Directors oversees the accounting and financial reporting processes of the Corporation and its subsidiaries and all external audits and interim reviews of the financial statements of the Corporation, on behalf of the Board, and has general responsibility for oversight of internal controls, and accounting and auditing activities of the Corporation and its subsidiaries. All auditing services and non-audit services to be provided to the Corporation by the Corporation's auditors are pre-approved by the Audit Committee. The Audit Committee reviews, on a regular basis, any reports prepared by the Corporation's external auditors relating to the Corporation's accounting policies and procedures, as well as internal control procedures and systems. The Audit Committee is also responsible for reviewing all financial information, including annual and quarterly financial statements, MD&A and press releases regarding earnings, prepared for securities commissions and similar regulatory bodies, and recommending approval thereof to the Board, prior to public dissemination or delivery of the same. The Audit Committee also oversees the work of the external auditor on the annual audit process, the quarterly review engagements, the Corporation's internal accounting controls, the Corporation's Whistleblower Policy, any complaints and concerns regarding any known or suspected accounting, financial or auditing irregularities or any known or suspected violations of the Corporation's Code of Conduct, Ethical Values and Anti-Corruption Policy, and the resolution of issues identified by the Corporation's external auditors. The Audit Committee recommends to the Board annually the firm of independent auditors to be nominated for appointment by the shareholders at the annual general meeting of shareholders and approves the compensation of such external auditor.

12.2 Audit Committee Mandate/Charter

The Board of Directors has adopted the Mandate which sets out the Audit Committee's purpose, procedures, organization, powers, roles and responsibilities. The complete Mandate is attached as Schedule B to this AIF.

12.3 Composition of the Audit Committee

Below are the details of each Audit Committee member, including his/her name, whether he/she is independent and financially literate as such terms are defined under NI 52-110 and his/her education and experience as it relates to the performance of his/her duties as an Audit Committee member. The qualifications and independence of each member is discussed below.

Member Name	Independent[1]	Financially Literate[2]	Education and Experience Relevant to Performance of Audit Committee Duties
Dale C. Peniuk (Chair)	Yes	Yes	Mr. Peniuk is a Chartered Professional Accountant (CPA, CA) and holds a B.Comm (Accounting and Management Information Systems). He was formerly an audit/assurance partner of KPMG LLP Chartered Accountants and led KPMG Vancouver's Mining industry practice. In addition to Lundin Mining, he is presently a director and audit committee chair of Argonaut Gold Inc., Capstone Mining Corp., and Miramont Resources Corp. and has been the audit committee chair of a number of other reporting issuers since 2006.
William A. Rand	Yes	Yes	Mr. Rand is a retired corporate and securities lawyer and mining executive with a B.Comm. from McGill University (Honours in Economics and Major in Accounting), who has been a member of a number of boards and audit committees of public companies for over 30 years. Through this education and experience, Mr. Rand has experience overseeing and assessing the performance of companies and public accountants with respect to the preparation, auditing and evaluation of financial statements.
Catherine J. G. Stefan	Yes	Yes	Ms. Stefan is a Chartered Professional Accountant (CPA, CA) and B. Comm. She held the position of Chief Operating Officer, O&Y Properties Inc., President of Stefan & Associates, Executive Vice-President of Bramalea Group and Chair, Tax Committee of Canadian Institute of Public Real Estate Companies (CIPREC). In addition to Lundin Mining, she is presently a director and audit committee chair of Denison Mines Corp.

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment, or is otherwise deemed to have a material relationship pursuant to NI 52-110.

(2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues and can reasonably be expected to be raised by the Company's financial statements.

12.4 Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board of Directors.

12.5 Pre-Approval Policies and Procedures

All audit and non-audit services performed by the external auditor are pre-approved by the Audit Committee.

12.6 External Auditor Service Fees

The following table discloses the fees billed to the Company by its external auditors during the financial year ended December 31, 2017 and 2016. Services billed in C$, SEK or € were translated using average exchange rates that prevailed during 2017 and 2016.

