

## Framtid och strategi – Lundin Mining

SveMins höstmöte

27 november 2014

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## Caution Regarding Forward Looking Information

This presentation contains forward-looking information, including, but not limited to, guidance on estimated annual production and cash costs. This forward-looking information is not based on historical facts, but rather on current expectations and projections about future events and is subject to risks and uncertainties. These risks and uncertainties could cause actual results to differ materially from the future results expressed or implied in this document.

The forward looking information contained in this document is based on a number of assumptions including, but not limited to, foreign currency rates; metal prices; estimation of mineral resources and reserves and the geology; grade, tonnage, dilution and metallurgical and other characteristics of ore; production capabilities and cost estimates.

Such risks may include, without limitation: risks and uncertainties relating to foreign currency fluctuations; risks inherent in mining including environmental hazards, unusual or unexpected geological formations, ground control problems and flooding; risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labor disputes or other unanticipated difficulties with or shortages of labor or interruptions in production; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; and commodity price fluctuations.

For further details of other risks and uncertainties see Risk Factors Relating to the Company's Business in the Company's Annual Information Form and in each Management's Discussion and Analysis.

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

# It started with Zinkgruvan...



**2004 – 2014**





**2004 – 2014**



60 % production increase

100 more employees

2 billions in investments



# Lundin – Well Diversified Base Metals Producer

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*Copper dominant with excellent base metals and geographic diversification*



2014 Guidance	Production (k tonnes)
Copper	234– 242
Zinc	135 – 145
Lead	33 – 37
Nickel	9.5 – 11.5

2014 guidance includes attributable share of Tenke and full-year for Candelaria

# Lundin Mining Strategy

lundin mining



**Geographic and base metal diversification**

Portfolio of **high quality, long-life** mines

Optimization **opportunities and exploration potential** at all existing assets

**No high risk** major capital projects

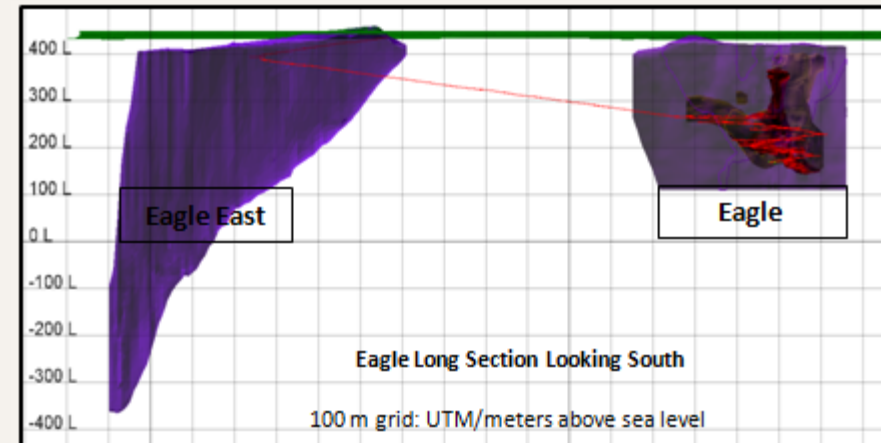
**Disciplined growth** approach



# Eagle Mine – On Time & On Budget

- On Sept. 23, Eagle officially entered operation ahead of schedule and on or ahead of budget
- First shipment of saleable nickel and copper concentrates took place in October
- Capital costs expected to be at or below initial \$400m budget
- Total capital spend ytd of \$321m of which \$96m was spent in Q3. Residual capex expected through end of year

Location	Michigan, USA
2015-17 Production Guidance	~23,000t Ni ~20,000t Cu
2015-17 C1 Costs	~\$2.00/lb Ni
Mine Life	8 years



# Eagle Production Stats (Sep. 23 – Oct. 22)

- Performance to date is ahead of expectations and remains on track to meet or exceed 2014 production guidance
- Operating stats during the first month have already achieved design rates for periods of time

	<b>ACTUAL</b> Sep. 23 - Oct. 22	<b>DESIGN</b> Targets in full operations
Total tonnes milled	46,282	-
Average tonnes per day milled	1,543	2,000
Nickel feed grade	2.95%	-
Copper feed grade	2.45%	-
Nickel recovery	77%	83%
Copper recovery	94%	96%
Nickel grade in Ni conc	15%	11 - 16%
Copper grade in Cu conc	29%	31%
Nickel metal in conc (t)	1,055	-
Copper metal in conc (t)	1,063	-





