# Lundin Mining Provides Operational Outlook & Shareholder Returns Update

TORONTO, Nov. 30, 2020 /CNW/ - **(TSX: LUN; Nasdaq Stockholm: LUMI) Lundin Mining Corporation**("Lundin Mining" or the "Company") provides the following production guidance for the three-year period of 2021 through 2023, as well as cash cost, capital and exploration expenditure forecasts for 2021. Candelaria 2020 guidance has been reintroduced and an update on the return to full production capacity at Chapada provided. Additionally, the Company announces an anticipated 50% increase in the quarterly dividend and renewal of its Normal Course Issuer Bid ("NCIB"), both pending final approvals as detailed herein.

- Copper production is forecast to increase over 25% in 2021, compared to the current 2020 guidance, primarily on increasing grades at Candelaria and full-year uninterrupted contributions from both Candelaria and Chapada.
- Zinc production is forecast to increase 30% in 2022, over 2021, as the Neves-Corvo Zinc Expansion Project ("ZEP") completes its ramp up in the first half of that year. The ZEP is planned to restart in January 2021.
- Nickel production is forecast to maintain current levels in 2021 before increasing over 10% in 2022 as higher-grade ore from Eagle East contributes to the mill feed.
- Gold production is forecast to be 175,000 oz at the midpoint of 2021 guidance. Nearly 110,000 oz are unencumbered.

**Production Outlook 2021 - 2023[1]**

| | 2021 | | | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Copper (t)** | | | | | | | | | |
| Candelaria (100% basis) | 172,000 | - | 182,000 | 180,000 | - | 190,000 | 180,000 | - | 190,000 |
| Chapada | 48,000 | - | 53,000 | 53,000 | - | 58,000 | 50,000 | - | 55,000 |
| Eagle | 17,000 | - | 20,000 | 15,000 | - | 18,000 | 12,000 | - | 15,000 |
| Neves-Corvo | 35,000 | - | 40,000 | 30,000 | - | 35,000 | 33,000 | - | 38,000 |
| Zinkgruvan | 3,000 | - | 4,000 | 3,000 | - | 4,000 | 3,000 | - | 4,000 |
| **Total Copper** | **275,000** | **-** | **299,000** | **281,000** | **-** | **305,000** | **278,000** | **-** | **302,000** |
| **Zinc (t)** | | | | | | | | | |
| Neves-Corvo | 70,000 | - | 75,000 | 115,000 | - | 125,000 | 145,000 | - | 155,000 |
| Zinkgruvan | 71,000 | - | 76,000 | 68,000 | - | 73,000 | 76,000 | - | 81,000 |
| **Total Zinc** | **141,000** | **-** | **151,000** | **183,000** | **-** | **198,000** | **221,000** | **-** | **236,000** |
| **Gold (oz)** | | | | | | | | | |
| Candelaria (100% basis)[2] | 95,000 | - | 100,000 | 95,000 | - | 100,000 | 110,000 | - | 115,000 |
| Chapada | 75,000 | - | 80,000 | 67,000 | - | 72,000 | 65,000 | - | 70,000 |
| **Total Gold** | **170,000** | **-** | **180,000** | **162,000** | **-** | **172,000** | **175,000** | **-** | **185,000** |
| **Nickel (t)** | | | | | | | | | |
| Eagle | 15,000 | - | 18,000 | 17,000 | - | 20,000 | 13,000 | - | 16,000 |
| **Total Nickel** | **15,000** | **-** | **18,000** | **17,000** | **-** | **20,000** | **13,000** | **-** | **16,000** |

1 Production guidance is based on certain estimates and assumptions, including but not limited to: Mineral Resources and Mineral Reserves, geological formations, grade and continuity of deposits and metallurgical characteristics.

2 68% of Candelaria's total gold and silver production are subject to a streaming agreement.

**Candelaria 2020 Guidance & Chapada Update**

- **Candelaria:** Collective agreements have now been reached with all five unions representing employees at the Candelaria Copper Mining Complex in Chile. Ramp up of the operation to full capacity is underway and is anticipated to be achieved in the coming weeks. Installation of the fourth, more powerful, ball mill motor as part of the Candelaria Mill Optimization Project ("CMOP") has been pulled forward and is to be complete in December 2020. Following installation, the CMOP will be 100% complete.