Fiscal Year Ending	Audit Fees[1]	Audit-Related Fees[2]	Tax Fees[3]	All other Fees[4]
December 31, 2017	$1,077,665	$180,966	$10,164	$81,795
December 31, 2016	$1,360,466	$54,002	$226,566	-

(1) Audit fees represent fees billed by the Company's auditors for audit services.
(2) Audit-related fees represent fees billed for assurance and related services by the Company's auditors that are reasonably related to the performance of the audit or review of the Company's financial statements and not disclosed in the Audit Fees column.
(3) Tax fees represent fees billed for professional services rendered by the Company's auditor for tax compliance, tax advice and tax planning.
(4) All other fees represent fees billed for products and services provided by the Company's auditors other than services reported under clauses (1), (2) and (3) above.

PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, have prepared the Independent Auditor's Report dated February 15, 2018 in respect of the Company's annual consolidated financial statements as at December 31, 2017 and 2016 and for the years then ended, and February 22, 2017 in respect of annual consolidated financial statements as at December 31, 2016 and 2015 and for the years then ended.

13. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

13.1 Legal Proceedings

Other than as disclosed below, to the best of the Company's knowledge, the Company is not and was not, during the year ended December 31, 2017, a party to any legal proceedings which may be material, nor is any of its property, nor was any of its property during the year ended December 31, 2017, the subject of any such legal proceedings. As at the date hereof, no such legal proceedings are known to be contemplated.

Two proposed class actions were filed against Lundin Mining and certain officers and directors – the first in the province of Ontario on December 7, 2017 and styled as Markowich v. Lundin Mining Corporation et al. Court File No. CV-17-588044-OOCP, and a second overlapping action in the province of Quebec on January 18, 2018 and styled as Prévreau v. Lundin Mining Corporation et al. Both proposed class actions seek damages of $175 million and punitive damages of $10 million and assert various statutory and other claims related to, among other things, alleged misrepresentations and/or failure to make timely disclosure of material information about the Company's business and operations and, in particular, the operations of the Candelaria Mine and a rock slide at the Candelaria Mine on October 31, 2017. The proposed Ontario class action asserts claims on behalf of a putative class comprising persons who acquired securities of the Company between October 25, 2017, and November 29, 2017, whereas the proposed Quebec class action asserts claims on behalf of only such persons who are resident or domiciled in Québec.

In May 2015, Minera Candelaria was notified by the Chilean Environmental Superintendent (Superintendencia de Medio Ambiente, or "SMA") of 16 charges associated with alleged infractions of its environmental approvals. The charges, which originate from two inspections carried out by SMA in June 2013 and August 2014, relate to issues including dust control, road maintenance and signage, disposal of used tires, brine management at the desalination plant, fresh water consumption and the footprint of the mining operations, among others. Minera Candelaria followed the process established by the SMA for responding to the charges, which continued for approximately 18 months. On December 1, 2016, SMA issued a resolution clearing some of the charges and sanctioning Minera Candelaria with a fine of approximately $4 million for others. The majority of the fine relates to alleged water management issues. On December 7, 2016, former legal representatives of Tierra Amarilla community submitted an independent administrative appeal with SMA requesting that certain charges be reclassified from "serious" to "very serious" which, if successful, was likely to result in increased fines; however, this appeal was denied. On December 23, 2016, Minera Candelaria filed an appeal of the sanctioning resolution with the Environmental Court. On June 15, 2017, a hearing was held before the Environmental Court; a decision remains pending and is subject to appeal to the Supreme Court.