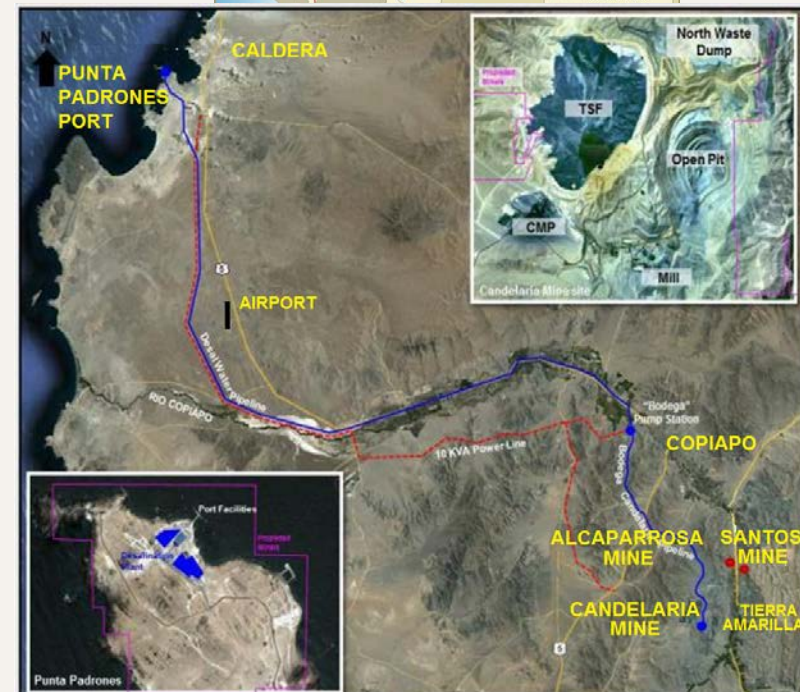
# Candelaria – A Cornerstone Asset

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On Oct. 6, announced the acquisition of an 80% stake in the Candelaria mining complex for an upfront payment of \$1.8 billion

## Candelaria Overview:

- Cu-Au-Ag mine located in northern Chile
- Operations include a large open pit, three underground mines and two process plants
- Significant infrastructure including a large port and new desalination plant
- Reserve life through 2028 (14 years). Mine life expected to be extended by exploration



# Candelaria – Large-Scale, Long-Life Asset

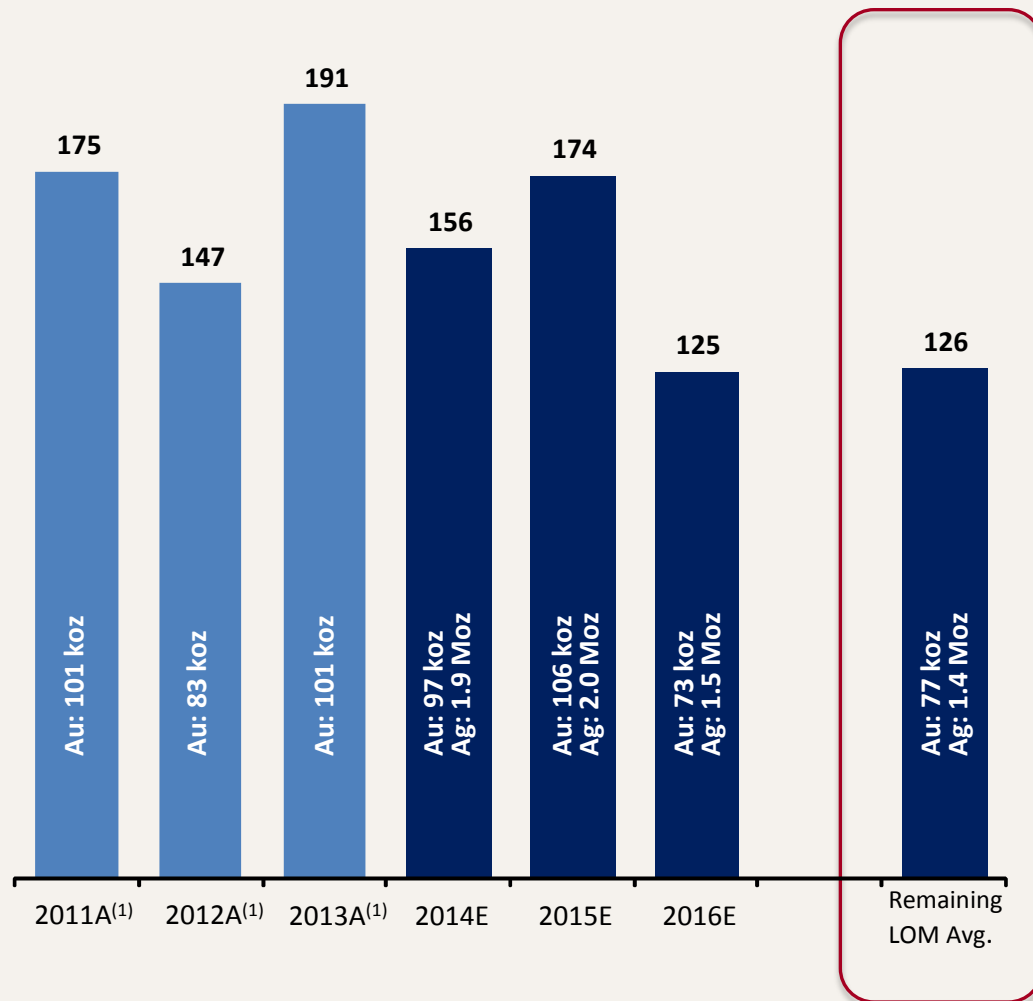
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- Average LoM production