  With these considerations, reintroduced 2020 copper production guidance is for 120,000-125,000 t at a cash cost of $1.50/lb. Cash cost guidance is net of credits from forecast gold production of 70,000-75,000 oz, and includes expenses related to the strike and period of reduced operations. Full year 2020 capital expenditures are expected to be $225 million, of which $45 million is forecast for the fourth quarter.

- **Chapada:** A return to full production capacity in December 2020 remains on track. The plant achieved approximately 35% of nameplate capacity while operating only the SAG mill. Throughput has further improved since mid-November with the

temporary installation of a motor generously loaned from Samarco Mineração S.A. on the ball mill.

The first repaired motor is expected to be on site this week and a second motor is anticipated in mid-December. A step-change increase to full production capacity is expected once these two motors are available and installed.

Chapada 2020 production guidance remains 45,000-50,000 t of copper and 80,000-85,000 oz of gold.

**Production Outlook 2021 - 2023**

- **Candelaria:** Copper production for the next three years is forecast to increase over that of 2020 primarily on improving copper head grades and achievement of planned processing rates as the benefits of reinvestment initiatives completed over the last several years are realized. Refinement to mine phasing and operating plans have revised forecast 2021 copper and gold, and 2022 gold, production compared to the prior outlook.

  Copper production is forecast to be 172,000-182,000 t in 2021, a near 45% increase over forecast 2020 production. Production is to further increase to 180,000-190,000 t of copper in 2022 and maintain this level in 2023. Over the next ten years copper production is forecast to average nearly 180,000 tpa.

  Candelaria's gold production is forecast to be 95,000-100,000 oz in 2021 and 2022, nearly a 35% increase over the forecast for 2020. Gold production is to further increase in 2023 to 110,000-115,000 oz, averaging nearly 100,000 oz per annum over the next ten years.

- **Chapada:** Forecast copper and gold production are generally consistent with the prior outlook. There have been minor revisions on refinement of near-term operating plans. Production expectations are based on the current 24 Mtpa throughput capacity with annual changes driven primarily by the forecast grade profile.

  Copper production is forecast to increase over 5% in 2021 to 48,000-53,000 t. Copper production is to further increase over 10% to 53,000-58,000 t in 2022, before reducing modestly to 50,000-55,000 t in 2023.

  Chapada's gold production is forecast to be 75,000-80,000 oz in 2021, 5,000 oz more than the prior outlook for the year. Gold production is then forecast to modestly decline in 2022 and 2023 on the expected grade profile. All of Chapada's gold production remains unencumbered and receives full market pricing.

- **Eagle:** Nickel production is forecast to be 15,000-18,000 t in 2021, consistent with the prior outlook as Eagle East ore comprises the majority of the mill feed. Nickel production is forecast to increase 12% in 2022 to 17,000-20,000 t before declining to 13,000-16,000 t in 2023 on nickel grades.

  Eagle's copper production is forecast to be 17,000-20,000 t in 2021, a 22% increase over the prior outlook. Similar to nickel, as Eagle East ore grades begin to decline, forecast copper production is anticipated to be 15,000-18,000 t in 2022 and 12,000-15,000 t in 2023.

- **Neves-Corvo:** The ZEP is planned to restart inJanuary 2021. Plans are to mobilize a smaller number of contractors with an extended schedule to advance the project given the current safety requirements for social distancing and other personnel limitations to safeguard and protect the workforce and local communities from the spread of COVID-19. Forecast zinc and copper production over the three-year outlook reflect this approach.

  Zinc production in 2021 is forecast to be 70,000-75,000 t as the ZEP construction is to be completed in stages over the course of the year with production ramp up planned to commence in the fourth quarter. Zinc production is forecast to increase 66% in 2022 to 115,000-125,000 t as production ramp up is completed in the first half of the year. With the ZEP contributing a full year of production at design throughput, 2023 zinc production is forecast to be 145,000-155,000 t.

  Copper production over the outlook period has been revised on refinement of the near-term mine plan, impacting the forecast copper head grade.

- **Zinkgruvan:** Forecast zinc and copper production for 2021 and 2022 are generally consistent with the prior outlook with minor revision on refinement of operating plans. Zinc production is forecast to increase in 2023, compared to current and 2021-2022 levels, with planned mining of higher-grade orebodies.