On January 24, 2018, Minera Candelaria became aware of two claims filed by a Chilean lawyer in the Copiapó Court of Appeals on behalf of three Caldera fishermen in one instance, and 59 fishermen in the other. The claims allege contamination of marine habitat as a result of vessel loading activities at the Punta Padrones port operations owned by Candelaria. Further, the claims allege that this contamination has caused harm to fishermen and local communities including impact on health and livelihood. On February 16, 2018, Candelaria became aware of a third claim filed by the same Chilean lawyer on behalf of 77 fishermen from Caldera. Candelaria was not formally notified of these claims (i.e., served) until March 20, 2018. On the same date Candelaria also became aware of a fourth claim filed by a different Chilean lawyer on behalf of 194 Caldera fishermen, but has not yet been formally notified. In the aggregate the four claims seek damages totaling approximately $34 million (or approximately $100,000 per claimant). Candelaria has retained external legal counsel to assist in reviewing and preparing a response to these claims. With the formal notification of first three claims, the Company can now formally respond in the Court proceedings.

13.2 Regulatory Actions

No penalties or sanctions were imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the year ended December 31, 2017, nor were there any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, nor were any settlement agreements entered into by the Company before a court relating to securities legislation or with a securities regulatory authority during the year ended December 31, 2017.

14. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the best of the Company's knowledge, none of the directors or executive officers of the Company, nor any person or company that beneficially owns, controls or directs, directly or indirectly, more than 10% of any class or series of outstanding voting securities of the Company, nor any associate or affiliate of any of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

15. TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the common shares of the Company is Computershare Investor Services Inc. at its principal offices in Toronto, Ontario.

16. MATERIAL CONTRACTS

The only material contracts entered into by the Company, other than those entered into in the ordinary course of business, within the most recently completed financial year, or before the most recently completed financial year but are still in effect, are set forth below. Copies of these material contracts are available under the Company's SEDAR profile at www.sedar.com.

(a) Credit Agreement. An amended and restated credit agreement dated October 7, 2013, as amended by a first amending agreement dated October 27, 2014, a second amending agreement dated January 13, 2015, a third amending agreement dated April 27, 2015, a fourth amending agreement dated October 19, 2016, between the Company and a banking syndicate comprised of The Bank of Nova Scotia, ING Capital LLC, Bank of Montreal, Export Development Canada, Bank of America, N.A., Société Générale and Skandinaviska Enskilda Banken AB. The agreement bears interest on US dollar denominated drawn funds at rates of LIBOR + 2.5% to + 3.5%, and expires in June 2020.

The Company repaid its $250 million term loan and executed an amendment to the Credit Agreement, which provides for its $350 million revolving credit facility.

(b) Stock Purchase Agreement. On October 6, 2014, the Company and Freeport entered into a definitive Stock Purchase Agreement, which was completed on November 3, 2014, to purchase

an 80% ownership interest in Candelaria and supporting infrastructure for cash consideration of $1.8 billion, plus customary adjustments. In addition, contingent consideration of up to $200 million in aggregate is payable, calculated as 5% of net copper revenues in any annual period over five years from the date of acquisition if the realized copper price exceeds $4 per pound.

(c) Purchase and Sale Agreement. On October 6, 2014, the Company, LMC Bermuda Ltd., Franco-Nevada and Franco-Nevada (Barbados) Corporation effective as of July 28, 2015 and as amended on November 4, 2016 and June 20, 2017, entered into the Purchase and Sale Agreement to sell to Franco-Nevada a gold and silver stream from Candelaria for an upfront deposit of $648 million, subject to expected post-closing adjustments. In addition to the upfront deposit, Franco-Nevada will make ongoing payments upon delivery of the stream.

(d) Indenture. On October 27, 2014, the Company completed its offering of $1.0 billion of senior secured notes in two tranches, $550 million of 7.5% senior secured notes due 2020 and $450 million of 7.875% senior secured notes due 2022, pursuant to the terms of the Indenture. On November 20, 2017, the Company redeemed all of its 7.50% Senior Secured Notes due 2020 at the redemption price of 103.75% of the principal amount for a total redemption price of $570.6 million plus accrued and unpaid interest.