100%	80%
126 ktpa Cu	101ktpa Cu
77koz Au	62koz Au
1.4Moz Ag	1.1Moz Ag

- Average Cu production over next 5 years of 139ktpa (100% basis)
- 14 year remaining life based on 2P reserves
- High grade (30% Cu) quality copper concentrates with low impurities
- Sumitomo will remain a strategic 20% partner with concentrate off-take agreements at market terms

## Total Copper Production (ktpa) – 100% basis



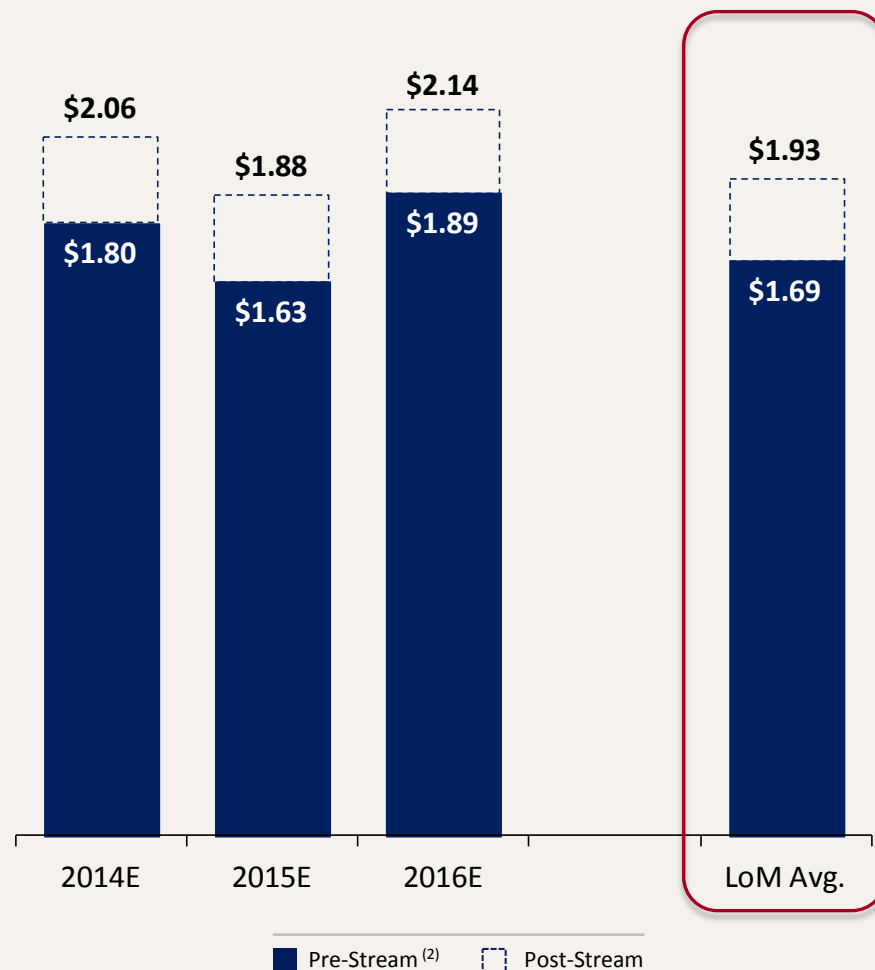
Note:

(1) Production figures sourced from Freeport's historical year-end results

# Candelaria – Competitive Cost Profile

- Competitive C1 cash cost position of \$1.69/lb LoM average prior to precious metals stream adjustment
- Significant precious metals by-products (Au, Ag)
- Magnetite credit from sale of tailings to 3rd party (~\$33 million in 2013)
- Low cost power of \$0.12/kWh (2013)

Copper C1 Cash Costs (US\$/lb)<sup>(1)</sup>



Note: Waste stripping is expensed and included in C1 operating cost forecasts.

