

## NEWS RELEASE

### Lundin Mining to Acquire Chapada Copper Mine in Brazil

**Toronto, April 15, 2019 (TSX: LUN; Nasdaq Stockholm: LUMI) Lundin Mining Corporation** (“Lundin Mining” or the “Company”) is pleased to announce it has entered into a definitive purchase agreement with Yamana Gold Inc. (“Yamana”) to purchase its 100% ownership stake in Mineração Maracá Indústria e Comércio S/A, which owns the Chapada copper-gold mine located in Brazil (“Chapada”), for cash consideration of US\$800 million, subject to customary adjustments (the “Acquisition”). In addition, Yamana will retain a 2.0% net smelter return (NSR) royalty on future gold production from the Suruca gold deposit and receive contingent consideration of up to US\$125 million over five years if certain gold price thresholds are met and contingent consideration of US\$100 million on potential construction of a pyrite roaster.

Lundin Mining will host a conference call and webcast at 08:30 am ET, 14:30 CET on Monday, April 15, 2019 to discuss the Acquisition. Call details are outlined at the end of this news release.

#### Acquisition Highlights:

- **Furtheres Lundin Mining’s strategic goals** – acquisition of Chapada delivers high-quality, long-life, expandable copper production at attractive cash costs, complementing our existing portfolio of base metal mines and aligned with our stated strategy.
- **Immediately accretive on key operating and financial metrics** – including earnings, EBITDA and operating cash flow per share. Utilizes balance sheet strength while maintaining low financial leverage and retaining flexibility to act on future opportunities.
- **Materially increases copper and gold cash flows** – increases annual copper production by over 25% and adds approximately 100 koz of gold production at attractive cash costs expected to generate cash flow throughout metal price cycles.
- **Significant upside opportunities** – to increase value leveraging Lundin Mining’s expertise in mine expansions and copper-focused exploration. The producing operation comes with a mineral property package in a highly prospective district and Lundin Mining believes significant exploration potential exists.
- **Asset diversification** – adds stable and expandable production in a well-established mining jurisdiction, maintaining a favourable base metal commodity mix.

**Marie Inkster, President and CEO commented:** *“The acquisition of Chapada complements Lundin Mining’s existing portfolio of high-quality mines and highlights our focus on disciplined capital allocation to create long-term shareholder value. Chapada is a well-run, established operation with an experienced local workforce. Leveraging our technical expertise, base metals focus and financial strength, we believe further opportunities exist to create meaningful stakeholder value. The addition of Chapada further solidifies Lundin Mining’s position as a leading intermediate base metals producer with high-quality low-cost copper exposure.”*

## Chapada Overview<sup>1</sup>

Located in Brazil's Goiás State, Chapada is expected to produce approximately 54.5 kt of copper and 100 koz of gold, or approximately 75 kt of copper equivalent<sup>2</sup>, in 2019 at co-product cash costs of \$1.60/lb to \$1.80/lb copper and \$430/oz gold equivalent based on latest Yamana guidance. In 2018, the operation produced approximately 58.6 kt of copper and 121 koz of gold, or approximately 82 kt of copper equivalent<sup>3</sup>, at co-product cash costs of \$1.74/lb and \$388/oz gold equivalent, respectively.

Since production commenced in 2007 to the end of 2018, the operation has processed 225 Mt of ore grading 0.38% copper and 0.33 g/t gold, producing approximately 743.5 kt of copper and 1.6 Moz of gold in concentrate. Potential process plant expansions are currently being studied and based on work completed to date by Yamana, a phased approach shows potential to sustain annual production in the range of 68.0 kt to 72.5 kt of copper and 100 koz to 110 koz of gold until at least 2034, as disclosed in Yamana's fourth quarter and full year 2018 results news release dated February 14, 2019.

The Chapada orebodies are part of a large copper-gold mineralized system located in gently undulating terrain at low elevation, approximately 270 km northwest of the national capital of Brasilia. The operation is connected to the national grid via a private powerline with excess capacity for expansion.