(e) Stock Purchase Agreement - BHR. On November 15, 2016, the Company entered into the Stock Purchase Agreement - BHR to sell its indirect interest in the Tenke Fungurume Mine by selling its indirect shareholdings in TF Holdings to an affiliate of BHR Partners, a Chinese private equity firm, for $1.136 billion in cash and contingent consideration of up to $51.4 million, consisting of $25.7 million if the average copper price exceeds $3.50 per pound and $25.7 million if the average cobalt price exceeds $20 per pound, both during a 24-month period beginning on January 1, 2018. In connection with its announced sale, Lundin Mining waived its right of first offer which allowed Freeport to complete its sale of its interest to CMOC on November 16, 2016. On April 19, 2017, the Company completed the sale of its indirect interest in TF Holdings.

17. INTERESTS OF EXPERTS

The Qualified Persons who have supervised the preparation of the Company's Mineral Reserve and Mineral Resource estimates during the year ended December 31, 2017 or authored portions of the Technical Reports disclosed in this AIF are as follows:

Candelaria Mine:

- Messrs. Patricio Calderón, Registered Member, Chilean Mining Commission, Superintendent Resource Estimation, Candelaria Mine, in respect of the Candelaria Mineral Resource estimates and Yerko Peralta, Registered Member, Chilean Mining Commission, Open Pit Mine Engineer and Cristian Erazo, Registered Member, Chilean Mining Commission, Underground Mine Engineer, Candelaria Mine, in respect of the Mineral Reserve estimates;

- Messrs. Jean-Francois Couture, P.Geo., Glen Cole, P.Geo., Benny Zhang PEng, Adrian Dance, P.Eng., and Cameron C. Scott, P.Eng, of SRK Consulting (Canada) Inc. and John Nilsson, P.Eng., of Nilsson Mine Services Ltd., in respect of the Candelaria Report;

Neves-Corvo Mine

- Messrs. Nelson Pacheco, EurGeol, Chief Geologist, Neves-Corvo, and Antonio Salvador, CEng MIMMM, Group Mining Engineer, Lundin Mining, in respect of the Neves-Corvo Mineral Resource and Mineral Reserve estimate;

- Mr. Graham Greenway, Pr.Sci.Nat., Group Resource Geologist, Lundin Mining, in respect of the Semblana deposit Mineral Resource estimate;

- Mr. Richard Ellis, CGeol, EurGeol, and Dr. Phil Newall, CEng, FIMMM, of Wardell Armstrong International Ltd., in respect of the Neves-Corvo Report;

Zinkgruvan Mine

- Mr. Graham Greenway, Pr.Sci.Nat., Group Resource Geologist, Lundin Mining, and Dr. David Allison, CEng, MIMMM, Group Mining Engineer, Lundin Mining, in respect of the Zinkgruvan Mineral Resource and Mineral Reserve estimate;
- Messrs. Richard Ellis, CGeol, EurGeol, Philip King, CEng, FIMMM, and Tim Daffern, CEng, FIMMM, of Wardell Armstrong International Ltd., in respect of the Zinkgruvan Report;

Eagle Mine

- Mr. Robert Mahin, CPG, Exploration Manager, Eagle Mine, and Dr. David Allison, CEng, MIMMM, Group Mining Engineer, Lundin Mining, in respect of the Eagle Mineral Resource and Mineral Reserve estimates;
- Mr. Graham Greenway, Pr.Sci.Nat., Group Resource Geologist, Lundin Mining, and Dr. David Allison, CEng MIMMM, in respect of the Eagle East Mineral Resource and Mineral Reserve estimate; and
- Graham Clow, P.Eng., David Rennie, P.Eng., Brenna Scholey, P.Eng., and Normand Lecuyer, P.Eng., of Roscoe Postle Associates Inc, in respect of the Eagle Report.

Each of the aforementioned firms or persons held less than 1% of the outstanding securities of the same class of the Company or of any associate or affiliate of the Company when such expert prepared the reports or the Mineral Resource or Mineral Reserve estimates referred to, and held less than 1% of the outstanding securities of the same class of the Company following the preparation of such reports or data.