(1) Includes full year impact of precious metals stream in 2014 for illustrative purposes.

(2) Pre-stream C1 cash costs are based on metal price assumptions of \$1,200/oz gold and \$20/oz silver.

# Candelaria – Excellent Infrastructure In Place

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## Candelaria – Open Pit

Material Mined (ore & waste): 270ktpd  
Milled Ore: 66 ktpd



## Processing Plants

Candelaria (2 lines): 25Mtpa  
Pedro Aguirre (PAC): 1.4Mtpa



## Port with Excess Capacity

Currently ship max of: 600k wmt per year  
Max Capacity of: 3,500 k wmt per year



## New Desalination Plant

Commissioned in : Q1 - 2013  
Desalination Plant at Punta Padrones: 500 l/s





# Neves-Corvo – Q3 YTD Results & Outlook

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- YTD production of 37.1kt copper and 50.0kt zinc
- Copper production impacted by change in short term mine plan leading to lower grades & recoveries
- YTD C1 costs of \$1.89/lb Cu – operation remains on track to achieve guidance for year
- Increasing zinc profile a result of +50% of production now being sourced from the high grade Lombador deposit
- Feasibility study on zinc expansion progressing according to plan with completion in Q1/15

Location	Portugal
2014 Production	50,000–55,000 t Cu
Guidance	60,000–65,000 t Zn 3,500–4,500 t Pb
2014 C1 Cost	\$1.85/lb Cu
Guidance	
Mine Life	+10 years Cu + Zn



# Aguablanca – Q3 YTD Results and Outlook

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- YTD production of 6.1kt nickel and 5.4kt copper, in-line with guidance
- YTD C1 costs of \$4.63/lb Ni, in-line with guidance
- Open pit mining expected to be completed in November
- Processing will continue with stockpiled ore from the open pit
- Production from underground project expected in Q1/15

Location	Spain
Ownership	100%
2014 Production Guidance	7,500–8,500 t Ni 6,000–7,000 t Cu
2014 C1 Cost Guidance	\$4.25/lb Ni
Mine Life	~4 years



# Tenke – Q3 YTD Results & Outlook

- YTD production (24% basis) of 37.0kt Cu and 2.4kt Co, in-line with guidance
- Milling rates continue to exceed design capacity, averaging 15,500tpd for the quarter
- YTD cash costs of \$1.07/lb benefited from high copper grades/recoveries and favourable cobalt by-product credits
- Cash distributions of \$73 million YTD
- For the year, cash distributions expected to be in range of \$90 -\$100m

Location	Democratic Republic of Congo
Ownership	24%
2014 Sales Production Guidance (attributable share)	48,400 t Cu
2014 C1 Costs	\$1.16/lb Cu
Mine Life	+40 years



# Zinkgruvan – Q3 YTD Results & Outlook

**lundin mining**

- YTD production of 58.6kt zinc, 24.9kt lead and 2.4kt copper; in-line with guidance
- In Q3 achieved a second consecutive quarter of record mine production of zinc ore
- YTD C1 costs of \$0.37/lb Zn - on track to achieve guidance for year
- Overall production profile expected to remain steady going forward

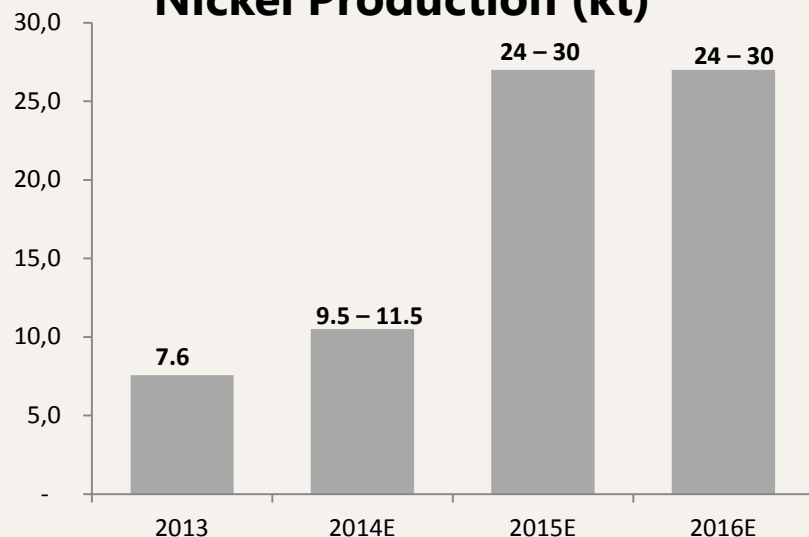
Location	Sweden
2014 Production	75,000–80,000 t Zn 29,000–32,000 t Pb
Guidance	3,000–4,000 t Cu
2014 C1 Cost	\$0.35/lb Zn
Guidance	
Mine Life	+10 years