**2021 Cash Cost Guidance[3]**

| C1 Cash Cost[3] | 2021 |
|---|---|
| **Copper** | |
| Candelaria | $1.35/lb[4] |
| Chapada | $1.10/lb |
| Neves-Corvo | $2.20/lb |

**Zinc**

| | |
|---|---|
| Zinkgruvan | $0.65/lb |

**Nickel**

| | |
|---|---|
| Eagle | $0.50/lb |

- **Candelaria's** C1 cash costs are expected to reduce year-on-year to $1.35/lb[4] copper in 2021, after by-product credits. By-product credits have been adjusted for the terms of the streaming agreement.
- At **Chapada,** C1 cash costs are expected to approximate $1.10/lb copper in 2021 after significant gold by-product credits. Effects of copper stream agreements are reflected in the realized copper revenue.
- **Eagle** is expected to maintain the first quartile C1 cash costs of $0.50/lb nickel in 2021, after by-product credits, as higher grades from Eagle East reduce per pound unit costs.
- At **Neves-Corvo**, C1 cash costs for 2021 are expected to approximate $2.20/lb copper, after zinc and lead by-product credits.
- **Zinkgruvan's** C1 cash costs for 2021 are expected to approximate $0.65/lb zinc after copper and lead by-product credits.

**2021 Capital Expenditure Guidance**

- Capital expenditures in 2021 are forecast to be $610 million on a 100% basis, which includes:

| Capital Expenditures ($ millions)[5] | 2021 |
|---|---|
| **Sustaining Capital** | |
| Candelaria (100% basis) | 345 |
| Chapada | 65 |
| Eagle | 15 |
| Neves-Corvo | 65 |
| Zinkgruvan | 50 |
| **Total Sustaining Capital** | **540** |
| **Zinc Expansion Project (Neves-Corvo)** | **70** |
| **Total Capital Expenditures** | **610** |

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3 C1 cash costs are based on various assumptions and estimates, including, but not limited to: production volumes, as noted above, commodity prices (2021 - Cu: $2.95/lb, Zn: $1.00/lb, Pb: $0.85/lb, Au: $1,700/oz: Ag: $16.00/oz) foreign currency exchange rates (2021 - €/USD:1.20, USD/SEK:8.50, CLP/USD:675, USD/BRL:4.75) and operating costs. All figures in are in US$ unless otherwise noted.

4 68% of Candelaria's total gold and silver production are subject to a streaming agreement and as such C1 cash costs are calculated based on receipt of $416/oz and $4.16/oz, respectively, on gold and silver sales in the year.

5 Forecast capital expenditures have been reported on a cash basis. Discrepancies may exist with other external reports which have been reported on an accrual basis.

- **Candelaria:** Capital expenditures at Candelaria are forecast to total $345 million in 2021. Capitalized waste stripping expenditures are estimated to be $160 million, with capital expenditures on underground mine development, equipment and infrastructure to be $80 million. Capital expenditures on the Los Diques Tailings Storage Facility ("TSF") are estimated to be $35 million.
- **Chapada:** Capital expenditures at Chapada are estimated to total $65 million in 2021 which include $20 million for capitalized waste stripping, $10 million for mobile equipment and $15 million for TSF and water management systems.
- **Eagle:** At Eagle, 2021 capital expenditures are estimated to total $15 million. Approximately half is for underground mine equipment and development, with the remaining for the mill water treatment plant sustaining initiatives.
- **Neves-Corvo:** Capital expenditures are estimated to total $135 million in 2021, of which $70 million is expansionary capital for the ZEP. The $65 million of estimated sustaining capital expenditures are primarily for underground mine development and mobile equipment. $10 million is to be spent on water initiatives and tailings dam expansion works.

  Restart of the ZEP is on track for January 2021. The pre-production capital cost estimate of $430M (€360M) remains unchanged. Current plans call for mobilization of a smaller number of contractors with an extended schedule. A further $30 million of expansionary capital is forecast for 2022, reflecting timing of payments, to complete the project.

- **Zinkgruvan:** At Zinkgruvan, sustaining capital expenditures are estimated to total $50 million in 2021. Approximately

$25M is for underground development with the remaining for in-fill drilling and improvement initiatives.

**2021 Exploration Investment Guidance**

Exploration expenditures are planned to be $40 million in 2021. Approximately $32 million will be spent supporting significant in-mine and near-mine targets at our operations ($14 million at Candelaria, $6 million at Zinkgruvan, $8 million at Chapada, and $4 million at Neves-Corvo). The remaining $8 million is planned to advance activities on exploration stage and new business development projects.