None of the aforementioned firms or persons, nor any directors, officers or employees of such firms, are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Corporation, other than Messrs. Gatley, Greenway, Calderón, Peralta, Erazo, Pacheco, Salvador, Allison and Mahin who are each currently employed by Lundin Mining or one of its subsidiaries.

PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, are the auditors of the Company and has advised the Company that they are independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

18. ADDITIONAL INFORMATION

Additional information regarding the Company is available on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, if any, and securities authorized for issuance under equity compensation plans is contained in the Company's management information circular dated March 23, 2018 prepared in connection with the annual meeting of shareholders held on May 12, 2017. The Company's management information circular for the year ended December 31, 2017 will be prepared and filed in connection with its annual and special meeting of shareholders, which is expected to be held on or about May 11, 2018. Additional financial information is provided in the Company's annual consolidated financial statements for the years ended December 31, 2017 and 2016, together with the auditors' report thereon and the notes thereto, and MD&A for the year ended December 31, 2017.

SCHEDULE A

Mineral Resources and Reserves - 2017

Mineral Reserves

	Category	000's Tonnes	Cu %	Zn %	Pb %	Au g/t	Ag g/t	Ni %	Co %	Contained Metal 000's (Ounces millions) Cu t	Zn t	Pb t	Au Oz	Ag Oz	Ni t	Co t	Lundin Interest
Copper																	
Candelaria	Proven	295,012	0.5			0.1	2			1,591			1.2	17			*80%*
Open Pit	Proven (Stockpile)	92,316	0.3			0.1	1			313			0.3	4			*80%*
	Probable	20,880	0.5			0.1	2			94			0.1	1			*80%*
	Total	**408,208**	**0.5**			**0.1**	**2**			**1,998**			**1.5**	**22**			***80%***
Candelaria	Proven	54,967	0.9			0.2	3			491			0.4	5			*80%*
Underground	Proven (Stockpile)	70	0.9			0.2	2			1			-	-			*80%*
	Probable	34,240	0.9			0.2	3			296			0.2	3			*80%*
	Total	**89,277**	**0.9**			**0.2**	**3**			**787**			**0.6**	**9**			***80%***
Neves-Corvo	Proven	6,188	3.6	0.9	0.2		38			223	55	12		7			*100%*
	Probable	22,892	2.1	0.7	0.2		34			473	157	44		25			*100%*
	Total	**29,079**	**2.4**	**0.7**	**0.2**		**35**			**696**	**212**	**56**		**32**			***100%***
Zinkgruvan	Proven	4,375	1.8	0.2			25			78	9			4			*100%*
	Probable	877	2.0	0.2			29			18	2			1			*100%*
	Total	**5,252**	**1.8**	**0.2**			**26**			**96**	**11**			**4**			***100%***
Zinc																	
Neves-Corvo	Proven	5,249	0.3	9.0	2.3		79			16	474	123		13			*100%*
	Probable	25,160	0.3	7.4	1.7		62			86	1,863	437		50			*100%*
	Total	**30,409**	**0.3**	**7.7**	**1.8**		**65**			**101**	**2,337**	**560**		**64**			***100%***
Zinkgruvan	Proven	8,100		7.4	3.0		68				602	241		18			*100%*
	Probable	3,801		6.7	2.7		51				253	101		6			*100%*
	Total	**11,901**		**7.2**	**2.9**		**63**				**855**	**342**		**24**			***100%***
Nickel																	
Eagle	Proven	1,235	2.5			0.3		3.0	0.1	31			-		37	1	*100%*
	Probable	1,955	1.7			0.2		1.8	0.1	33			-		36	1	*100%*
	Probable Eagle East	1,544	3.0			0.4	11	3.7	0.1	46			-	1	57	2	*100%*
	Total	**4,734**	**2.3**			**0.3**	**3**	**2.7**	**0.1**	**111**			**0**	**1**	**130**	**4**	***100%***
Note: totals may not summate correctly due to rounding								**Lundin's share**		**3,232**	**3,415**	**958**	**2**	**150**	**130**	**4**	