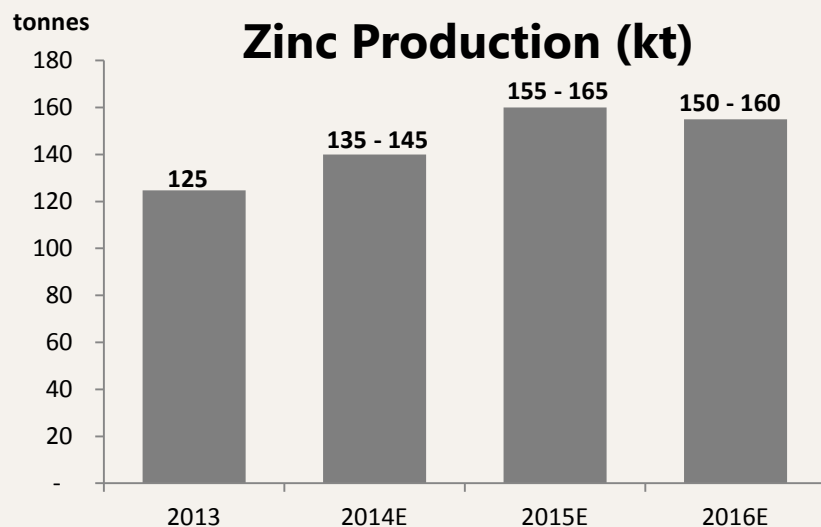


# Stable Growth Profile in all Metals

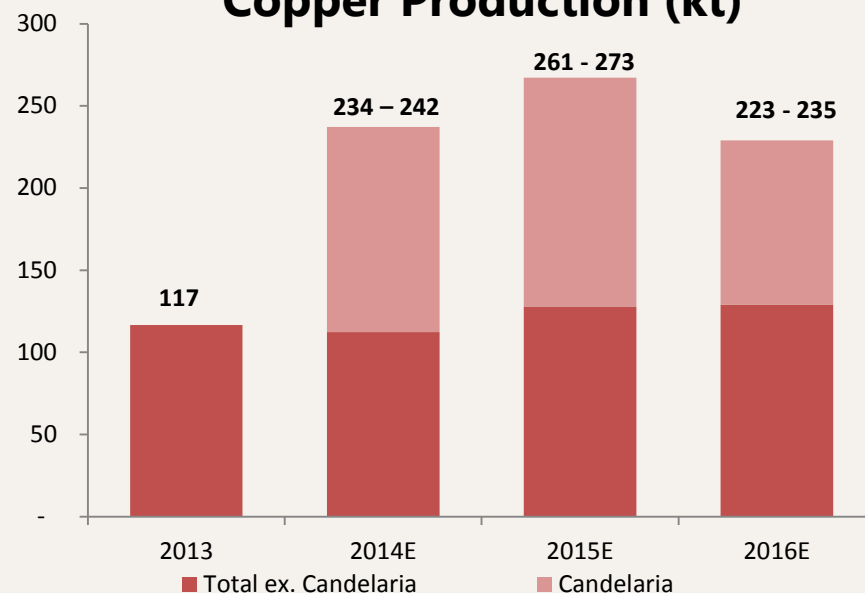
## Nickel Production (kt)



## Zinc Production (kt)



## Copper Production (kt)



\*LUN production profile for 2015 & 2016 based on 3-yr guidance provided in Dec-2013.

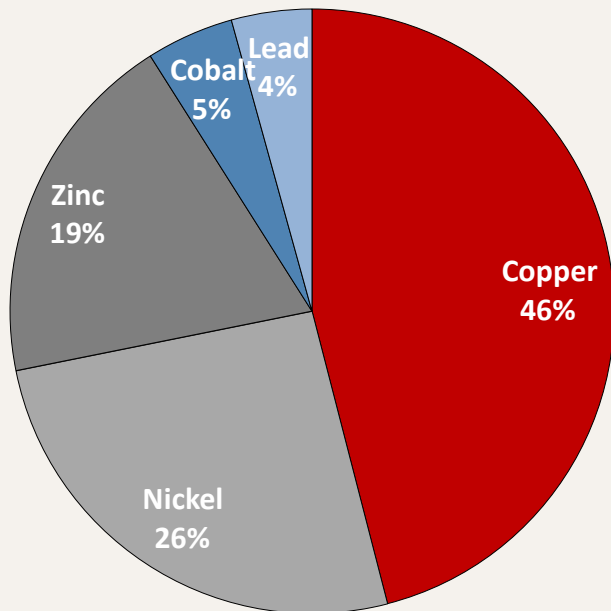
Copper profile does not include any future expansions at Tenke and includes a full year of production in 2014 from Candelaria for illustrative purposes. 17