### Asset Highlights:

- **Mine operations** – traditional open-pit truck and shovel operation with a relatively low strip ratio and benefiting from an in-pit crusher. Mine production is currently from three open pits in close proximity. Collectively, these open pits are the Chapada mining area.
- **Processing** – conventional crush, grind and flotation processing producing a gold-rich copper concentrate. The Chapada concentrator is located at the northwest end of the pit rim and is designed to treat sulphide ores at a capacity of approximately 65 ktpd or 23.4 Mtpa. In 2018, the treatment plant processed an average of 63 ktpd with average copper and gold recoveries of 82% and 63% respectively. Plant expansion opportunities to increase the processing rate to a range from 28 Mtpa to 32 Mtpa are currently being studied by Yamana and Lundin Mining intends to evaluate further.
- **Copper concentrate** – clean copper concentrate with significant gold by-product credit. During mine operations, the copper concentrate grade is expected to be between 24% and 25% copper with gold grades between 10 g/t and 15 g/t and silver grades between 40 g/t and 45 g/t.
- **Operating costs** – co-product cash costs are expected to be \$1.60/lb to \$1.80/lb copper and \$430/oz gold equivalent in 2019 based on latest Yamana guidance. Operating costs are tracked and well understood as the mine has been in production since 2007. Life-of-mine average unit operating costs are expected to be \$8.03/t processed, consisting of mining, processing, and site general and administrative costs.
- **Mineral Reserves** – Chapada Zone copper Mineral Reserves are estimated by Yamana to be 664.6 Mt at an average grade of 0.25% copper and 0.16 g/t gold, containing approximately 1.68 Mt of copper and 3.48 Moz of gold estimated using a copper price of \$3.00/lb and gold price of \$1,250/oz. Additional gold Mineral Reserves in the Suruca Zone of 65.2 Mt at an average grade of 0.51 g/t gold, containing 1.06 Moz of gold estimated by Yamana using a gold price of \$1,300/oz. The copper Mineral Reserves support a 28-year operational life at the current processing rate of 23.4 Mtpa.
- **Tailings facility** – The tailings storage facility (TSF) is located to the northwest of the Chapada open pit. The TSF is comprised of three dykes, each of which is constructed by the centreline method. The

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<sup>1</sup> Unless otherwise noted, all information (including scientific and technical information) relating to the Chapada contained in this news release has been derived from or is based on the "Technical Report on the Chapada Mine, Goiás State, Brazil" dated March 21, 2018 (the "Chapada Technical Report"), prepared by or under the supervision of Hugo M. Miranda, ChMC (RM), Chester M. Moore, P.Eng., Avakash Patel, P.Eng., and Luiz E. C. Pignatari, ChMC (RM), of Roscoe Postle Associates Inc., who are qualified persons pursuant to National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

<sup>2</sup> Copper equivalent calculated assuming Lundin Mining price assumptions of US\$2.80/lb copper and US\$1,250/oz gold.

<sup>3</sup> Copper equivalent calculated using 2018 average prices of US\$2.97/lb copper and US\$1,268/oz gold.

Main Dyke and Dyke III comprise compacted earth fill starter dams that have been subsequently raised using cyclone tailings. Dyke II is an entirely compacted earth fill dam and retains the TSF supernatant water. Due diligence was performed on the TSF and related infrastructure by Lundin Mining's Technical Services group and independently by a leading third-party consultancy.

- **Communities and Employees** – acquisition of an established operation with a proven track record, high-quality operating team and experienced workforce drawn from local communities.

### **Expansion Potential**

Several initiatives are underway to further improve the performance of the Chapada processing plant following optimization projects completed in 2016 and 2017 which increased copper and gold recoveries, according to Yamana's fourth quarter and full year 2018 results news release dated February 14, 2019. The next phase of this optimization, involving expansion of the scavenger flotation circuit, is expected to increase copper and gold recoveries by a further 1.5% to 2.0% with commissioning expected in the second quarter of 2019.

In addition, Yamana has been assessing plant expansion opportunities to increase the processing rate to a range from 28 Mtpa to 32 Mtpa and the relocation of some plant infrastructure to allow the push-back of the pit wall for the development of the Sucupira deposit. Lundin Mining intends to further evaluate these and other value creating scenarios for expansion by leveraging our technical expertise, financial strength and a copper-focused exploration potential of the mineral properties.

### **Mineral Reserve and Resource Estimates**

The audited Mineral Reserve statement for Chapada estimated by Yamana is presented in the table below and is extracted from Yamana's full detailed Mineral Reserves and Mineral Resources data PDF available on Yamana's website.

**Mineral Reserve Statement\*, effective December 31, 2018**

	Category	000's Tonnes	Cu %	Au g/t	Contained Metal	
					Cu kt	Au koz
<b>Copper</b>	<b>Chapada Zone</b>					
	Proven	288,563	0.26	0.17	738	1,549
	Proven stockpiles	100,138	0.23	0.17	232	554
	Probable	275,928	0.26	0.16	711	1,381
	<b>Total</b>	<b>664,629</b>	<b>0.25</b>	<b>0.16</b>	<b>1,681</b>	<b>3,484</b>
<b>Gold (only)</b>	<b>Suruca Zone</b>					
	Proven	11,454		0.42		153
	Probable	53,741		0.53		908
	<b>Total</b>	<b>65,195</b>		<b>0.51</b>		<b>1,062</b>

