

Lundin Mining Announces Intention to Make All Cash Offer to Acquire Nevsun Resources Ltd.

TORONTO, July 16, 2018 (GLOBE NEWSWIRE) – Lundin Mining Corporation (TSX:LUN) (Nasdaq Stockholm:LUMI) (“Lundin Mining” or the “Company”) announced today that it intends to make a formal offer (the “Offer”) to acquire all of the issued and outstanding common shares (“Shares”) of Nevsun Resources Ltd. (“Nevsun”) for cash consideration of C\$4.75 per Share (the “Offer Price”).

The Offer Price represents a significant premium of 82% to the closing price of C\$2.61 on February 6, 2018, the date of the first offer to Nevsun related to our interest in acquiring Timok. This is a 33% premium to the closing price of C\$3.58 per Share on the Toronto Stock Exchange (the “TSX”) as of April 30, 2018, the date of Lundin Mining’s previously announced prior proposal to Nevsun and a 40% premium to the volume weighted average trading price of C\$3.35 per Share on the TSX over the 20 trading days ended April 30, 2018. The Offer Price values Nevsun at an equity value of approximately C\$1.4 billion (US\$1.1 billion).

Mr. Paul Conibear, President and CEO of Lundin Mining commented, “Following our attempts to constructively engage Nevsun since early February 2018, after having made a series of proposals and observing significant recent changes in the political landscape related to Eritrea, we have determined that the best course now is to make an all cash offer directly to Nevsun shareholders. Our offer will represent the clearest path for Lundin Mining to acquire the Timok project and for Nevsun shareholders to realize on the value of their investment without dilution and financing risk. We believe that the proposed Nevsun acquisition consideration is full and fair value and represents a significant premium to Nevsun’s unaffected share price prior to the announcement of our first proposal.”

Benefits to Nevsun Shareholders

Lundin Mining believes the Offer will be attractive to Nevsun shareholders for the following reasons:

- **Significant Premium to Market Price.** The Offer represents a significant premium of 33% to the closing price of C\$3.58 per Share on the TSX as of April 30, 2018. The Offer also represents a significant premium of 40% to the volume weighted average trading price of C\$3.35 per Share on the TSX over the 20 trading days ended April 30, 2018.
- **Liquidity and Certainty of Value.** The all-cash Offer provides an opportunity for Nevsun shareholders to realize immediate liquidity and certainty of value for their entire investment.
- **Fully Financed Cash Offer.** The Offer is not subject to a financing condition.
- **High Likelihood of Completion.** Lundin Mining is a highly credible counterparty with significant experience in the mining industry. The Company has significant acquisition experience, having successfully completed many both small and large-scale acquisitions.
- **Potential for Downward Share Price Impact if Offer is Not Accepted.** The Offer represents a significant premium to the market price of Nevsun Shares prior to both our first offer to Nevsun and following the public announcement of Lundin Mining’s prior proposal to acquire Nevsun. If the Offer is not successful and no competing transaction is made, Lundin Mining believes it is likely the trading price of Nevsun Shares will decline to significantly lower levels.

Intention to Make an Offer

Lundin Mining intends to commence a formal take-over bid circular in accordance with applicable Canadian securities laws on or about July 27, 2018.

Readers are cautioned that Lundin Mining may determine not to make the Offer if Nevsun implements or attempts to implement defensive tactics in relation to the Offer, or if Lundin Mining uncovers or otherwise identifies information suggesting that the business, affairs, prospects or assets of Nevsun have been materially impaired or if Nevsun determines to engage with Lundin Mining to negotiate the terms of a combination transaction and Nevsun and Lundin Mining determine to undertake that transaction utilizing a structure other than a take-over bid such as a plan of arrangement. Accordingly, there can be no assurance that the Offer will be made or that the final terms of the Offer will be as set out in this news release.

The Offer will be undertaken in accordance with National Instrument 62-104 – *Take-Over Bids and Issuer Bids* and will be subject to a number of customary conditions, including: (i) there being deposited under the Offer, and not withdrawn, at least 66 2/3% of the outstanding Shares (calculated on a fully diluted basis), excluding Shares held by Lundin Mining, if any; (ii) receipt of all governmental, regulatory and third party approvals that Lundin Mining considers necessary or desirable in connection with the Offer; (iii) no material

adverse change having occurred in the business, affairs, prospects or assets of Nevsun; and (iv) the statutory minimum tender condition of 50% (which cannot be waived).

TD Securities Inc. and GMP Securities Inc. are acting as financial advisors to Lundin Mining and Cassels Brock & Blackwell LLP and Paul, Weiss, Rifkind, Wharton & Garrison LLP are acting as Lundin Mining's legal advisors in connection with the Offer.

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.

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. Words such as "if", "will be", "may" and "schedule", or variations of these terms or similar terminology or statements that certain actions, events or results "could" 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 Offer will not be commenced, that the conditions to the Offer will not be satisfied on a timely basis or at all and the failure of the transaction to be consummated for any other reason, as well as additional risks disclosed in filings made by the Company with Canadian securities regulatory authorities. 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.

Cautionary Statement Respecting the Proposed Offer

LUNDIN MINING HAS NOT YET COMMENCED THE OFFER NOTED ABOVE. UPON COMMENCEMENT OF THE OFFER, LUNDIN MINING WILL DELIVER THE TAKE-OVER BID CIRCULAR TO HOLDERS OF THE SHARES IN ACCORDANCE WITH APPLICABLE CANADIAN SECURITIES LAWS AND WILL FILE A TAKE-OVER BID CIRCULAR WITH THE SECURITIES COMMISSIONS IN EACH OF THE PROVINCES AND TERRITORIES OF CANADA AND WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (SEC). THE TAKE-OVER BID CIRCULAR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE OFFER AND SHOULD BE READ IN ITS ENTIRETY BY NEVSUN'S SHAREHOLDERS. AFTER THE OFFER IS COMMENCED, NEVSUN'S SHAREHOLDERS WILL BE ABLE TO OBTAIN, AT NO CHARGE, A COPY OF THE TAKE-OVER BID CIRCULAR AND VARIOUS ASSOCIATED DOCUMENTS UNDER NEVSUN'S PROFILE ON THE SYSTEM FOR ELECTRONIC DOCUMENT ANALYSIS AND RETRIEVAL (SEDAR) AT WWW.SEDAR.COM AND ON THE SEC'S WEBSITE AT WWW.SEC.GOV. THIS ANNOUNCEMENT IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO PURCHASE, OTHERWISE ACQUIRE, SUBSCRIBE FOR, SELL, OTHERWISE DISPOSE OF OR ISSUE, OR ANY OTHER SOLICITATION OF ANY OFFER TO SELL, OTHERWISE DISPOSE OF, ISSUE, PURCHASE, OTHERWISE ACQUIRE OR SUBSCRIBE FOR ANY SECURITY. THE OFFER WILL NOT BE MADE IN, NOR WILL DEPOSITS OF SECURITIES BE ACCEPTED FROM A PERSON IN, ANY JURISDICTION IN WHICH THE MAKING OR ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. HOWEVER, LUNDIN MINING MAY, IN ITS SOLE DISCRETION, TAKE SUCH ACTION AS IT DEEMS NECESSARY TO EXTEND THE OFFER IN ANY SUCH JURISDICTION.

The information was submitted for publication, through the agency of the contact persons set out below on July 16, 2018 at 5:00 p.m. Eastern Time.

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