# Excellent Base Metals Diversification

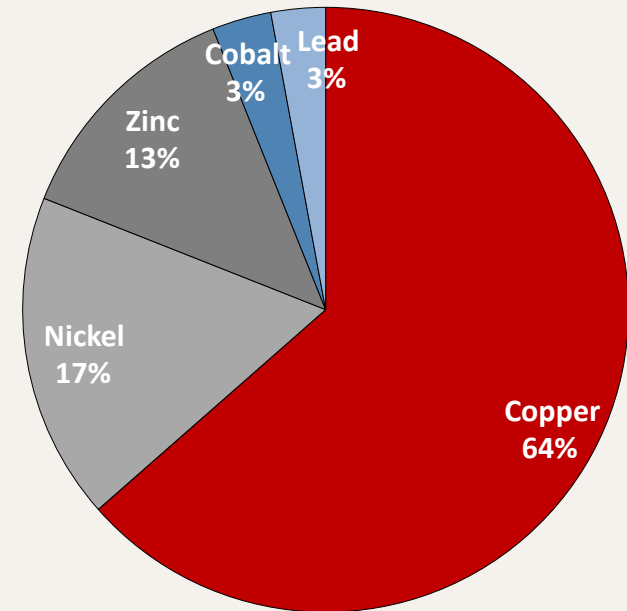
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## 2015E Attributable Cu Eq. Production by Commodity<sup>(1)(2)(3)</sup>

Prior to Candelaria



Including Candelaria



**Enhanced copper exposure and strong leverage to nickel and zinc maintained**

(1) Based on midpoint of 2015E production guidance provided by Lundin. Only includes commodities for which Lundin provides public guidance. Excludes gold and silver. Based on 80% interest in Candelaria.

(2) Equivalency calculated according to the following prices: \$3.00/lb Cu, \$1.00/lb Zn, \$8.00/lb Ni, \$12.00/lb Co and \$1.05/lb Pb.

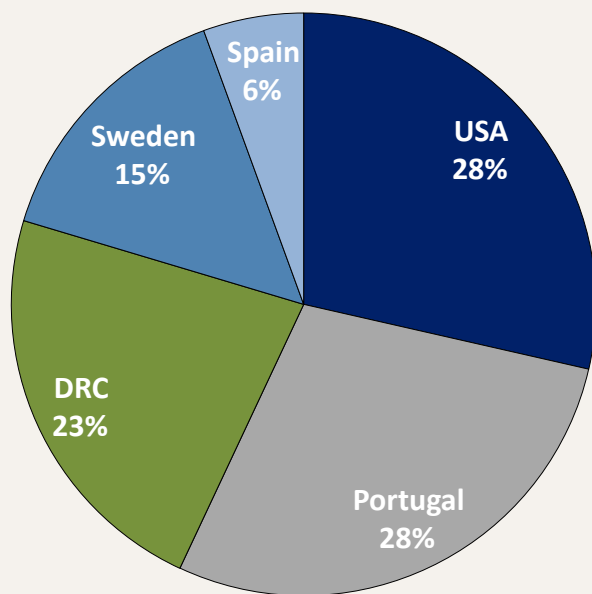
(3) Cobalt guidance for 2015E assumed equal to 2014E guidance.

# Excellent Geographic Diversification

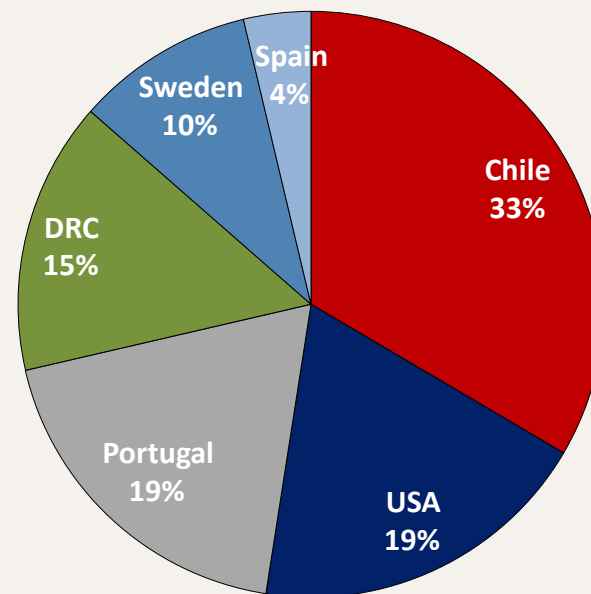
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## 2015E Attributable Cu Eq. Production by Country<sup>(1)(2)(3)</sup>