Mineral Resources - inclusive of Mineral Reserves

	Category	000's Tonnes	Cu %	Zn %	Pb %	Au g/t	Ag g/t	Ni %	Co %	Contained Metal 000's (Ounces millions) Cu t	Zn t	Pb t	Au Oz	Ag Oz	Ni t	Co t	Lundin Interest
Copper																	
Candelaria	Measured	389,374	0.6			0.1	2			2,154			1.6	22			*80%*
Open Pit	Measured (Stockpile)	92,316	0.3			0.1	1			313			0.3	4			*80%*
	Indicated	28,942	0.4			0.1	1			122			0.1	1			*80%*
	Inferred	5,976	0.3			0.1	1			16			-	-			*80%*
Underground	Measured	147,914	1.1			0.3	4			1,694			1.2	17			*80%*
	Measured (Stockpile)	70	0.9			0.2	2			1			-	-			*80%*
	Indicated	82,279	1.1			0.2	3			869			0.6	8			*80%*
	Inferred	17,851	1.0			0.2	2			185			0.1	1			*80%*
Neves-Corvo	Measured	12,362	3.6	0.9	0.3		46			441	113	32		18			*100%*
	Indicated	49,314	2.1	0.9	0.3		44			1,054	448	158		70			*100%*
	Inferred	10,114	1.8	1.1	0.3		35			181	110	32		11			*100%*
Semblana	Inferred	7,807	2.9				25			223				6			*100%*
Zinkgruvan	Measured	4,357	2.3	0.3			32			100	13			4			*100%*
	Indicated	619	2.1	0.4			36			13	2			1			*100%*
	Inferred	193	2.3	0.3			25			4	1			-			*100%*
Zinc																	
Neves-Corvo	Measured	14,929	0.3	7.4	1.7		66			47	1,099	249		32			*100%*
	Indicated	91,582	0.3	5.9	1.2		56			318	5,360	1,109		165			*100%*
	Inferred	14,171	0.3	4.3	1.0		50			47	603	147		23			*100%*
Zinkgruvan	Measured	7,269		10.0	3.8		86				727	276		20			*100%*
	Indicated	8,399		8.7	3.7		82				731	311		22			*100%*
	Inferred	9,431		8.5	3.5		81				802	330		25			*100%*
Nickel																	
Eagle	Measured	1,408	2.8			0.3		3.4	0.1	40					48	1	*100%*
	Indicated	1,748	2.2			0.2		2.4	0.1	38					43	1	*100%*
	Indicated Eagle East	1,293	4.2			0.5	15	5.2	0.1	54			-	1	67	1	*100%*
	Inferred	77	0.9			0.1		1.0	0.0	1			-		1	-	*100%*
	Inferred Eagle East	290	1.4			0.2	6.0	1.7		4			-	-	5	-	*100%*
Note: totals may not summate correctly due to rounding								**Lundin's share** not including Inferred Resources		**6,229**	**8,493**	**2,134**	**3**	**374**	**158**	**4**	

Notes on Mineral Reserves and Mineral Resources Table

Mineral Resources and Mineral Reserve estimates are shown on a 100 percent basis for each mine. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Mineral Reserves. All estimates are prepared as at June 30, 2017.

Estimates for all operations are prepared by or under the supervision of a Qualified Person as defined in National Instrument 43-101, or have been audited by independent Qualified Persons on behalf of Lundin Mining.

Mineral Reserves have been calculated using metal prices of US$2.75/lb copper, US$1.00/lb zinc, US$1.00/lb lead, US$8.00/lb nickel, US$1,000/oz gold and exchange rates of EUR/US$ 1.25, US$/SEK 7.00 and Chilean Peso/US$ 550.