\*Mineral Reserves are exclusive of Mineral Resources. Chapada Zone Mineral Reserves have been prepared using \$1,250/oz gold and \$3.00/lb copper price assumptions. Suruca Zone Mineral Reserves have been prepared using \$1,300/oz gold. Chapada open pit cut-off at \$4.06/t. Metallurgical recoveries at Chapada are dependent on zone and average 83.11% for copper and 56.94% for gold. Cut-off grade 0.19g/t gold for Suruca oxide and 0.3 g/t for Suruca sulphide. Metallurgical recoveries for Suruca oxide average 85% for gold and for Suruca sulphide average 88% for gold. All figures have been rounded to reflect the relative accuracy of the estimates. The qualified person responsible for the Mineral Reserve estimate is Luiz Pignatari, Registered Member of Chilean Mining Commission, EDEM Engenharia.

The audited Mineral Resource statement for Chapada estimated by Yamana is presented in the table below and is extracted from Yamana's full detailed Mineral Reserves and Mineral Resources data PDF available on Yamana's website. Mineral Resources are presented exclusive of Mineral Reserves.

**Mineral Resource Statement\*, effective December 31, 2018**

	Category	000's Tonnes	Cu %	Au g/t	Contained Metal	
					Cu kt	Au koz
<b>Copper</b>	<b>Chapada Zone</b>					
	Measured	58,885	0.20	0.12	118	222
	Indicated	363,929	0.22	0.14	801	1,676
	<b>Measured and Indicated</b>	<b>422,814</b>	<b>0.22</b>	<b>0.14</b>	<b>919</b>	<b>1,898</b>
	Inferred	156,081	0.23	0.08	354	422
<b>Gold (only)</b>	<b>Suruca Zone</b>					
	Measured	1,284		0.39		16
	Indicated	81,039		0.54		1,416
	<b>Measured and Indicated</b>	<b>82,323</b>		<b>0.54</b>		<b>1,432</b>
	Inferred	12,565		0.48		194

\*Mineral Resources are exclusive of Mineral Reserves. Chapada Zone Mineral Resources have been prepared using \$1,600/oz gold and \$4.00/lb copper price assumptions. Suruca Zone Mineral Reserves have been prepared using \$1,600/oz gold. Chapada open pit cut-off at \$4.06/t (Chapada pits and Suruca SW). Metallurgical recoveries at Chapada are dependent on zone and average 83.11% for copper and 56.94% for gold. Cut-off grade 0.19g/t gold for Suruca oxide and 0.23 g/t for Suruca sulphide. Metallurgical recoveries for Suruca oxide average 85% for gold and for Suruca sulphide average 88% for gold. All figures have been rounded to reflect the relative accuracy of the estimates. The qualified person responsible for the Mineral Resource estimate is Felipe Machado de Araujo, Registered Member of Chilean Mining Commission, Mineral Resources Coordinator Brazil, Yamana Gold Inc.

## **Transaction Overview**

The purchase price will be paid in cash on closing and will consist of US\$800 million, subject to customary adjustments. The purchase price is expected to be funded from Lundin Mining's current cash balance and a portion of its US\$550 million revolving credit facility.

Yamana will also receive contingent consideration if certain gold price thresholds are met and development of a pyrite roaster is completed, as outlined below:

Up to US\$125 million in aggregate over five years of contingent annual gold price payments based on the following structure:

- a US\$10 million payment if the gold price averages at least US\$1,350/oz in any sequential annual period over the five years commencing on closing of the Acquisition,
- a US\$10 million payment if the gold price averages at least US\$1,400/oz in any sequential annual period over the five years commencing on closing of the Acquisition,
- a US\$5 million payment if the gold price averages at least US\$1,450/oz in any sequential annual period over the five years commencing on closing of the Acquisition.

A US\$100 million contingent payment based on the development of a pyrite roaster which Lundin Mining will continue to evaluate.

In addition, upon closing Yamana will retain a 2.0% NSR royalty on any future gold production from the Suruca gold deposit.

Completion of the Acquisition is expected to occur early in the third quarter of 2019 and is subject to typical closing conditions, including third-party and requisite regulatory approvals. The Acquisition does not require shareholder approval of either party.

## **Existing Metals Sales Agreements**

Yamana and certain of its subsidiaries related to Chapada had previously entered into metals purchase agreements which an affiliate of Lundin Mining will assume upon closing.

Sandstorm Gold Ltd. ("Sandstorm") and Yamana entered a multi-asset stream transaction in October 2015. Sandstorm is entitled to purchase 4.2% of the payable copper produced from Chapada up to a maximum of 3.9 million pounds (Mlbs) annually at 30% of the market price. The percentage of payable copper is subject to two reduction thresholds. Once an aggregate of 39 Mlbs has been delivered the percentage of payable copper reduces to 3.0%. Upon delivery of 50 Mlbs of copper the percentage of payable copper reduces to 1.5% for the remaining life of mine.