**Shareholder Returns Update**

**Anticipated 50% Dividend Increase**

A 50% increase in the quarterly dividend to C$0.06 per common share of the Company ("Common Shares"), or C$0.24 on an annualized basis, is anticipated to be declared with the release of 2020 full-year financial results in February 2021 pending approval by the Company's Board of Directors.

The anticipated increase is consistent with Lundin Mining's strategy of providing leading returns for our shareholders throughout the cycle. This expected increase reflects the strong free cashflow outlook from the Company's current operations. Lundin Mining is well positioned to enhance shareholder returns with a progressive regular dividend, while maintaining balance sheet strength and investing in disciplined growth.

The dividend policy will continue to undergo periodic review by Lundin Mining management and the Board of Directors and may change at any time depending on the Company's earnings, financial requirements and other factors existing at the time.

**Normal Course Issuer Bid Renewal**

Lundin Mining intends to renew its NCIB to purchase up to 63,682,170 Common Shares on the Toronto Stock Exchange (the "TSX"). The Company intends to continue to utilize the NCIB at its discretion to make opportunistic purchases to create shareholder value and manage the number of outstanding Common Shares.

In connection with the NCIB renewal, Lundin Mining intends to enter into an automatic repurchase plan with its designated broker to allow for the repurchase of Common Shares at times when the Company ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise. Any such plan entered into with the Company's broker will be adopted in accordance with applicable Canadian securities laws. The Company will determine parameters for such a plan based on market conditions, share price, best use of available cash, and other factors.

The NCIB renewal has been approved by the Company's Board of Directors; however, it is subject to acceptance by the TSX and, if accepted, will be made in accordance with the applicable rules and policies of the TSX and applicable Canadian securities laws. Under the NCIB, Common Shares may be repurchased in open market transactions on the TSX and/or other Canadian exchanges, or by such other means as may be permitted by the TSX and applicable Canadian securities laws. The price that Lundin Mining will pay for Common Shares in open market transactions will be the market price at the time of purchase.

Pursuant to the NCIB renewal, which will commence following expiry of the current NCIB, it is expected that the Company will be able to purchase up to 63,682,170 Common Shares, representing 10% of the total outstanding Common Shares as of November 30, 2020, minus those Common Shares beneficially owned, or over which control or direction is exercised by the Company, the senior officers and directors of the Company and every shareholder who owns or exercises control or direction over more than 10% of the outstanding Common Shares, over a period of twelve months commencing after TSX approval. In accordance with TSX rules, any daily purchases, other than pursuant to a block purchase exception, on the TSX under the NCIB will be limited to a maximum 25% of the average daily trading volume on the TSX for the six months ended November 30, 2020. Any Common Shares that are purchased under the NCIB will be cancelled.

The actual number of Common Shares that may be purchased and the timing of such purchases will be determined by the Company.

Under the Company's current NCIB that commenced on December 9, 2019 and which expires on December 8, 2020, the Company previously sought and received approval from the TSX to purchase up to 63,707,653 Common Shares. As of November 30, 2020, the Company has purchased 2,212,600 Common Shares under its current NCIB through open market transactions at a weighted average price of approximately C$6.69 per Common Share.

**About Lundin Mining**

Lundin Mining is a diversified Canadian base metals mining company with operations in Brazil, Chile, Portugal, Sweden and the United States of America, primarily producing copper, zinc, gold and nickel.

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 November 30, 2020 at 17:30 Eastern Time.

**Other Information**

*The Technical Information in this press release has been prepared in accordance with NI 43-101 and has been reviewed and approved by Stephen Gatley, BSc (Eng), CENG MIMMM, Vice President - Technical Services of the Company, a "Qualified Person" under NI 43-101. Mr. Gatley has verified the data disclosed in this presentation and no limitations were imposed on his verification process.*