Candelaria and Ojos

Open pit Mineral Resource estimates are reported within a conceptual pit shell based on metal prices of US$3.16/lb copper and US$1,000/oz gold and are reported at a cut-off grade of 0.2% copper. Underground Mineral Resources are reported at a cut-off grade of 0.6% copper. Mineral Reserve estimates for the open pit and underground for the Candelaria property are reported at cut-off grades of 0.28% and 0.6% copper, respectively. Underground Mineral Reserve estimates for the Ojos del Salado property (Santos and Alcaparrosa mines) are reported at cut-off grades of 0.63% and 0.66% copper, respectively. Mineral Resources and Mineral Reserves for Candelaria and Ojos del Salado were estimated by mine technical staff at Candelaria and Ojos, respectively. Patricio Calderón, Superintendent Resource Estimation, Yerko Peralta, Open Pit Mine Engineer and Cristian Erazo, Underground Mine Engineer, each of whom is a Registered Member, Chilean Mining Commission, employed by the Candelaria mining complex and a Qualified Person as defined under NI 43-101, supervised the preparation of the Mineral Resource estimates, open pit Mineral Reserve and underground Mineral Reserve estimates, respectively.

Neves-Corvo and Semblana

The Mineral Resource estimates are reported above cut-off grades of 1.0% for copper and 3.0% for zinc. The copper and zinc Mineral Reserve estimates have been calculated using variable Net Smelter Return (NSR) values based on area and mining method. The NSR is calculated on a recovered payable basis taking in to account copper, lead, zinc and silver grades, metallurgical recoveries, prices and realization costs. The copper Mineral Reserve estimates are reported above a site average cut-off grade equivalent to 1.3%. For zinc Mineral Reserve estimates an average cut-off grade equivalent to 5.5% is used. Mineral Reserves and Mineral Resources for Neves-Corvo were estimated by the mine geology and mine engineering departments at Neves-Corvo under the guidance of David Nicholls, Technical Services Manager, Nelson Pacheco, Chief Geologist, and Fernando Cartaxo, Chief Mine Planning Engineer, each of whom is employed by the Neves-Corvo mine. Nelson Pacheco EurGeol, prepared the Neves Corvo Mineral Resource estimate and Antonio Salvador, CEng MIMMM, Group Mining Engineer, Lundin Mining, reviewed and approved the Mineral Reserve estimate, and both are Qualified Persons as defined under NI 43-101.

The Mineral Resource estimates at Semblana are reported above a cut-off grade of 1.0% copper. The Mineral Resource estimate was prepared by Graham Greenway, Pr.Sci.Nat., Group Resource Geologist, Lundin Mining, who is a Qualified Person as defined under NI 43-101.

Zinkgruvan

The zinc Mineral Resource and Mineral Reserve estimates are reported above a site average cut-off grade of 3.7% zinc equivalent. The copper Mineral Resource and Mineral Reserve estimates are reported above cut-off grades of 1.0% and 1.5% respectively. The zinc Mineral Reserve estimates have been calculated using variable NSR values based on area and mining method. The NSR is calculated on a recovered payable basis taking in to account copper, lead, zinc and silver grades, metallurgical recoveries, prices and

realization costs. The Zinkgruvan Mineral Resource and Mineral Reserve estimates are prepared by the mine's geology and mine engineering department under the guidance of Anja Hagerud, Resource Manager, and Jan Kläre, Mine Manager, both employed by Zinkgruvan mine. Graham Greenway, Pr.Sci.Nat., Group Resource Geologist, Lundin Mining and David Allison, CEng MIMMM, Group Mining Engineer, Lundin Mining, each of whom is a Qualified Person as defined under NI 43-101, reviewed and approved the Mineral Reserves and Mineral Resource estimates.