Prior to Candelaria



Including Candelaria



**Chile becomes Lundin's largest producing region**

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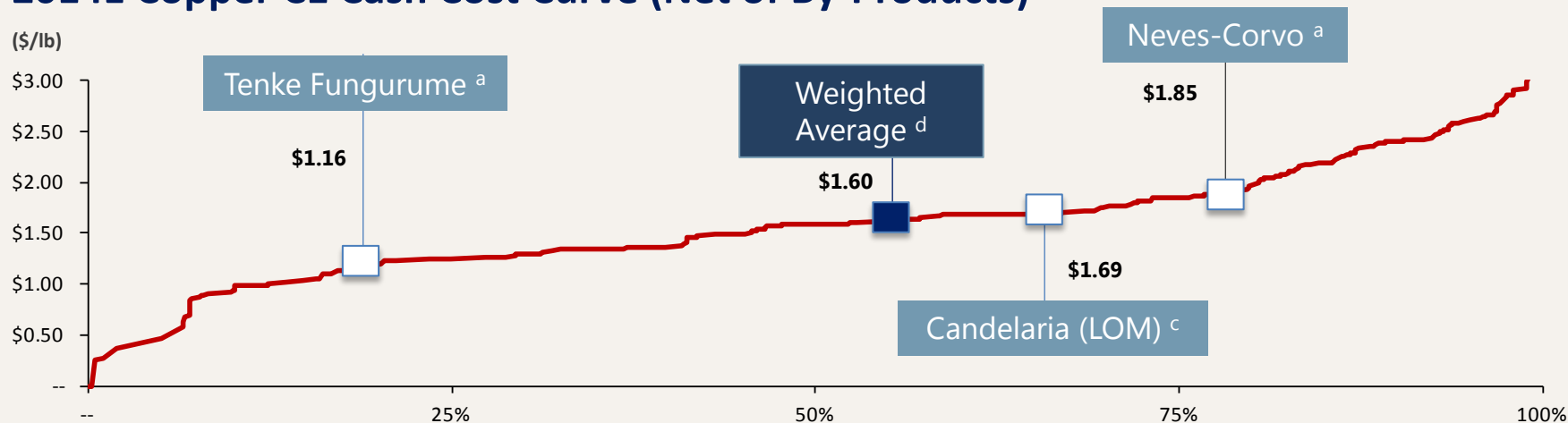
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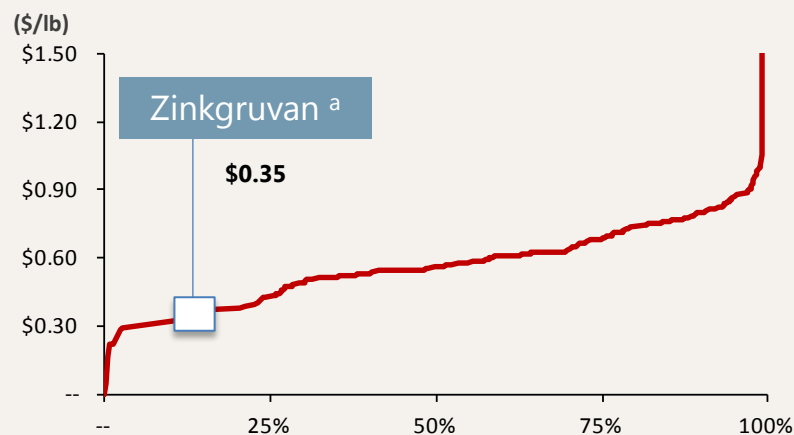
# Cost Competitive Across All Commodities