Altius Minerals Corporation ("Altius") closed a copper purchase streaming interest in Chapada with Yamana in May 2016. Altius is entitled to purchase 3.7% of the payable copper produced from Chapada at 30% of the market price. The percentage of payable copper is subject to two reduction thresholds. In the event of a specified expansion at Chapada, which is deemed effective at such time as throughput increases to an annualized run rate of more than 26 million tonnes for a period of 150 days with a corresponding increase in copper production from a base rate for copper production of not less than 33%, the percentage of payable copper reduces to 2.65%. Also, upon delivery of 75 Mlbs of copper in aggregate the percentage of payable copper reduces to 1.5% for remaining life of mine.

## **Advisors and Counsel**

TD Securities Inc. delivered an opinion to Lundin Mining's Board of Directors as to the fairness, from a financial point of view, of the consideration to be paid by Lundin Mining in the transaction. Lundin Mining

retained Stikeman Elliott LLP as Canadian legal advisors and Veirano Advogados as Brazilian legal advisors in connection with the transaction.

### **Technical Information**

The qualified person for the scientific and technical information contained herein is Stephen Gatley, Vice President Technical Services, Lundin Mining. Mr. Gatley, who is a "qualified person" as defined under NI 43-101, has reviewed and approved the technical information in this news release and reviewed the Chapada Technical Report on behalf of the Company. To the best of the Company's knowledge, information and belief, there is no new material scientific and technical information that would make the Chapada Technical Report inaccurate or misleading.

Further details with respect to Chapada are available in the Chapada Technical Report prepared for Yamana and filed under Yamana's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **Acquisition of the Chapada Copper Mine Conference Call and Webcast**

The Company will hold a telephone conference call and webcast at 08:30 ET, 14:30 CET on Monday, April 15, 2019. Conference call details are provided below:

Call-in number for the conference call (North America): +1 647 788 4922

Call-in number for the conference call (North America Toll Free): +1 877 223 4471

Call-in number for the conference call (Sweden): +46 (0) 8 4468 3691

To view the live webcast presentation, please log on using this direct link:

<http://event.on24.com/wcc/r/1985085-1/68B717B44E0454D026CBA8EE3CBD68AD>

The presentation slideshow will also be available in PDF format for download from the Lundin Mining website [www.lundinmining.com](http://www.lundinmining.com) before the conference call.

A replay of the telephone conference will be available after the completion of the conference call until April 30, 2019.

Replay numbers:

North America: +1 800 585 8367 or +1 416 621 4642

The passcode for the replay is: 5657488

A replay of the webcast will be available by clicking on the [direct link](#) above.

### **About Lundin Mining**

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

The information in this release is subject to the disclosure requirements of Lundin Mining under the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below on April 15, 2019 at 06:45 am Eastern Time.

For further information, please contact:  
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### **Cautionary Statement in Forward-Looking Information**

Certain of the statements made and information contained herein, other than statements of historical fact and historical information, is “forward-looking information” within the meaning of applicable Canadian securities laws. Forward-looking information includes, but is not limited to, statements with respect to the intentions of the Company regarding the Acquisition and other strategic growth opportunities, the anticipated timing and completion of the Acquisition, the ability of Lundin Mining to complete the transactions contemplated by the Acquisition, life of mine, delivery of shareholder returns and value added by projects. Words such as “anticipate”, “believe”, “benefiting”, “contingent”, “creating”, “delivers”, “expandable”, “expansions”, “expected”, “further”, “future”, “growth”, “improve”, “intend”, “leading”, “may”, “opportunities”, “optimization”, “potential”, “project” and “pursue” or variations of these terms or similar terminology or statements that certain actions, events or results will, could or may occur or be achieved are intended to identify such forward-looking information. 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 is based on a number of assumptions, and subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Risks include but are not limited to the risk that the conditions to the Acquisition will not be satisfied on a timely basis or at all and the failure of the transaction to be consummated for any other reason, competitive responses to the announcement of the Acquisition, actions that may be taken by Yamana or by its security holders in respect of the Acquisition, as well as additional risks disclosed in filings made by the Company with Canadian securities regulatory authorities. There can be no assurance that the Acquisition will be successful or that, if successful, the combination of the operations of Lundin Mining and Chapada will achieve the anticipated benefits. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

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 operations, 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 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 closed and historical sites; title risk and the potential of undetected encumbrances; risks associated with the structural stability of waste rock dumps or tailings storage facilities; and other risks and uncertainties, including but not limited to those described in the "Risk and Uncertainties" section of the Company's AIF and the "Managing Risks" section of the Company's annual MD&A, which are available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. 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 news release. The Company does not undertake to update such forward-looking information unless required under applicable laws.