Eagle and Eagle East

The Eagle Mineral Resource and Mineral Reserve estimates are reported above a fixed NSR cut-off of US$116/t. The Eagle East Mineral Resource and Mineral Reserve estimates are reported above a fixed NSR cut-offs of US$142/t and US$160/t respectively. The NSR is calculated on a recovered payable basis taking in to account nickel, copper, cobalt, gold and PGM grades, metallurgical recoveries, prices and realization costs. The Eagle Mineral Resource and Mineral Reserve estimates are prepared by the mine's geology and mine engineering department under the guidance of Robert Mahin, CPG, Chief Geologist and Josh Lam, Senior Mine Engineer, both of whom are employees of the Eagle mine. The Eagle East Mineral Resource estimate was prepared by Graham Greenway, Pr.Sci.Nat., Group Resource Geologist, Lundin Mining. Robert Mahin prepared the Eagle Mineral Resource estimate and reviewed and approved the Eagle East Mineral Resource estimate and David Allison, CEng MIMMM, Group Mining Engineer, Lundin Mining, reviewed and approved the Eagle and Eagle East Mineral Reserve estimates. Both are Qualified Person as defined under NI 43-101.

SCHEDULE B

AUDIT COMMITTEE MANDATE

A. PURPOSE

The overall purpose of the Audit Committee (the "Committee") is to ensure that the Corporation's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements of the Corporation and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.

B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board of Directors (the "Board"), all of whom shall be "independent directors", as that term is defined in Multilateral Instrument 52-110, "Audit Committees".
2. All of the members of the Committee shall be "financially literate" (i.e. able to read and understand a set of financial statements that present a breadth and level of complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements).
3. At least one member of the Committee shall have accounting or related financial expertise (i.e. able to analyze and interpret a full set of financial statements, including the notes thereto, in accordance with generally accepted accounting principles).
4. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
5. Unless the Board shall have appointed a chair of the Committee or in the event of the absence of the chair, the members of the Committee shall elect a chair from among their number.
6. The secretary of the Committee shall be designated from time to time from one of the members of the Committee or, failing that, shall be the Corporation's Corporate Secretary, unless otherwise determined by the Committee.
7. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
8. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
9. Meetings of the Committee shall be conducted as follows:
    (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the Chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
    (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;
    (c) the Chair of the Committee shall be responsible for developing and setting the agenda for Committee meetings and determining the time and place of such meetings;
    (d) the following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the external auditors:
        (i) Chief Executive Officer; and

(ii) Chief Financial Officer.

(e) other management representatives shall be invited to attend as necessary; and

(f) notice of the time and place of every meeting of the Committee shall be given in writing to each member of the Committee a reasonable time before the meeting.

10. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its Chair and may bypass management if deemed necessary. The Committee, through its Chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

11. The Committee shall have authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit Committee and to communicate directly with the internal and external auditors.

C. ROLES AND RESPONSIBILITIES

1. The overall duties and responsibilities of the Committee shall be as follows:

(a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements;

(b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;

(c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and

(d) to report regularly to the Board on the fulfilment of its duties and responsibilities.

2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

(a) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;

(b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;

(c) review the audit plan of the external auditors prior to the commencement of the audit;

(d) to review with the external auditors, upon completion of their audit:

(i) contents of their report;
(ii) scope and quality of the audit work performed;
(iii) adequacy of the Corporation's financial and auditing personnel;
(iv) co-operation received from the Corporation's personnel during the audit;
(v) internal resources used;
(vi) significant transactions outside of the normal business of the Corporation;
(vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
(viii) the non-audit services provided by the external auditors;

(e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles; and

(f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

3. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors are to:

(a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;

(b) review and approve the internal audit plan; and

(c) review significant internal audit findings and recommendations, and management's response thereto.

4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:

(a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;

(b) review compliance under the Corporation's Code of Conduct, Ethical Values and Anti-Corruption Policy;

(c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and

(d) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

5. The Committee is also charged with the responsibility to:

(a) review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;

(b) review and recommend to the Board for approval of the financial sections of:

(i) the annual report to shareholders;
(ii) the annual information form;
(iii) prospectuses; and
(iv) other public reports requiring approval by the Board,

and report to the Board with respect thereto;

(c) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;

(d) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;

(e) review and report on the integrity of the Corporation's consolidated financial statements;

(f) review the minutes of any audit committee meeting of subsidiary companies;

(g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;

(h) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts;

(i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders; and

(j) establish procedures for:

(i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

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