**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 document constitute forward-looking information, including but not limited to statements regarding the Company's plans, prospects and business strategies; the Company's guidance on the timing and amount of future production and its expectations regarding the results of operations; expected costs; permitting requirements and timelines; timing and possible outcome of pending litigation or labour disputes; timing for any required repairs and resumption of any interrupted operations; the results of any Feasibility Study, or Mineral Resource and Mineral Reserve estimations, life of mine estimates, and mine and mine closure plans; anticipated market prices of metals, currency exchange rates, and interest rates; 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; anticipated exploration and development activities at the Company's projects; and the Company's integration of acquisitions and any anticipated benefits thereof. Words such as "believe", "expect", "anticipate", "contemplate", "target", "plan", "goal", "aim", "intend", "continue", "budget", "estimate", "may", "will", "can", "could", "should", "schedule" and similar expressions identify forward-looking statements.*

*Forward-looking information is necessarily based upon various estimates and assumptions including, without limitation, the expectations and beliefs of management, including that the Company can access financing, appropriate equipment and sufficient labour; assumed and future price of copper, nickel, zinc, gold and other metals; anticipated costs; ability to achieve goals; the prompt and effective integration of acquisitions; that the political environment in which the Company operates will continue to support the development and operation of mining projects; and assumptions related to the factors set forth below. While these factors and assumptions are considered reasonable by Lundin Mining as at the date of this document in light of management's experience and perception of current conditions and expected developments, these statements are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information. Such factors include, but are not limited to: volatility and fluctuations in metal and commodity prices; global financial conditions and inflation; 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, and natural phenomena such as earthquakes, flooding or unusually severe weather; uninsurable risks; changes in the Company's share price, and volatility in the equity markets in general; the threat associated with outbreaks of viruses and infectious diseases, including the novel COVID-19 virus; risks related to negative publicity with respect to the Company or the mining industry in general; reliance on a single asset; 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; actual ore mined and/or metal recoveries varying from Mineral Resource and Mineral Reserve estimates, estimates of grade, tonnage, dilution, mine plans and metallurgical and other characteristics; 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; ore processing efficiency; risks inherent in and/or associated with operating in foreign countries and emerging markets; security at the Company's operations; changing taxation regimes; health and safety risks; exploration, development or mining results not being consistent with the Company's expectations; unavailable or inaccessible infrastructure and risks related to ageing infrastructure; counterparty and credit risks and customer concentration; risks related to the environmental regulation and environmental impact of the Company's operations and products and management thereof; exchange rate fluctuations; reliance on third parties and consultants in foreign jurisdictions; community and stakeholder opposition; civil disruption; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; uncertain political and economic environments; litigation; regulatory investigations, enforcement, sanctions and/or related or other litigation; risks associated with the structural stability of waste rock dumps or tailings storage facilities; changes in laws, regulations or policies including but not limited to those related to mining regimes, permitting and approvals, environmental and tailings management, labour, trade relations, and*

*transportation; climate change; compliance with environmental, health and safety laws; enforcing legal rights in foreign jurisdictions; information technology and cybersecurity risks; estimates of future production and operations; estimates of operating, cash and all-in sustaining cost estimates; delays or the inability to obtain, retain or comply with permits; compliance with foreign laws; risks related to mine closure activities and closed and historical sites; challenges or defects in title; the price and availability of key operating supplies or services; historical environmental liabilities and ongoing reclamation obligations; indebtedness; funding requirements and availability of financing; liquidity risks and limited financial resources; risks relating to attracting and retaining of highly skilled employees; risks associated with acquisitions and related integration efforts, including the ability to achieve anticipated benefits, unanticipated difficulties or expenditures relating to integration and diversion of management time on integration; the estimation of asset carrying values; internal controls; competition; dilution; existence of significant shareholders; conflicts of interest; activist shareholders and proxy solicitation matters; risks relating to dividends; risks associated with business arrangements and partners over which the Company does not have full control; and other risks and uncertainties, including but not limited to those described in the "Risks and Uncertainties" section of the Annual Information Form and the "Managing Risks" section of the Company's MD&A for the year ended December 31, 2019 and the quarter ended September 30, 2020, which are available on SEDAR at[www.sedar.com](http://www.sedar.com) under the Company's profile. All of the forward-looking statements made in this document are qualified by these cautionary statements. 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 and 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 forward-looking information is not a guarantee of future performance. 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 document. The Company disclaims any intention or obligation to update or revise forward–looking information or to explain any material difference between such and subsequent actual events, except as required by applicable law.*

SOURCE Lundin Mining Corporation

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Additional assets available online: Documents (1)

https://lundinmining.mediaroom.com/2020-11-30-Lundin-Mining-Provides-Operational-Outlook-Shareholder-Returns-Update