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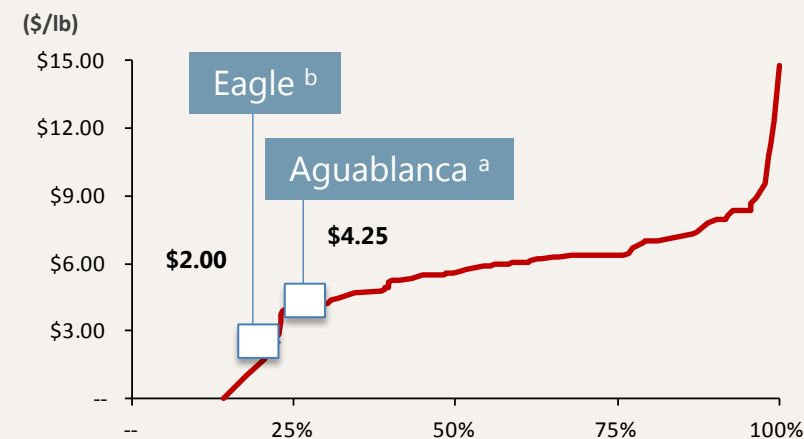
## 2014E Copper C1 Cash Cost Curve (Net of By-Products) <sup>(1)</sup>



## 2014E Zinc C1 Cash Cost Curve (Net of By-Products) <sup>(1)</sup>



## 2015E Nickel C1 Cash Cost Curve (Net of By-Products) <sup>(1)</sup>



a. 2014 guidance, at Q3 2014

b. Eagle guidance based on the first 3 years of operation (2015-17)

c. Candelaria LOM avg cash costs excludes sale of the precious metals stream. Including the stream LOM avg. costs are estimated at ~\$1.93/lb.

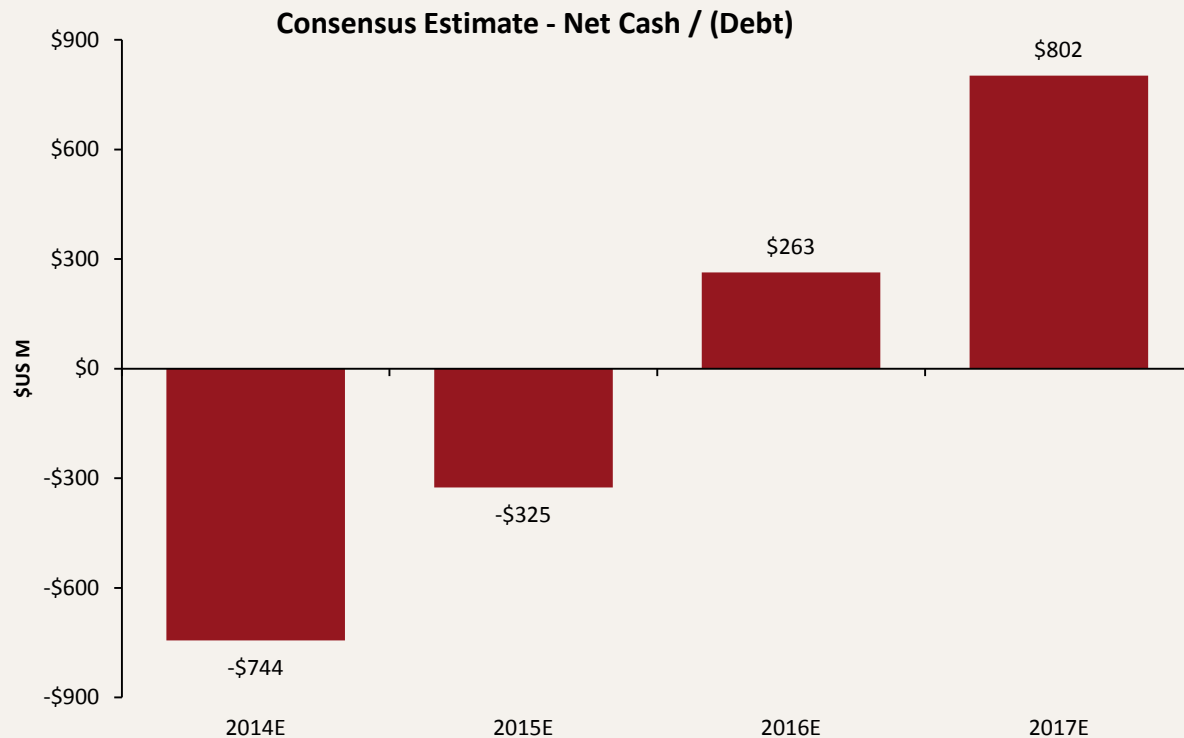
d. Weighted average costs are shown prior to the sale of the precious metals stream at Candelaria. Weighted avg costs including the stream are estimated at ~\$1.72/lb.

Source: Wood Mackenzie, 2014



# Strong Financial Outlook

- Conservative balance sheet with excellent flexibility
- Net cash balance expected to grow rapidly going forward



a. Consensus estimates sourced from Bloomberg on Oct. 29, 2014



Tack för att ni lyssnade!